

The Hotel Yearbook 2023
The Uncertainty New Normal



HY8



3 Changes That Are Shaping The Future Of Digital And Revenue Management

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Synopsis

In this article, Revinate's Karen Stephens discusses the impact of digital and revenue management in the hospitality industry, highlighting the importance of staying up-to-date with technology to understand and deliver on guest preferences. It mentions three shifts that are transforming digital and revenue management: the increasing adoption of AI, the shift towards first-party data, and the importance of privacy in data management.

It's time to get serious about how quickly the digital landscape is evolving and impacting digital and revenue management.

Revenue management has always been complex. But it became even more complex when digital marketing took off. That's why it's crucial to constantly learn about new technology.

Staying up to date on the latest tools isn't just about ensuring you ultimately choose the right solutions. It's also about understanding how to leverage technology to truly understand and deliver on guest preferences to maximize revenue.

After more than 20 years in the hospitality industry, that's what I've learned. Now is one of those times when it's important to break with the status quo and really look at your tech. It's critical to identify what's working for the good of the guest *and* for the good of the hotel.

This is changing all the time, so here's a look at the dynamics that are altering the revenue management landscape.

3 SHIFTS THAT ARE TRANSFORMING DIGITAL AND REVENUE MANAGEMENT

#1. INCREASING ADOPTION OF AI

We can't even fathom what could be developed next with AI. There's no question that it's evolving at a rapid pace, which can be scary for hoteliers. But I urge you to see this as an advantage — we're on the cutting edge! And a lot of hoteliers are waking up to that fact. Why? A big reason is how AI can change the game when it comes to using your data.

Guests want personalization, customization, and convenience, and AI can deliver on those expectations *at scale*. AI is providing hoteliers with better, more accurate data they can leverage to make informed decisions. I don't have to tell you that the more you know about a guest, the better you can serve them during their stay.

AI also plays a huge role in keeping up with the speed and convenience people expect everywhere they go, including hotels. It can take shape through speedy text responses for an "always-on" staffing approach or robots in the lobby. Fulfilling that expectation through digital service just shows you're keeping up with the times. And it's going to pay off on your bottom line.

It's about taking guest experience to the next level. Because there's only one true priority at the center of driving revenue in hospitality: the guest. AI is a complement to the hoteliers behind the business — it makes things more efficient and eradicates recurring issues.

You can see there are clear reasons why some hotels have adopted AI solutions. And more and more will be following suit. If we take a look at last year, 66% of hotels planned to increase their IT budgets in 2022. That tells us a lot about the direction we are moving as an industry — and 2023 is only going to fuel the growth of AI as hoteliers evaluate their budgets.

#2. THE SHIFT TOWARD FIRST-PARTY DATA

If 2022 wasn't evidence of the shift to first-party data, then prepare for it to become mainstream in 2023. We already witnessed Google's major decision to stop third-party cookie collection, and they're planning on putting an end to it in 2023.

The shift will be sizable, as 81% of businesses are dependent on third-party data right now. But the "cookie-less world" is happening, so it's up to hoteliers to start activating their first-party data.

Leveraging first-party data helps hoteliers connect with guests in meaningful ways, and collecting it doesn't have to be painful. Research shows that 74% of consumers are willing to share their personal data if it will save them money.

So, how are hotels actually making the switch to using their own first-party data? It's actually simpler than you might think. The answer, for many, is to use a Customer Data Platform (CDP) to consolidate and centralize data. We've already been seeing these grow in popularity, but they're becoming an even more significant solution for data and revenue management every day.

Of course, you can't talk about data-focused solutions without talking about privacy. With CDPs or any other platform that gathers and stores first-party data, there must be a greater emphasis on privacy to establish trust between hoteliers and guests. Hoteliers who strike the right balance between ensuring privacy and gathering first-party data will have a significant competitive advantage, not to mention stronger relationships with their guests.

#3. THE NEED FOR INTEGRATED SOLUTIONS

The value in both AI and first-party data is undeniable, but they can't operate in a siloed tech stack. There must be a push to update legacy systems that don't work well with each other to usher in innovation. It will prove redundant if hotels pledge to adopt more technology, but fail to cut poor-performing systems.

Many hoteliers realized they needed an updated tech stack in 2022, with 30% of hotels planning to implement new solutions during that year. That portion will only grow as more realize they need tools that work together cohesively.

I had an insightful conversation with Fabricio Titiro, Director of Product Management, Hospitality Partners at Oracle, last year about the need to be an early adopter when it comes to making changes like this, and he had some compelling thoughts.

"Not everybody wants to be a pioneer. For example, a lot of companies would prefer to be what they call a 'fast follower,'" he says. But despite the risk of embracing innovation, it's far worse to fall behind.

“For hoteliers, they should always think, especially now with all these trends, with all these new changes, where they want to be. But avoid, at all costs, avoid being late to the party,” he adds.

It’s the only way omni-channel communication can become a reality.

Staff are going to appreciate this, too. You’ve likely been battling staffing shortages since the beginning of the pandemic, but with integrated solutions, staff are better able to do their jobs. It gives them access to the data they need so they won’t need to constantly switch between different tools. Helping your team work effectively and productively will create a sense of structure and empowerment for your workforce that guests will notice.

THE FUTURE IS HERE

These changes aren’t something to fear or passing trends you can afford to ignore. They represent adjustments you may need to make to connect with guests the right way at the right time in the right channel — both now and in the future.

Many hotel companies have already embraced the change and started to move in a direction where they can leverage AI, first-party data, and all of the amazing benefits that a CDP can bring. Where are you on the adoption curve? Have you already started to make the changes required to avoid getting left behind? The good news is, it’s not too late to be a fast follower and evolve to meet the changing times.

Whatever you do, in the words of my friend Fabricio, just don’t be late to the party.



Karen Stephens — Chief Revenue Officer at Revinate

Karen Stephens has held leadership positions in hospitality tech and distribution companies for more than 20 years. She joined Revinate in 2013 as Senior Director of Sales, and then made her way through both the sales and CS organizations in various roles. As Chief Revenue Officer, Karen is responsible for strategy, performance, and aligning revenue operations in the company — spanning the entire customer journey across Sales, Marketing, and Customer Success. Karen has lived and worked abroad in both the UK and France. She calls San Francisco home and enjoys spending her free time in Lake Tahoe with her rescue dog, Shaggy.

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Revinate empowers hoteliers to connect directly with guests at every touchpoint to deliver delightful experiences and drive direct revenue. Our data platform and guest communication solutions put hoteliers in control of every step of their guests’ journeys — initial research, booking, check-in, throughout the stay, and even after check-out. We do this all using the communication channels that the guests prefer, whether it’s voice, text, email, or web. More than 12,000 hotels bank on Revinate to power unforgettable guest experiences and drive direct revenue.



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