

What will the Revenue Manager of the future look like?

That seems to be a question on everyone's mind recently. And while the debate rages on, one thing is undeniable: tomorrow's Revenue Managers will be the decision makers who skillfully balance the power of technology (analytics and rate optimization) with a return to human intuition, and manage the data influx in the process.



A recent article in the *Journal of Revenue and Pricing Management* cites a survey of 487 professionals and found the future is going to be much more strategic in nature and will be more strongly driven by technology – a point that I've been making all along. The article's data pointed out that as technology evolves, analytical pricing models and social networking/mobile technology are going to have a major impact on the future.

Experts in the hospitality industry agree with me that consumers are increasingly, tech-savvy shoppers. Already schooled in the way in which mobile has radically altered the air travel booking and in-flight entertainment experience, hotels guests are using everything from social media to online travel agents, (OTAs) to seek out and locate the best value. With the continued emergence of e-commerce, social media, and travel review sites, RM's have even more to consider than just occupancy and profitability. They have to think about what motivates these traveling consumers, both by industry factors and by media influence.

Does this sound a bit basic? Surprisingly it's not. The role of the Revenue Manager has changed remarkably since the 1970s as RMs, were once thought of as nothing more than "number crunchers" or a collection of professionals whose favorite word as it related to budgets was "no." The role of the RM has come a very long way since then and going forward in 2012, here's what I would like to see succinctly in *Revenue Manager 2.0*:

- Technological skills and knowledge: RMs of tomorrow must be adeptly skilled at culling numerous data across a number of new systems. Moreover, behavioral knowledge and an understanding of the web and mobile-based hotel booker are essential.

- An acceptance that the “new normal” for global market conditions is one of rapidly changing dynamics: past data is only one part of today’s – and tomorrow’s – revenue equation. What’s more, the shrinking booking window, thanks to these above-mentioned technological changes, is likely to continue putting pressure on RMs to calculate the ideal room rate.
- Being cost effective is not only about revenue, but profit: This includes revenue from other departments, variable costs versus fixed costs, and the importance of overall package deals and incentives. This includes heightened internal communications among leaders within a hotel’s management structure. For instance, RMs should be fully aware of what plans and seasonal traveler engagement initiatives are scheduled in the months ahead.
- Revenue 2.0: Related to the above bullet, next generation RMs must always be on the lookout for new revenue streams. Mobile bookings were garnering much attention in 2011. Social media, while important for conversation generation, has yet to be fully monetised. How will that medium evolve in the next 12 months and what else is on the horizon? What’s the cost-benefit analysis of launching a mobile-enabled web page versus an app and is having both redundant? Admittedly, there’s no single answer to these questions and no one size fits all so the sooner RMs and hotel executives begin this conversation, the better.

Heightened communication skills, adaptability and a synthesis of both human intuition and data management skills can be boiled down to one word: leadership. Revenue managers must be leaders, plain and simple. This data-driven approach transition is three-pronged: It’s part human, part computer, and – to as much as can be expected – all profits. A channel-mix for your property is also the RM’s chief responsibility now and in the future: their market intelligence is vital to determine the optimal market yield. Using rate-optimisation and automated software will provide guidance well beyond their human experience.

While 2011 has largely ended on a revenue and occupancy positive note, (occupancy continues to nudge back toward 60 percent) travel dollars for business and pleasure remain tight. What’s more, regional or local travel by car in some cases has supplanted air travel. Thus, everything from business conferences to family getaways have grown more modest and local, and more value is being sought. App-driven flash sales or daily deals may improve occupancy rates in the short term, but do little to place a hotel in the budgetary black.

In the end, a revenue manager’s job is never done. Whether it’s uncertain economic headwinds, or some other challenge just off in the distance, effective pricing strategies

must always be more than putting heads in beds. Simply stated, technology can only benefit your hotel *if* you have the right Revenue Manager at the helm.

With that said, I am very optimistic about the future of the profession of revenue managers and believe that the next decade will offer exciting opportunities for those entering or already in the field.

(Contributed by *Jean Francois Mourier, CEO and Founder of RevPar Guru*)