

Conference Review

HSMAI Revenue Management Strategy Conference

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Orlando Convention Center

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This conference, sponsored by HSMAI — Hospitality Sales and Marketing Association International — a global organisation of sales and marketing professionals representing all segments of the hospitality industry, showed how vibrant revenue management is in the hotel and hospitality industry. The conference was attended by 260 hospitality professionals and featured talks by industry and academic experts. Topics ranged from using customer-centric data to managing condo rentals.

Your correspondent gave a keynote on demand modelling, which focused on the need to shift from a product-centred view of demand to models based on customer behaviour. Current revenue management systems ignore important behaviours such as the effect of past prices on current sales (the reference price effect) and the strategic behaviour of customers who try to ‘game the system’ to get around pricing and discounting policies. This can lead to distorted recommendation from revenue management systems that ignore these effects. Customer-centric data, in which the buying behaviour of individual consumers is tracked over time, is needed to understand these subtle but important effects.

Dr Jeffrey Beck, professor of Michigan State University presented findings of a survey of revenue management professionals in the hotel industry cast light on the state of profession.

The survey indicated that distribution and channel management were areas to target for training revenue managers. Communication with the sales team and an ability to establish credibility with and influence executives was also cited as a critical success factor in the survey. The average tenure of those surveyed was six years and most professionals began their careers as reservations managers.

An interactive panel discussion focused on advanced group revenue management. It was moderated by Barb Bowden, corporate director of revenue management, Peabody Hotels. The panel looked at current trends in forecasting, displacement analysis, function space revenue management, technology, strategic pricing, revenue management and group strategy and future trends. Amy Cohen, director of yield management, Walt Disney World Swan and Dolphin, noted that ‘Relationships can be priceless, so you have to look at the human side and the lifetime value of the relationship with clients.’ And Lisa M. Bellovin, director of revenue management, Hilton in the Walt Disney World Resort, noted: ‘Revenue managers need to be more and more creative, analytical and humanistic. Having the time to be analytical and do long-term forecasting are our biggest challenges today.’

Another technical breakout session focused on using CRM in revenue management. It was

moderated by Tom Buoy, CRME, senior vice president, distribution & revenue management, Morgans Hotel Group. This technical session continued the theme of focusing on customer-centric data as a key to enhancing hotel revenue management. Cameron Davies, director — revenue and profit management, Walt Disney Parks and Resorts noted: ‘We are working toward using data to make real-time decisions that are best for the company.’ ‘Getting your segmentation correct is the key to CRM in revenue management...’ noted Rory Fagan, director, business development, PROS. ‘There is a wealth of data out there. You have to be careful in how you interpret it and prioritize it,’ noted Tracy Weis, revenue management consultant, WhiteSand Consulting.

A session on condo hotel revenue management was moderated by Elizabeth Cambra, CRME, corporate director, revenue optimisation, Outrigger Hotels & Resorts, with participation from panelists Dr Ravi Mehrotra, founder, Chief Scientist, IDeaS and Teresa Villagrana, director of revenue and channel distribution, MGM Grand Las Vegas. The group discussed how the condo-hotel market can be optimally managed. There are unique challenges in condo revenue management; for example, each unit is owned by different individuals so there are issues of fairness in

allocating guest-stays to units. Moreover, individual owners are sensitive to their cash flow month to month, so managing the revenue risk at the individual owner level becomes important.

A panel on casino hotel revenue management was moderated by Timothy Coleman, CRME, vice president, revenue management, MGM Grand Resorts, with panelists Doug Hesley, regional director of revenue management, Atlantic City Region, Harrah’s; Tracy Tracano, director of revenue management, Mohegan Sun Casino and Resort; Tom Walker, vice president, business consulting, Rainmaker Group and James Ruttley, vice president, client Services, IDeaS.

The conference programme also included a sponsor showcase, lunch, cocktail reception, opening and closing remarks and networking events. Sponsors of the conference were Amadeus, IDeaS, SECURE-RES, American Express, EasyRMS, PROS, Rainmaker, SoftBrands, TIG Global, TravelCLICK, Incite Response and HFTP.

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