

amadeus

Planning for
**HOSPITALITY
RECOVERY**

REVENUE MANAGEMENT

IN COLLABORATION WITH


hsmi
FUEL SALES # INSPIRE MARKETING # OPTIMIZE REVENUE



We Will Persevere

If someone had told me not that long ago that the global travel industry would face its greatest ever challenge in 2020, I would have been skeptical. After all, 2019 was a great year for travel, with solid growth across all sectors and a healthy outlook for the future. And yet here we are, in the midst of the worst global pandemic in living memory, struggling with massive disruption to our industry across every global region.

While we're all facing tough decisions and uncertainty in the face of the current crisis, it's important to remember that we as an industry will continue to persevere. We have faced difficult times in the past and may well have to face them again in the future, but the human spirit's natural desire to further ourselves through new experiences will not be dominated by COVID-19 or any other setback we may face. Travel signifies progress, whether that is in the form of personal growth and fulfillment, new business opportunities, or any other driver. In parallel with other industries such as retail and food service, our ability to recover and reopen for business will help signify to the world the dominance of the human spirit and our ongoing support of global progress.

I hope the best practices and tips found within our Hospitality Recovery series can help jumpstart your organization's recovery and reopening efforts to once again make available to guests all that is great about this industry we collectively serve. I would like to wish yourself, your loved ones, and your team members the greatest of health and success as we continue to navigate these uncharted waters together.

Sincerely,

Francisco Pérez-Lozao Rüter
President, Hospitality
Amadeus IT Group

New Resources for a New Day

HSMAI is proud to partner with Amadeus to bring these recovery playbooks to industry professionals to assist them in charting a course for recovery from the impact of the coronavirus pandemic. Since the crisis took over the day-to-day focus of our industry and the world, HSMAI has been reaching out to our members to create an ongoing forum where they could address their shared challenges.

We created an online Global Coronavirus Resources center focused on content central to their disciplines. We have partnered with industry experts to provide guidance in free webinars. And from creating a special report on crisis management best practices, to offering scholarships for furloughed or laid-off industry members to continue their education or receive needed certifications, we have tried to provide access and expertise in a time of need.

Now, we turn toward recovery. As the industry slowly begins to welcome guests again, these playbooks are aimed at supporting sales, marketing, and revenue optimization professionals working for hotels, brands, and management companies with actionable advice. We are all learning together how to handle a new world of hospitality through knowledge sharing, gauging the intentions of travelers, observing best practices in parts of the world that are coming out of the curve, and implementing new policies and procedures.

HSMAI and our regions in the Americas, Asia Pacific, Europe and the Middle East are committed to growing business for hotels and their partners. Throughout our 90-plus-year history, we have thrived in times of crisis as we have brought together people and resources. We would not be able to do it without partners like Amadeus working with us to bring you new resources for a new day.

Sincerely,

Robert A. Gilbert, CHME, CHBA

President and CEO

Hospitality Sales & Marketing Association International (HSMAI)



COVID-19 has disrupted the global travel industry at an unprecedented level, making it challenging for hospitality professionals to predict a return to normal.

To help the industry plan for future recovery, Amadeus and HSMAI have partnered to produce a series of eBooks looking at the new trends and forces shaping hospitality. By leveraging the knowledge of Amadeus' experts extensive industry research across market segments, HSMAI survey data, and expertise of HSMAI board members worldwide, we hope you will find the insight you need to navigate this crisis. While we cannot propose exact answers for your property and business, we can offer a framework to help you make thoughtful and data-driven decisions as you chart your course for recovery.



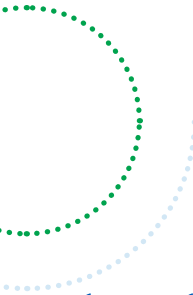
CONTENTS:

This eBook details how to evolve your current revenue management practices to address the crisis.

