

# Pandemic Revenue Management Experience Will Keep You Alert and Focused in the Coming Year

By [Jennifer Driscoll](#) Vice President of Revenue Management, McNeill Hotel Company | October 17, 2021



We always would like to think that our training and previous experience, combined with our finely tuned hospitality Property, Asset and Revenue Management systems, will prepare us for whatever market conditions come our way.

Overall, we have always understood that commercial real estate and hospitality is subject to traditional economic and investment "cycles." As property investments mature there are interrelationships between debt structure and interest rates, maturation of the physical property, and market place performance that generate their

own dynamics.

Moreover, we had already navigated through two large-scale events where "we took it on the chin"-9/11 and the 2007-2008 recession.

So, as leaders in revenue management within the hospitality team, we were prepared and proven when the novel coronavirus pandemic so quickly and dramatically impacted the U.S. and global economies and societies. Call it well-founded confidence, which, as we now know, has served us so well.

In fact, two diverse phenomena collided. On the one hand, the hospitality sector had just enjoyed a historic stretch of sustained quarter upon quarter increases in RevPAR and overall excellent return on investment, although by 2019 signs of slower growth were understandably becoming evident. On the other hand, the pandemic was one of those once in a lifetime, we hope, non-negotiable events. We didn't cause it. It wasn't the result of mistakes or excesses in financing, asset management, operations or marketing. We couldn't solve this enormous situation on our own, but, rather, had to quickly triage the situation, stem the bleeding and devise strategies for recovery.

In all of this, revenue managers had an essential role in helping hotel operations identify the best possible revenue opportunities for the given situation and help establish new pricing strategies. For the most part, we have done an excellent to outstanding job given the enormous challenges. Many properties have been kept from defaulting and, fortunately, many property types and geographic markets have performed surprisingly well-during the pandemic's toughest stretch and in recovery phases.

Now, as we approach the last months of 2021, this article will consider from the perspective of revenue managers what the remainder of this year may hold in store, how we might prepare for the coming year, and some thoughts on the state of the revenue management discipline.

## **All Hands on Deck**

As the pandemic progressed, we needed and learned to be quick and nimble in our research, data analysis and decision-making processes. Speed was of the essence and will be ever more so in the future. Also, it became clear that we had to conduct revenue management and our hospitality business differently, regardless of the substantial information gathering and analytical processes we possessed.

In some ways, "macro" gave way to "micro." We paid close attention to and quizzed those travelers who visited our front desks, who they were and why and where they were traveling. They became our new best friends. This one-on-one relationship building was the order of the day and helped build reasonable occupancy and repeat bookings right from the beginning of the pandemic.

Moreover, these efforts were helped immeasurably by the decision of many hospitality organizations, including my company, McNeill Hotel Company, to keep all revenue managers and sales teams on staff even during the most stressful times with respect to the balance sheets of individual properties. As our sales people couldn't go out and meet with potential consumers in familiar ways such as canvassing office buildings and setting in-person appointments, we learned to interact in different ways. One useful technique: foregoing bland emails or voice mails for video introductions and hotel tours, which proved extremely popular.

An aggressive, focused sales approach has proven valuable for many hospitality groups in finding "ad hoc" user groups like nurses or other medical personnel temporarily relocating to staff hospitals as Covid-19 cases spike; National Guard members activated for emergency response; or new workers being trained in areas like trucking and warehouse distribution. Some companies chose to hold small meetings at hotels, with their excellent cleaning protocols and relatively good spacing, as opposed to semi-mothballed regular offices.

Another useful strategy for many hoteliers was to expand pet friendly policies. Many families on short holidays are eager to take their pets with them and such policies were a strong driver of occupancy during the pandemic. Additionally, opening our doors to pets can also generate meaningful ancillary revenues, even given the potential for increased wear and tear in common areas and rooms.

At the same time, many organizations stepped up their e-commerce activities and funding, where we can target travelers in just those markets and audiences where additional exposure is needed. Reservations made through e-commerce pitches further driver more profitable direct bookings.

The brands were highly supportive during the pandemic as they helped developed industry-wide cleaning standards and other safety protocols, which were communicated to guests; relaxing schedules for property improvements programs and breakfast service; and lobbying for the hospitality industry on the national level. They also helped with our revenue generation opportunities, a good example being Hilton's rollout of the ability to make reservations in advance for connected rooms, which is proving extremely popular with families traveling with children.

