



HOTEL LEADERSHIP – BUILDING A BUSINESS BEYOND HEADS IN BEDS

DATE : AUGUST 2015

Successful hotel management - if only it were as simple as getting *'heads in beds.'*

For hotel managers, business as usual is about managing the unusual – occupancies and occupants alike. At the heart of the metrics of success is Hotel Revenue Management. It is the quest to establish the perfect balance between room rate and allocation, ultimately seeking to sell each and every available room at the highest possible price as a prelude to generating the highest possible revenue. This is a core competency and daily reality that pauses, often perplexes, and on occasion panics even the tried and tested of Hotel Managers.

And in today's day and age of:

- global brand expansion
- dynamic demands
- millennium market remodeling
- social spaces, plain and simple
- Air BnB
- TripAdvisor real-time ratings
- Social media real-experience, personal showcases of the good, the bad
- DIY travel booking
- metasearches
- increasing competition and decreasing REVPAR (revenue per available room)
- high experience and low price point traveller expectations

...and other unprecedented challenges, hotel revenue management, once a science, is becoming more and more an art and act of supreme faith.

Once upon a time, hotel revenue management was about the fundamentals. For hotel General Managers, the scripture was clear:

"Hospitality managers are charged with making strategic and proactive decisions to increase occupancy rates and total revenue for their properties. Applying a systematic process to such decision-making can increase their success. The high-impact drivers for maximizing revenue:

- *forecasting and availability controls*
- *pricing and distribution channel management*
- *overbooking and group management*

- *non-traditional revenue management applications.*

(Source: Hotel Management, Cornell University – School of Hotel Administration)

Today, however, the game has changed, right across the spectrum of the players, the rules, the moves and the prize. This is especially true for hotels operating in gateway cities in top travel destinations across the globe.

BOOKINGS BEYOND REQUIRED REVPARS

Hotel revenue management is but one of the pieces in an increasingly complex puzzle of hotel business profitability.

Case in point: Bangkok, Thailand, ranked Asia's #1 city of 2015 by Euromonitor's for travel & tourism, recipient of almost 17 million visitors, is home to over 97,000 hotel rooms (with an estimated additional 10,000 in the pipeline in the lead-up to 2017). The business hub and holiday gateway city works tirelessly to maintain hotel occupancy rates at 70% across the luxury, upscale and midscale tiers. Competition is fierce, even in the most graceful of Thai ways. (Source: JLL Market Snapshot)

The Grand Hyatt Erawan (www.grand.hyatt.bangkok.com) provides a unique keyhole into the cleverness and craftiness required to make a global hotel brand a success in a leading global city. With a mixed clientele of visitors to Bangkok from around the world, across the region, and around the corner, this Bangkok property has had to box very clever to build a solid business model.

From a traditional room occupancy perspective, the property attracts a clientele make-up of 95% out of town (non BKK and international) and 5% BKK.

The Business vs. Leisure weighting? 60% vs 40%.

Acutely aware of the competitive landscape just outside the window, Adam Zilber, the Grand Hyatt Erawan Bangkok's General Manager, cannot afford to play room rate roulette. The entire property is carefully dissected into a high-performance business model.

At the heart of his approach to making a global brand a success? Think, look, act and value local. As shared by Zilber,:

"Branding in today's world is truly global and this also applies to our industry. As such, many international brands are recognized locally, and do have a very strong presence in Bangkok. Our aim is to continue to differentiate the Hyatt brand in

general, and the Grand Hyatt Erawan Bangkok in particular, through the level of service and services we provide not just to international guests, but also guests here in Bangkok. We feel that the experiences we are able to create and deliver to both our international and local guests will resonate with them and thus make us their preferred brand."

VOWING TO GET THE RESULTS

A wonderful example of this local differentiation and connection – the wedding segment. Booking an average of 20 weddings per month, the Grand Hyatt Erawan Bangkok has established a name for itself as one of the finest venues for performing nuptials across Asia and the rest of the world's spiritual spectrum.

To walk through the lobby of the property on a Saturday evening is to walk through a bridal book brought to life, with themed wedding events provoking glances to ballrooms left and right, each event executed with the greatest of care for the wishes of the bride and groom, the vision of their day being translated into a celebration nothing short of spectacular.

With creativity literally reaching the stars, and having been known to see snow falling from Thai skies because that is what the bride had always dreamt of on her wedding day, still the bottom line remains in firm focus. Knowing that revenues cannot be dependent on rooms, the Grand Hyatt Erawan Bangkok spreads its wings across the asset base of the property, rooting the revenue mix across:

- Rooms: 43%
- F&B (Restaurant outlets & Bars): 34%
- Events: 15%
- Other operations (ie Spa, Laundry): 8%

Needless to say, for Zilber the professional learning has made an indelible personal impression. While Bangkok will one day appear amongst a rich array of postings, he is very clear and deeply grateful for the unique impact that the Grand Hyatt Erawan Bangkok has had on his evolution.

"I have always been a proponent of "making a connection" with the culture and clientele in the environment in which I am living and working. This is reflected by taking a genuine interest in their needs and preferences and striving to exceed their expectations. "Thai Hospitality" comes from the heart, and is something I will carry with me in the future."



COMPASS – Insights into Travel & Tourism Development

For guests, colleagues and investors alike, there is no greater leadership wisdom that could be wished for.

- ENDS -