We'll cover:

- | 1 | Taking inventory of the current state of your market
- | 2 | Building a new segmentation strategy according to recovery phases
- | 3 | Creating a pricing strategy that is flexible, while guarding your rates
- | 4 | Creating new competitive sets based on the changes you see happening

| 1 |



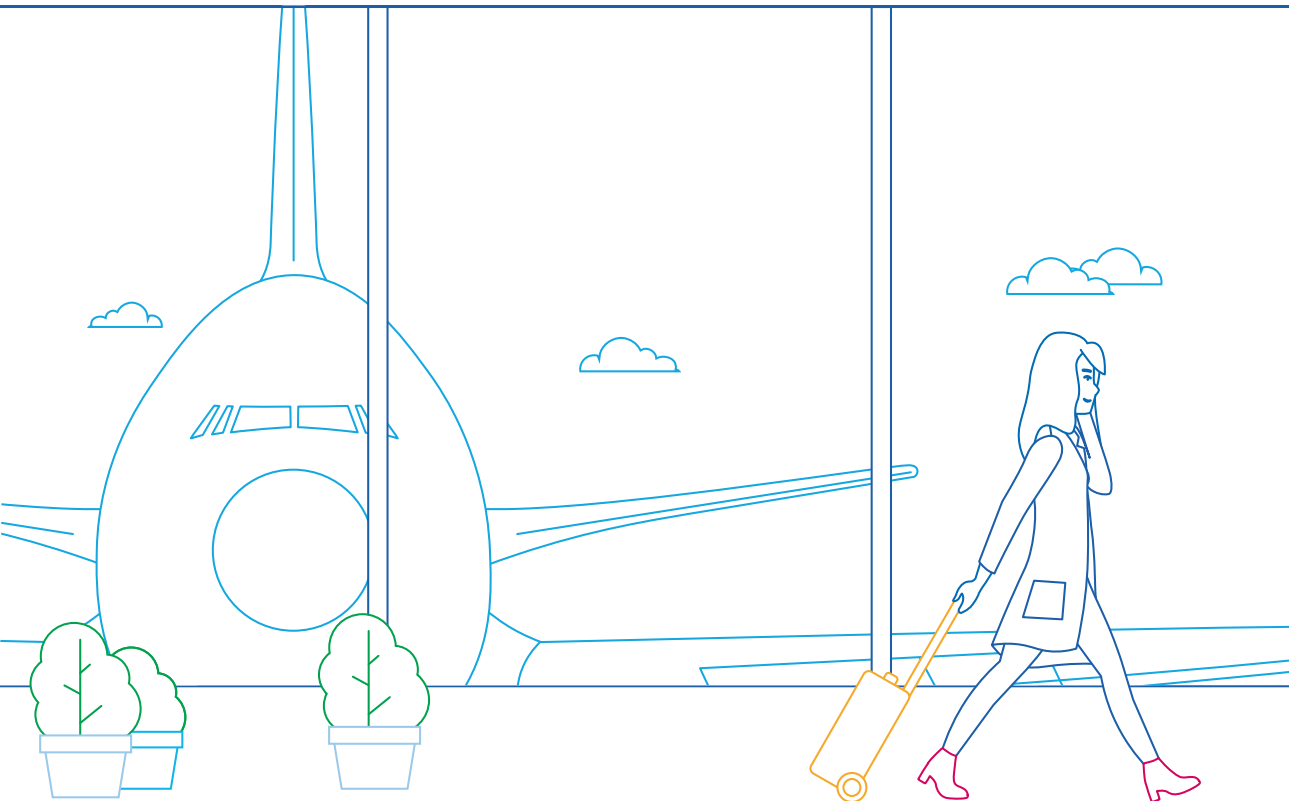
Take inventory of the current state of your market

Align Your Revenue Strategy

While every local, regional, continental, and international market is likely to recover differently, it's important to align your revenue strategy based on key indicators of what travel segments will pick up and when. For instance, border closures, social distancing rules, and limits on large groups have been common government guidelines around the world. This suggests that hyper local travel, such as short weekend getaways or regional road trips, are more likely to fuel hotel bookings in the near term.

