

Five Ways Forward-Looking Demand Data Can Boost Your Hotel's Revenue

In today's complex and ever-changing market, many hoteliers still rely on outdated approaches to driving revenue, such as forecasting models based on historical data or their own market knowledge. This means they are really only taking a guess as to what demand looks like in their geography and what competitors' bookings may be in the future. And if the global pandemic has taught us anything, it's that things can change in an instant, making guesswork insufficient in predicting future demand.

The best performing hotels have mastered the use of forward-looking demand data to make more informed decisions that maximize their revenues and help them earn their fair share of bookings. What is forward-looking demand data? It is actual future reservation data for your hotel compared to aggregated data from a set of your top competing hotels, known as a competitive set.

Amadeus Demand360® offers this unique dataset for the next 365 days broken out by segment (e.g. group, discount, retail, etc.) and channel (e.g. GDS, Brand.com, Online Travel Agencies, etc.). Hoteliers that use this powerful information understand that educated guesswork has been replaced by real, hard data from actual future bookings in their market.

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[Read on to learn five ways hoteliers can boost revenue using forward-looking demand data.](#)

1

Make Smarter Group Decisions

Does your hotel depend heavily on group business? You are not alone. Group is a key segment for most hotels because it provides long lead-time, reliable business. And group travel requirements have changed. According to [Amadeus MeetingBroker](#) RFP data, the percentage of RFPs for small groups (up to 50 people) has increased from 58% in 2019 to 63% in 2022 while the average lead-in time for an RFP has shortened from 223 days in 2019 to 193 days in 2021.

To get ahead of the pack, top hotels use forward-looking demand data to not only understand how the market looks now, but also how it will look in the future and how you fare compared to your competitive set.

Consider these questions – all of which can be addressed using forward-looking demand data:

Does your competitive set have a lot of group business on a future date?

If so, they will likely not take that group and you may therefore have a greater opportunity to win the group booking without lowering your rate.

Is there little demand for both you and your competitive set in the market on a future date?

Quote low to ensure that you win the business.

Will a future date be a busy time when you and your competition do not need group?

Use your command of forward-looking data to suggest another date to the group. Offer a lower rate, but shift the group to a need period and you will drive business to when it will have the greatest impact.

Remember that, even if your property does not do a lot of group business, you can benefit from understanding its effect on your competitors and your market. When group bookings cause compression, it can be an opportunity for you to alter your rates and discounts to capture these additional travelers.

2

Drive Bookings to Your Brand Channel

It's no secret that direct business is the best business because it typically brings the highest rates and has the lowest acquisition costs. Hotel operators may not, however, know that forward-looking data can help them drive bookings to their brand channel and away from indirect customer acquisition channels such as wholesalers, meta sites or online travel agents (OTAs).

For example, what if your own historic data shows that direct bookings are up year-over-year? This may seem like good news, but without future competitive data it's impossible to know if your direct bookings could actually be up by more. To maximize future bookings, you would need to know exactly how much business you are receiving through your direct channel and how much business your competitive set is receiving through its direct channel. Forward-looking demand data helps you understand these exact market trends. If your competition is receiving more bookings than you from their direct channel, it means there is strong retail demand in your market and you can rely less on indirect channels.

Improving the performance of your brand channel does not mean abandoning indirect channels. These distribution models play an important role. They are especially good at driving up demand during need periods - those days when both you and your competition are seeing low demand. For example, the best performing hotels will run campaigns on OTAs during these need period days because it helps to prevent empty rooms.



3

Creating the Right Mix of Business

To be successful and get their fair share of bookings, hotels should also have different mixes of business – retail, discount, negotiated, wholesale, and qualified. Understanding how much of each type and when to accept it in order to maximize occupancy is difficult without the right information. Forward-looking demand data can help you answer key questions that you should be asking to optimize your mix of business:

Are you getting enough retail business at the right price?

This is a two-part answer. You may win against your competitive set in transient overall, but you must also make sure that the mix of that business is driving profitability. With forward-looking demand data you can see the periods of strong compression in your market and you may want to consider altering your discounts in market and instead focus on driving more retail bookings during those periods.

Are you getting your fair share of negotiated business mid-week?

Negotiated business helps create a solid, reliable revenue base. Reviewing forward-looking data lets you understand whether you are winning more business than your competitive set for corporate accounts or whether you are falling behind, and where you need to compete harder to win business. Knowing your relative place in the market allows you to adjust rates as needed as you receive new RFPs. Ultimately, this data will help you take the optimal stance with negotiated business.

Are competitors stealing your corporate business?

Are your competitors charging more than you and also driving more business? Forward-looking demand data enables you to understand whether corporate accounts are booking into your hotel or are going with your competitive set. Armed with this information your sales team can competitively bid RFPs or reach out directly to capture more of that business. Either way, your hotel becomes a smarter negotiator with important accounts.

In addition to these key segments, your hotel is also likely filling up with guests driven by promotions and membership programs. Membership groups like AAA can drive incremental business to your hotel, but typically at a discounted rate so it's important to focus on these efforts during need periods.

Forward-looking data also helps you price appropriately compared to your competitive set so that you capitalize on every booking coming into your market.



4

Optimize Prices to Drive Maximum Revenue

Setting a competitive price for rooms is as important as finding the right mix of business. To do this effectively, you need to understand how your future occupancy compares to that of your competitors.

