



**Performance Measures:
Think different**

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Performance Measures: Think different

- RM Metrics, origin and the variety of metrics
- The evolution of RM: are the RM metrics still aligned?
- New RM metrics, are they measuring what they should?

Performance Measures: Think different

Let's start by asking ourselves some basic questions ...

- ▶ What should Revenue Management achieve (*and we shouldn't forget the bigger picture?*)
- ▶ What are the objectives for RM metrics?
- ▶ Which RM metrics are in use?
- ▶ Are these metrics measuring what they should measure?
- ▶ So, what kind of (new) metric is needed then (if so) ?

Performance Measures: Think different

Existing Revenue Management Metrics ?

→ OCC, ADR, RevPAR,

→ TrevPAR, GOPPAR, RevPASH, SpendPAR, ConPAST, and RevPATI (RevPATI /Revenue per available time-based inventory unit) etc.,

→ RGI, MPI, FairMarketShare, Comp.set Ranking, etc.

But what are these metrics measuring, and do they show the full picture of Revenue Management Performance?

Performance Measures: Think different

Brief overview about HSMAI-SIT research project

→ Mission Statement,

→ Methodology and Questionnaire,

→ Response rate and Preliminary results,

→ The next planned steps.

Performance Measures: Think different

Methodology and Questionnaire

- > 12 Questions in total, some of them to be used for cross-tabulations,
- > Questions ask for use of existing metrics, limitations, and awareness of the variety of metrics available,
- > Willingness to adopt new metrics, including perceived advantages,
- > Furthermore, participants were asked regarding the revenue management culture.

Performance Measures: Think different

Response rate

> Up to now, 527 responses,

> Response rate looks quite good, though if you take into consideration:

- the total no. of Revenue Managers worldwide.....,
- and more important, in order to truly make the research impactful, we need support from a variety of different stakeholders, such as vendors, suppliers to establish a new RM metric, we need to have your participation and responses from a quite substantial amount of Revenue Managers!

Performance Measures: Think different

► Preliminary Findings

- > 76% respondents from chains, rest independent,
- > Respondents provided rich feedback with respect to challenges and opportunities of given and new measures,
- > Most respondents are aware of a variety of RM metrics,
- > Many respondents are open for new metrics.

Performance Measures: Think different

► Preliminary Findings:

“how do actually measure your performance”

#	Answer	%	Count
1	RevPAR	47.56%	410
2	TrevPAR	7.08%	61
3	GopPAR	9.98%	86
4	RGI	29.35%	253
5	Any other measure, please specify	6.03%	52

Performance Measures: Think different

► Preliminary Findings:

“do you see any limitations in the given performance measures”

#	Answer	%	Count
1	Yes, please specify	36.12%	190
2	No	63.88%	336
	Total	100%	526

Performance Measures: Think different

► Preliminary Findings:

“do you see any limitations in the given performance measures”

Id like to move away from RevPAR and RGI, difficult to convince owners

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Need great way to measure net revenue p.a.

Cost of acquisition or net revpar might be better

Cannot see hotel's real performance among the comp set and in the industry

Lack of different perspectives and angles

RevPAR and RPI only can measure room revenue, but we need focus on hotel overall revenue.

Only rooms related

It only looks at rooms revenue and does not take into consideration other areas of revenue like restaurants and function space.

Doesn't actually consider guest out of room spend

Performance Measures: Think different

► Preliminary Findings:

“are you aware of:”

#	Answer	%	Count
1	NRevPAR (Net Revenue per available room)	34.21%	415
2	RevPAC (Revenue per available customer)	20.69%	251
3	ConPAST (Contribution per available space time)	9.32%	113
4	RevPATH (Revenue per available treatment hour)	11.87%	144
5	RevPASH (Revenue per available seat hour)	18.71%	227
6	☐ Others, please specify	5.19%	63

Performance Measures: Think different

► Preliminary Findings:

“do you consider adopting new measures such as NRevPAR, RevPAC”

#	Answer	%	Count
1	Yes, please specify reasons	71.13%	239
2	No, please specify reasons	28.87%	97

Performance Measures: Think different

► Preliminary Findings:

“do you consider adopting new measures such as NRevPAR, RevPAC”

Important to measure bottom line, but difficult due to property reporting limitations

NetRWPAR - OTA commissions big players now

REVPAC as I believe that it completes the revenue management circle and understands Guest requirements holistic

Net revpar to better understand acquisition cost

Yes this will allow us optimize channels and customers and making the right pricing and marketing decisions

Performance Measures: Think different

► Preliminary Findings:

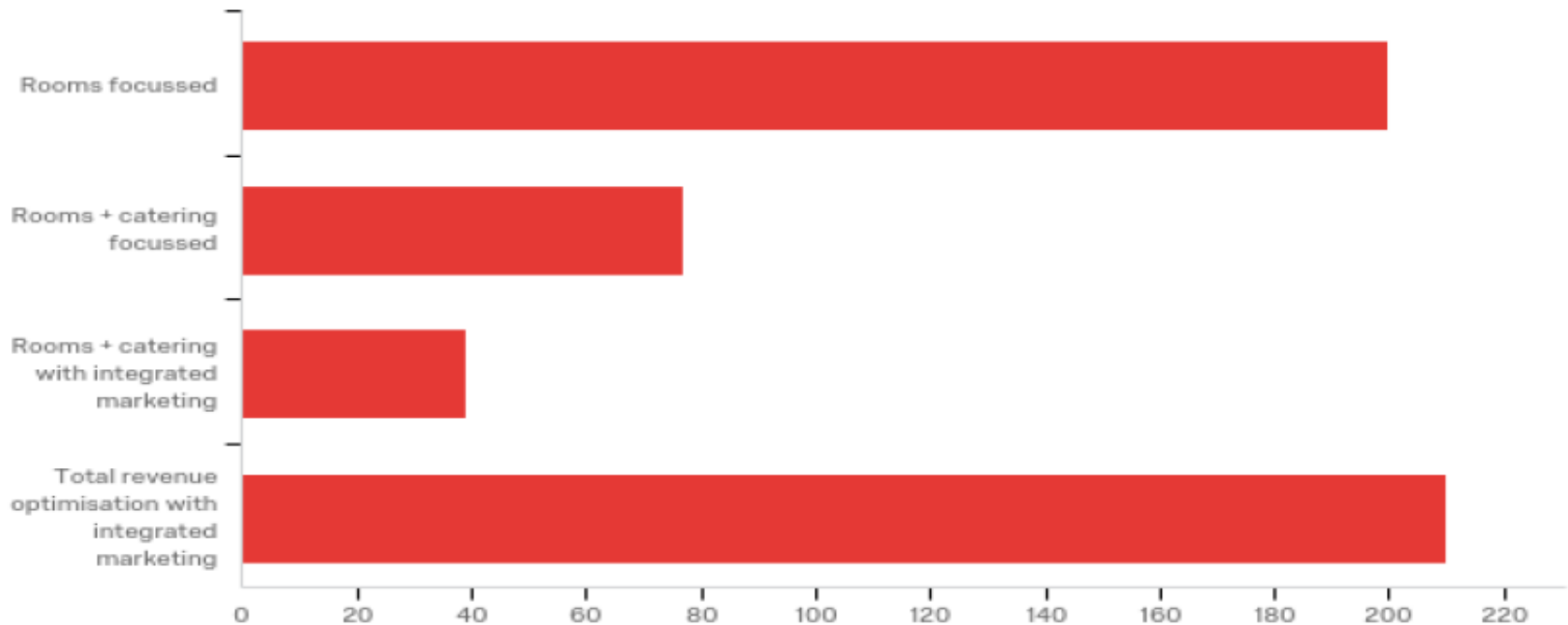
“what advantages do you foresee in using new RM measures”

1	Driving channel optimisation	18.63 %	98
2	Planning & budgeting	19.01 %	100
3	Efficiency & return on marketing efforts	7.22%	38
4	Driving total revenue management	52.09 %	274
5	Any others, please specify (and rank)	3.04%	16

Performance Measures: Think different

► Preliminary Findings:

“how would you specify your revenue management culture”



Performance Measures: Think different

Next steps ?

- Focus group with vendors, suppliers about adoption of new RM metrics
- Follow-up project on determining the new RM metric, and conceptualization.

Performance Measures: Think different

New Revenue Management Metrics ?

- The focus should be on Yield culture, incorporating all revenue generating departments (such as F&B, spa, banqueting, parking etc.),
- Though, measuring RM success on its own might not be sufficient: we need also to measure the cost of distribution and marketing,
- The interdependence aspect of marketing, distribution and RM shouldn't be underestimated.

Performance Measures: Think different

New Revenue Management Metrics - key questions:

- Are they reliable (*are they measuring all the same, plus external usage/benchmarking*),
- Are they practical and feasible (*i.e. Supplier, Owner support*).

Performance Measures: Think different

Final thoughts on existing and/or new RM metrics...

- Application & knowledge of these RM metrics assists in focusing on profitability,
- Furthermore, appreciation of RM metrics leads to create Yield culture, across all departments,
- Usage of new RM metrics assists in aligning RM & Marketing & Sales.