4 Phase Theory: The Return of Travel

	HOTELS ARE CLOSED / NO TRAVEL		Return of Travel			
	Lock Down	Restricted Reopening	Local Reopening	Domestic Reopening	Continental Reopening	Global Reopening
Travel Restrictions	Borders closed. No travel permitted.	Borders closed. Minimize non-essential travel. Allowed to move around their own regions.	Non-essential travel resumes. Inter-regional travel discouraged.	No restrictions on domestic transport. Avoid travel if sick.	Limited restrictions on international travel. Avoid travel if sick.	"New normal"
Groups	Only immediate household. All social gatherings cancelled and public venues closed.	Up to 10 people. Public venues are closed.	Up to 50 people. Public venues can open.	Up to 100 people indoors and 500 people outdoors.	Up to 500 people indoors.	"New normal"
Flights	Extremely limited	Extremely limited	Regional flights return	Domestic flights return	International flights return	Long haul flights return
Hotels	Closed or quarantine / medical support only	Closed or quarantine / medical support only	Can reopen	Open	Open	Open



Source:

- [Spain phased plan April 29](#)
- [Europe update April 29](#)
- [USA Reopening Plan](#)
- [New Zealand Alert Levels Summary](#)
- [Maine, US Plan to reopen April 28](#)

Always research what the latest government guidelines are in your area as well as feeder markets (key geographic regions from which business/guests originate). Cross reference what you find by analyzing what other businesses and competitors are doing locally, then use the information to map out how you think travel will begin to phase back.

The chart below (FIGURE 1.) is one example of how you can anticipate demand based on events or other motivators by locality and group size.