As a result, as we have witnessed, certain markets and property classes were able to command exceptional ADR, starting in mid-March of 2021 and continuing through the summer all the way until Labor Day. While this doesn't completely make up for pandemic losses, it helps.

## **Rethinking the Revenue Management Discipline**

In recent years, revenue management practices have been evolving impressively, in becoming one of the cornerstones of modern hospitality operations. Of course, with so many factors under consideration and with so many decisions driven by data, analytical ability has been an essential skill for revenue managers.

However, the pandemic has accelerated another important trend. In recent years, hospitality organizations have emphasized a more collaborative approach to revenue management (i.e. "no silos.") We are all working together, sales, operations and revenue management. With its near real-time sharing of knowledge and ideas,

this cooperation permitted us during the pandemic to make rapid changes to our strategic direction, revenue generation and overall pricing decisions. The correct ethos is if we win, we win together; if we fail; we fail together. Working together, we will correct any strategies that don't bring us the desired result.

Each property and asset management company will have its own organizational structure and philosophies. However, this more collaborative approach, with its shared responsibilities for outcomes, should appeal to our next generation of revenue managers. As revenue managers become more approachable, brought down from those ivory towers a bit, it will provide them with opportunities to lead and inspire, guiding the total hospitality team in new ways. The result should be more coherent hospitality organizations.

### **The Challenges of a New Year**

An encouraging 2021, especially compared with what transpired in the year before, now brings more sobering thoughts as we approach the holidays and a New Year.

The recovery of larger group and business travel remains uncertain. Factors include the continuing pandemic in the form of variants and "rolling" episodes of hospitalizations and fatalities across our nation; major corporations not yet returning to offices in full; and liability concerns of these same entities in sending staff to large-scale conventions or business meetings. Fortunately, the brands have been proactive in rolling over many national accounts from 2019, so we are spared for now from a "race to the bottom" with respect to negotiated rates. Regardless, sound revenue management will continue the trends of switching as many accounts as makes sense from static to dynamic pricing.

However, drive-to, independent business travel improved slightly as the past year progressed, although it remains to be seen what happens as more students attend school in person this year. Will this lead to fewer trips where families combine a short vacation where they work from a hotel room, as their children also attend remote learning classes from that same hotel room. Edu-b-leisure! On a positive note, as long as we avoid stay-at-home orders or a restricted airline industry, one school of thought predicts strong Thanksgiving and year-end holiday travel for fourth quarter 2021, as people make up for trips deferred last year.

Regardless, we envision in the coming year a continued focus on collaboration between revenue management, sales and operations; greater use of e-commerce and social media to make targeted sales pitches; and a renewed emphasis on growing ancillary revenue and total spend, including food and beverage and meeting room rental, as a means to revenue growth. Yes, breakfast has been a difference maker over the last 18 months. It's what guests tell us they want, as they look for service and value in a stay.

Most importantly, revenue managers must continue to work in harmony with general managers and sales staffs to identify and quantify strategic revenue opportunities and respond as quickly as possible to potential group business.

Fortunately, the last year and a half has demonstrated the remarkable professionalism, resilience, ingenuity and teamwork of today's hospitality industry professionals. Yes, at year's end, we may all take a deep sigh of relief and take stock of all we have confronted and accomplished. We are fully prepared for what may lie ahead.



*Jennifer Driscoll serves as Vice President of Revenue Management for McNeill Hotels. Ms. Driscoll joined McNeill in 2018 with over 27 years of experience in the hospitality field. After graduating from Florida State University with a degree in Hospitality Administration, she joined the Hilton Orlando/Altamonte Springs. During her time at the Hilton Orlando/Altamonte Springs, she held several Management positions. In addition, Ms. Driscoll worked as Revenue Manager with both the Holiday Inn Select Orlando Airport and the Embassy Suites Orlando Airport. In 2004, she joined the Embassy Suites Brand Regional Revenue team in Hilton's Memphis corporate office, assisting both corporate and franchise hotels to achieve optimal mixes and revenues. Ms. Driscoll then joined Hilton's Hampton Brand team, as Director of Revenue*

*Ms. Driscoll Management in 2007. Ms. Driscoll and her team were responsible for strategic guidance and RM support for ten years. She led all Revenue Management initiatives at Hampton while driving performance to achieve optimal revenues and share. In addition to supporting Hilton's largest brand, Hampton, Ms. Driscoll played a key role in the development of Revenue Management support and strategic direction for Hilton's newest brand, Tru by Hilton.*

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