With forward-looking demand data, hotels can learn which days they are underperforming in total occupancy relative to their competitors. Hotels need to identify these days early and put together a strategy to drive bookings.

A key question on these days is whether to lower rates. If you know the market will sell out because there is a big event in town or a holiday weekend and you are pacing behind your competitive set, the answer could be to hold your rate. Once your competitors sell out, you will be able to drive high ADR business as the only available hotel.

However, if forward-looking demand data indicates that the market is slow for both you and your competitors, it may mean that you will have to gain share any way you can, including by dropping rates.

Setting the right price should not just be a focus for the days you are behind. Why? Say you look at a future date and you see that your hotel is almost sold out, the next question should be, are your competitors also almost sold out? If so, that is a good time to consider:

_ Closing out OTAs. Hotels that don't leverage forward-looking data may still offer OTA discount rates with higher acquisition costs on dates when they would be expected to sellout. Don't be one of them.

_ Revisit your use of qualified rates. You are less likely to have a need for special discounts on dates you know will fill up.

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5

Take Control and Expand Demand

In a post-COVID world, it has become clearly apparent that unforeseen circumstances can have a swift and dramatic impact on occupancy – despite the best laid plans and strategies. But, top performing hotels know that forward-looking demand data can help them drum up demand when needed, even in the toughest situations.

Start by learning if you need to gain share or create demand. Before you start thinking of creative ways to create demand, you need to know if your hotel is the only one down or if your whole market is down.

If everyone is down, it may be time to create demand through a few channels:

_ Get repeat business.

More and more, hoteliers are being smarter about re-marketing and customer relationship management. A slow week is a great opportunity to use your client database to email out promotions or packages to bring back loyal guests.

_ Manage media spend.

Knowing when to spend is half the battle. Future looking data helps you to target weeks when you need more media (slow days) and weeks when you do not. Use this data to get smarter with your money and adjust campaign spend to when it may have the greatest impact.

_ Rely on OTAs.

Successful hoteliers know when to use OTAs to drum up business and when to slow down investment. Remember that OTAs are a good opportunity to bring new guests to your hotel, who with a great experience, could become repeat guests.

_ Work with travel agents or flexible groups.

If you can identify need periods early on, you can drive business through travel agents and/or through flexible groups. By offering a great rate or incentive, you can get groups during key need periods.

_ Don't forget to leverage your local CVB.

If it's a slow week for everyone in town, your local Convention & Visitors Bureau (CVB) can help. They typically have funds set aside for marketing campaigns or events. By sharing your future-looking data with the CVB you can drive spend on need periods across the city.

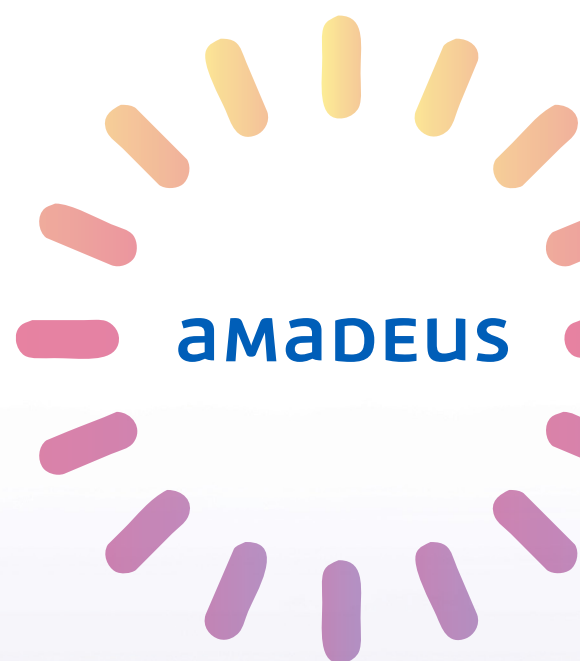
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Start Looking Ahead

Leveraging forward-looking demand data is critical to earning your fair share of bookings and competing effectively. It can help your property to book more group business, drive business to lower cost channels, create the right mix of business, optimize prices, and expand demand when you need it. Take time today to make sure that you have the right data you need to see the future.

Want to learn more about forward looking demand data?

Today, over 35,000 hotels globally contribute their historical as well as future revenue data to the Amadeus Demand360® Data Platform. Data is sourced directly from either each individual hotel's Property Management System (PMS) or centrally through a brand's Data Warehouse. This data provides a complete picture of all booking channels, from Global Distribution Systems (GDSs) to Online Travel Agents (OTAs), to brand websites, and hotel direct reservations as well as all market segments including, group, retail, discount, qualified, negotiated, and wholesale. Hoteliers that participate gain access to an innovative revenue management tool that provides them competitive intelligence on the future demand in their market. Contact Amadeus today to learn more about [Demand360](#).



About Amadeus

At Amadeus, our mission is to make the hospitality industry run smoothly by enabling our partners to create memorable guest experiences. Our best-in-class marketing, distribution, operations, and business intelligence solutions are designed to help global hospitality organizations profitably drive demand and convert guests into loyal fans.

With more than 16,000 experts in 190+ countries, we collaborate closely with customers on innovative solutions to grow their business.