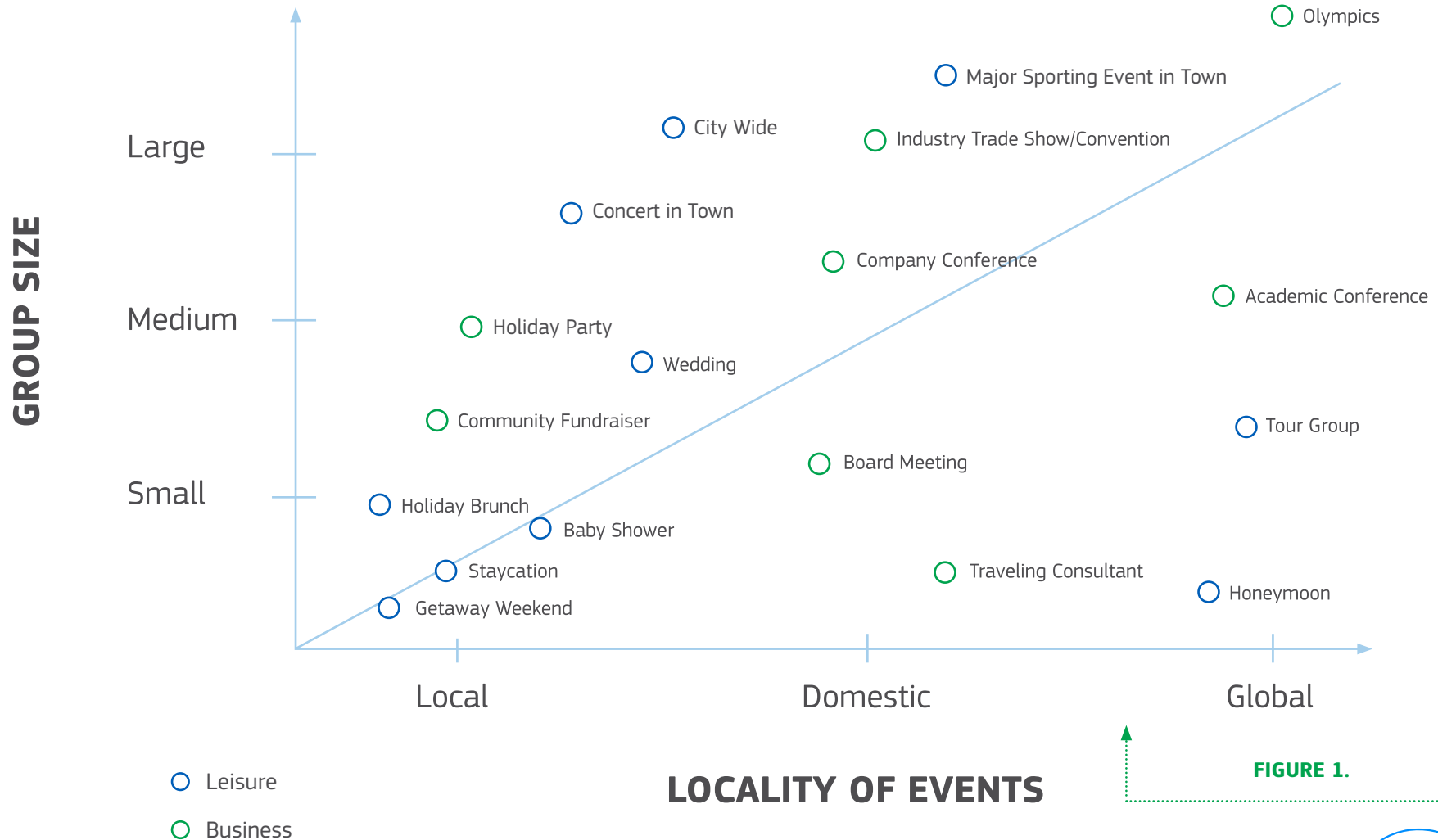


FIGURE 1.

Note: These events are only examples and are used as estimates to help you visualize the recovery across your group business mix. This matrix may vary based on your geographical region.

Let data guide your recovery plan

These questions should stay top of mind for you as your revenue strategy evolves:

- **Market demand:** How has this changed today? What does this look like for each of the four stages of recovery? Forward-looking data, search volumes, and potential future demand peaks caused by the rescheduling of events and conferences are all good examples. Analyzing any and all data at your disposal will help you make more confident business decisions.
- **Feeder markets:** Which markets are open now, and when are others indicating restrictions will be lifted? What segments and channels are still creating bookings? Take note of key dates for when the hotel and greater hospitality industry can operate.
- **Existing and new business:** Are there any new potential customers to include in your scope? How many of your existing customers have rebooked? With demand down, now is the time to expand your reach and target as many potential bookings as possible.
- **Visibility:** What are your competitors doing? Have they promoted discounts or launched new marketing messaging? Are there ways to break through the noise with your own distinct messaging?

By taking the pulse of the market and your current place in it, you can start to identify areas of improvement for your current revenue strategy to determine your most profitable business mix.

“ Don’t just look online for data about recovery in your local region. Connect with various trade organizations, convention bureaus, tourism boards, and technology providers in addition to what you find online to ensure you maximize your visibility into your local market recovery. ”

- Tim Wiersma
HSMIAI Advisory Board Member
NORAM

| 2 |



Build a new segmentation strategy according to recovery phases

Basic market segmentation

of travelers is simply not enough to overcome this crisis. Take a detailed look at what groups of travelers you are successful with, as well as the segments you may have never prioritized before.

For each phase of recovery, determine which traveler segments are going to be most profitable for you. By organizing your business mix in this way, you can proactively engage with your ideal demographic at the right time. Once you have connected the dots between segments, identify what organic and inorganic demand drivers are going to be most attractive to each segment.

