



SALES + MARKETING



## CASE STUDY: Revenue Management

# Hope for Hotels: Driving RevPAR by Enhancing Revenue Management

LEADING GLOBAL HOTEL BRAND | U.S.

The past decade has seen a dramatic increase in the use of revenue managers armed with algorithmic revenue management systems as a means to grow RevPAR.

### The Problem

If there is one thing hotel owners, management and brands can agree on, it's the constant pressure to increase RevPAR. The past decade has seen a dramatic increase in the use of revenue managers armed with algorithmic revenue management systems as a means to grow RevPAR. Once the province of so-called "big box" hotels, professional revenue management (RM) has moved down to midscale and even economy hotels. In the past few years, several large brands have even mandated the use of qualified revenue managers.

For one of the world's largest hotel brands, also a client of ZS, this presented a challenge. Some franchisees had access to revenue management services from their management companies. Other franchisees used the brand's optional and small RM-for-hire team. However, most franchisees had no professional revenue

management. Demand for the brand's RM-for-hire team rapidly outpaced the brand's ability to grow the team. And for some smaller hotels, those RM services were desirable, but the price point was out of reach.

How could the brand rapidly expand its RM-for-hire team at a price point that allowed franchisees to earn a return on their investment?



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## The Solution

When the brand turned to ZS for practical solutions, ZS offered to build a revenue management team dedicated to the brand in a single, central location. By building the team in one location, ZS could use its hiring engine to bring on a team of more than 20 revenue managers in less than two months.

ZS worked closely with the existing revenue management team to ramp up through training sessions, shadowing, and a range of dynamic and challenging role play. By doing this, ZS delivered the same approach as the existing brand team at a different price point.

Today, the ZS team engages with franchisees daily. ZS works with hotel owners and general managers on typical RM activities such as forecasting, building demand influences, pricing and inventory management. Through this work ZS also uncovered gaps in demand generation. Placing its focus on growing RevPAR, ZS expanded its services to include helping franchisees understand and respond to transient and group RFPs.

## The Results

More than 600 hotels in North America were able to access RM-for-hire services at a price point that made sense for them, on a far more rapid timeline than the brand could have achieved on its own.

There were consistent RevPAR increases for the hotels in the program compared to hotels that aren't in the program, and individual hotels saw higher revenue because of the service, too.

"In the first four to five months, we started seeing growth in our year-to-date numbers," one hotel owner said. "My RevPAR was up 12% in one month. That's the biggest change right there, the money."

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ZS is the world's largest firm focused exclusively on helping companies improve overall performance and grow revenue and market share, through end-to-end sales and marketing solutions—from customer insights and strategy to analytics, operations and technology. More than 5,500 ZS professionals in 22 offices worldwide draw on deep industry and domain expertise to deliver impact for clients across multiple industries. To learn more, visit [www.zs.com](http://www.zs.com) or follow us on Twitter and LinkedIn.