Traveler Segment

Booking Channel

Traveler Type

Leisure



- _ Brand.com
- _ Direct
- _ OTA
- _ FIT (Flexible Independent Travel)
- _ Phone/Email
- _ Walk-In Reservations

- _ Individual
- _ Social Groups
- _ Celebrations
- _ Weddings
- _ Families
- _ Sports Teams
- _ Special Events
- _ Friends and Family
- _ Cultural Events

Business



- _ GDS
- _ Direct
- _ Phone/Email
- _ Travel Agency
- _ Corporate and Executive
- _ Internal Employee

- _ Business Leisure (or "Bleisure")
- _ Solo/Internal Travel
- _ Executive Travel
- _ Small Meetings
- _ Conferences
- _ Large Conferences
- _ Conventions
- _ City-wide events

82%
OF HSMAI SURVEY
RESPONDENTS THINK
LEISURE TRAVEL WILL
RETURN BEFORE
BUSINESS TRAVEL.

Next, map out all the reasons why people may want to travel or visit your hotel. Many people in your area are just going to want to get out of their homes when they are able or allowed to do so. Think about different motivators for any potential guest wanting to use your property's offerings.

- _ Possible reasons for local transient travel and lodging:
 - Staycations
 - Road trips
 - Small family gatherings
 - Couples retreats
- _ Possible reasons for local business travel and lodging:
 - Executive meetings
 - Essential travel for healthcare, science, or government employees
 - Team buildings or other workshops rescheduled from earlier in the year



According to a majority of HSMAI survey respondents, the most important change to make to your offerings is providing socially distanced event set ups. Work with your marketing and sales teams to have a plan at the ready about how your event space, layout, and staff can support social distancing practices.

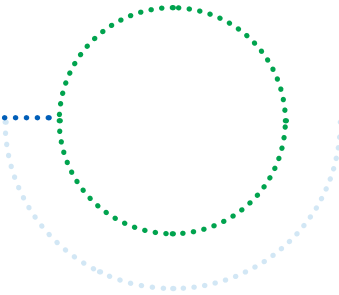


This part of the process is a great opportunity to forge stronger relationships between revenue management, marketing, and sales teams. Get creative in what you offer travelers and think outside of the box, especially if you plan to reach a new audience you haven't targeted before. Understanding which types of travelers will come back and when will help guide your pricing strategy when reservations resume.

“ Any segmentation strategies that worked before this crisis will most likely be irrelevant now. Hoteliers need to rethink how they prioritize each traveler segment because travel is going to resume in phases. Revisit your strategy and build the right prioritization roadmap based on which segments are going to resume travel and when. ”

- Julien Barre
HSMIAI Advisory Board Member
EMEA

| 3 |



Create a pricing strategy that is flexible, while guarding your rates

An effective strategy requires

flexibility throughout each phase of travel recovery. One common reaction in times of crisis is to dramatically reduce your hotel's average daily rate (ADR) to boost near-term revenue. While significantly dropping ADR may be a temporary solution, it can take much longer to recover from. Instead, go back to the basics of your pricing strategy to adapt to this ever-changing landscape.

Occupancy

- _ Only 17% of HSMAI survey respondents feel confident in their current rate and occupancy forecasts. Therefore, it's critical to focus on finding a baseline for what your occupancy levels will look like throughout each phase of recovery. Make sure to double check applicable government guidelines to see if there are any restrictions on occupancy and be realistic about the volume of guests you think will book. Let that perspective help drive the rates you offer in each phase of your plan.



Demand

- _ Keep a constant pulse on any changes in your local or regional markets that could trigger a rise or fall in demand. Be prepared to change your rates at a moment's notice. There is going to be an overabundance of supply for travelers to initially choose from, so be thoughtful in your pricing to remain competitive.

Length of stay

- _ Think about how to entice or reward guests based on the length of their stay. Consider steeper discounts on long stays or adding in small upgrades like spa credits or a free room upgrade. You may even generate interest from families in the area who don't necessarily want an overnight stay but would use a room and your property's amenities (ex. pool, spa, golf course) for the day to get out of the house. Embrace opportunities to monetize your property's assets and bring in valuable short-term revenue.

Upselling or packaging

- _ Take advantage of everything your hotel and location have to offer. Compile a list of tours, services, and experiences your front desk or reservations agents can use to upsell. It will be important to partner with sales and marketing teams to see what ideas they can come up with to differentiate your property. If you're close to the airport, offer to book guests a private shuttle transfer. If you have a restaurant or lounge onsite, promote a happy hour drink special, or if there is a golf course nearby, offer discounted tee times or club rentals. Having strong partnerships with other local businesses that cater to your target traveler segments is a win-win.

Type of guest

- _ Be careful about segmenting price based on type of guest. Everyone, including business travelers, will have less money to spend than they did before COVID-19. Opening your doors with the same rates as when you closed your doors may cause more harm than you expect. Keep a close eye on how your competition is changing rates and build a plan that can easily adapt to change.

Loyalty guests

- _ Think about the best prices you can offer loyal and repeat guests booking your hotel. Leverage your CRM tools to segment, personalize, and target communications and special offers to both loyalty program members and "shadow loyalty" guests (non-program members that have a history of repeat bookings) as a 'thank you' for their continued business.
- _ Review your loyalty redemption inventory allocations since many leisure guests may be looking to redeem accumulated points to keep costs at a minimum for their hotel stays. Make sure you can remain flexible in your redemption abilities, and don't hesitate to promote redemption usage while also inspiring ancillary spend on your other outlets to increase revenue.

Prioritize direct bookings as part of your overall channel mix

In a challenging economy, rate parity can become a glaring issue. It's important to track rates closely across every channel and take actions as necessary. Combine your pricing plans with focused efforts to shift bookings towards Brand.com to capture the most profitable revenue possible per booking while still maintaining a healthy distribution mix.

- **Make sure you are being flexible** and, where possible, offering special rates to any first responders (healthcare, law enforcement, etc.) that may be working in your area.
- **Ensure that rates on your website** meet or beat third-party metasearch channels by examining rate parity metrics, diagnosing the internal or external causes of disparity, and taking appropriate action to resolve them.
- **Pay close attention to which travel agents have been booking** your property. Proactively reach out to them to find new ways of creating more business together. The stronger your relationships are with travel agents, the more organic business you can create with minimal lift.
- **Review your metasearch strategy** to make sure you're optimizing visibility of your direct channel. Metasearch can also insulate you from unnecessary costs during recovery, with many solutions only charging a commission upon successful checkouts.

“ Don't tank your price and assume that will drive demand. Fully re-evaluate your market positioning based on the adjusted business mix you are targeting. Creatively think beyond your room price as the sole driver of your pricing strategy. Work closely with sales and marketing to expand your pricing strategy to include new packages or offerings that align with new traveler expectations. ”

– Cristina Polo
 HSMAI Advisory Board Member
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LEARN MORE:

DIRECT BOOKINGS PLAYBOOK



RATE PARITY PLAYBOOK



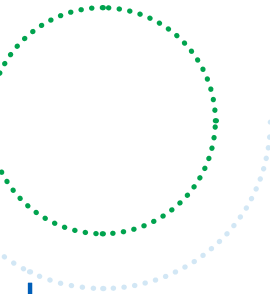
Pair a flexible cancellation policy with irresistible options for rebooking

Many airlines have announced their commitment to customer well-being by waiving cancellation and change fees in the event travel plans are delayed. Take similar proactive measures by creating a cancellation or rate plan that has this same flexibility, in addition to your advance purchase rate plans. Give future guests the ability to switch their reservations to a later date, but don't wait for them to contact you. Proactively notify them during the booking process to keep them from outright cancelling trips. Perhaps even more importantly, proactively reach out to incoming groups still on the books and any groups who previously canceled to maintain or reschedule as much business as possible.

Flexibility and understanding are what will humanize your property in the market and bolster your hotel's reputation. The more flexible you are with your pricing strategies, the more competitive you will be.



| 4 |



Create new competitive sets based on the changes you see happening

Every property in your market

is going to be reassessing their traveler segmentations and pricing strategies. New competition may emerge based on who starts travelling first. Hotels that typically catered to group business could suddenly be vying for your transient travelers during an initial recovery.

You'll need strong data to understand what the new competitive landscape looks like and how to navigate it successfully

Consider the following:

- _ How many comp sets have you built and how often do you need to measure against them? You may want to identify multiple competitive sets based on each phase of recovery, so focus on:
 - The distribution channels you currently leverage, and how to capitalize on bookings in places where your competitors are not present. Think about both short-term and long-term ways you can leverage these channels effectively.
 - Data that helps illuminate what strategies elevated your property above the competition, and which didn't. The more information you have, the better.
 - Current and forward looking occupancy, ADR, and general RevPAR data about your competitive set so you can create new KPIs to measure against. This will help you understand how aggressive you need to be to attract new business or inspire repeat guests to stay at your hotel.
- _ Look at any shifts in distribution strategies within your competitive sets and see what changes may work best for your property to differentiate.
- _ Scenario map as much as you can on what potential changes in supply and demand could look like. Develop contingency plans so you can react quickly based on what your competitors are doing. The last thing you want to do is rush when reacting to any change.

“ Do not solely rely on one competitive set or any competitive sets that existed before Covid-19. Build out multiple competitive sets because every hotel in your market is thinking about their own strategies differently. New hotels may emerge as competitors since everyone will be trying to attract the same business. ”

- Frederic Toitot
HSMIAI Europe, Chair of the Revenue
Optimization Advisory Board

Upon reopening, adaptability is key to staying competitive

Once your doors are open, keep a daily pulse on profitability per traveler segment and their corresponding booking trends. Prioritize which activities are revenue generating and remain flexible and open to making rate changes. Continue logging and documenting data about what is driving travel demand. Encourage your front desk staff to update guest profiles upon check-in with information guests share about their trip, and consider implementing more of the following best practices from thriving hoteliers:

- _ Begin to think more creatively about how you are segmenting travelers and competitive sets, so you ensure you are always targeting the right guests at the right time during recovery.
 - Meet frequently with the sales and marketing teams to gain alignment on which travelers will book first and what to offer them. This may include the development of a promotions plan, strategy, or campaign to jump start bookings and let travelers know your property is open, clean, and ready to welcome them.
 - Once your local region starts to stabilize, begin evaluating the successes and failures you see in comparison to your competition.

PRIORITIZE WHICH ACTIVITIES ARE REVENUE GENERATING AND REMAIN FLEXIBLE AND OPEN TO MAKING RATE CHANGES.

- _ Modify distribution channel use and focus mainly on the channels providing the highest yield. De-prioritize channels where the cost of acquisition outweighs the benefit of guest acquisition.
 - If you see that OTAs are offering the highest yield, then work more closely with marketing and sales teams to try and drive more direct booking traffic.
- _ Prioritize engaging with local partners as they begin to reopen as well. They could be a valuable source of incremental or ancillary revenue during a recovery. Some examples include:
 - Commerce boards
 - Travel and tourism boards
 - Event hosting and production companies
 - Convention bureaus
 - Local businesses
 - » Restaurants and bars
 - » Salons, barber shops, and spas
 - » Retail outlets
 - » Tour operators



Change will be a constant part of your revenue management life, so embrace it.

The more flexible and adaptable you are during this crisis, the stronger you and your property or enterprise will be in the long run. If you try to oversimplify your rates or use a set it and forget it mentality, you will undoubtedly miss your revenue goal. Your business mix will also change over time, so it's important to constantly check in with sales and marketing teams to ensure you are all aligned in driving the greatest revenue with minimal cost. Communication is key in a crisis. As you continually reassess and revise, be sure that members of every team are made aware of the latest changes from policies to rates to ensure a cohesive message and experience.



“ Flexibility across your entire revenue management strategy, and a winning synergy between humans and technology, is what will separate you from your competition. Leveraging the right technology is now more important than ever to be flexible with traveler needs, their changes in travel plans, and ensuring their safety throughout any length of stay. ”

- Damiano Zennaro
HSMAI Advisory Board Member
EMEA

Remain sustainable throughout your recovery

Developing the right revenue strategy and keeping it sustainable means having pervasive access to data across your audiences, their booking behaviors, and where they book. It also means having the right amount of data, updated in real time, about your market and the various competitive sets you've identified.



71% OF HSMAI
RESPONDENTS ARE FORECASTING
AND PLANNING THEIR REVENUE
STRATEGIES 90 DAYS AHEAD.

75% SAY HAVING ACCESS
TO FORWARD-LOOKING DATA IS
EXTREMELY IMPORTANT TO
THEIR SUCCESS.

It's important to remember that the current situation is new for everyone, and deserves patience, understanding, and flexibility. Dedicate enough time to map out your current and future revenue management strategies and continue to revisit and revise as needed. Now may be the perfect time to try new offers, channels, or packages. Expect changes along the way, but keep communicating – with your teams, colleagues, and customers – to inspire their return to travel.

To learn more about Amadeus and the series of recovery eBooks on marketing, sales, and operations, [visit the Amadeus recovery hub here.](#)

To learn more about HSMAI and their global network of hospitality thought leaders and industry advisors [go here.](#)

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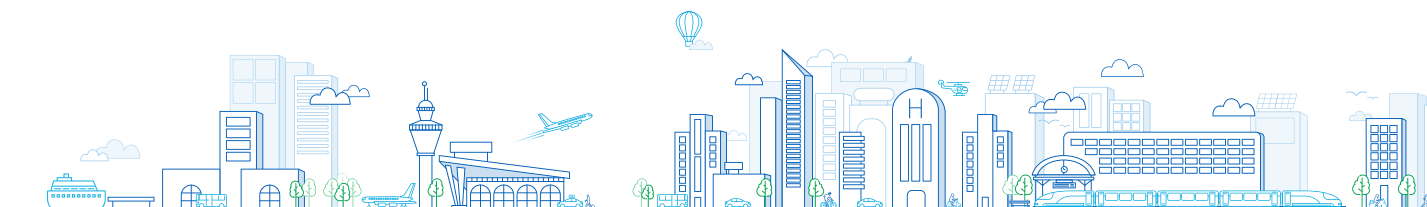
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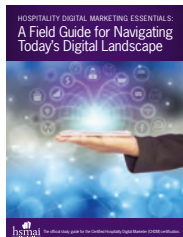
Add HSMAI Certification To Your Professional Playbook



Created by hoteliers for hoteliers, the Certified Hospitality Digital Marketer, CHDM, recognizes digital marketing professionals for their expertise in leveraging digital channels to maximize online revenues. CHDMs are the digital marketing experts hotels need today.

Get the new study guide:

Hospitality Digital Marketing Essentials: A Field Guide for Navigating Today's Digital Landscape



The Certified Revenue Management Executive certification offers you the chance to confirm your knowledge, experience, and capabilities in the field of revenue optimization.

New study guide now available:

Evolving Dynamics: From Revenue Management to Revenue Strategy



NEW! HSMAI and the Russell Partnership Technology announce a new option for the CHBA Business Acumen course and certification: the Individual CHBA, which will allow professionals to proceed through the course at their own pace without an instructor, while still benefitting from the experience of using the hotel simulation. Five-week instructor lead group course also available.

50% COVID-19 Crisis Discount on individual program through 7/31!

Visit hsmaicertifications.org to Press Play



amadeus

Through times of great change

the hospitality industry continues to demonstrate remarkable resilience. Together, we will learn, adapt, and grow towards a new future. As we look towards better days, Amadeus stands ready to help hoteliers worldwide manage the present and plan for the future.

Let's
shape the future
of hospitality

For further information, visit
<https://www.amadeus-hospitality.com/crisis-management-resources/>
or speak to an Amadeus representative today.

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