

# Great Wolf Lodge Maximizes Efficiency Amid Strategy Change



## **CASE STUDY: GREAT WOLF LODGE**

Waterpark resort leader realigns Revenue Strategy to optimize total profitability while driving occupancy, using web shopping data to quickly test and refine initiatives.

## Challenge

Maximize efficiency of automated revenue management to enable a strategy shift toward occupancy-led profit growth.

## Solution

Partner with Duetto, whose Open Pricing philosophy fits Great Wolf's view of revenue management, and use its application's data sets to test and refine new strategies.

## Results

Great Wolf achieved the highest occupancy level in its history during the first half of 2016.

## How it happened

- Implemented GameChanger application, replacing an RMS unable to execute Open Pricing or ingest web shopping data
- Used web regrets and denials data to test and refine pricing and marketing strategies
- Shifted Revenue Strategy to optimize profitability by driving occupancy and total on-property spend
- Spent less time second-guessing pricing recommendations and more time analyzing data and forming strategies

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As North America's largest brand of indoor waterpark resorts, Great Wolf Lodge owns and operates 13 family destinations with representation in every region of the United States.

Whether guests are enjoying a nearby staycation or driving hours to a Great Wolf property from out of state, the brand offers them millions of square feet of not only water rides and attractions, but also dining, retail, meeting space and entertainment. Customers can choose among eight to 15 types of suites at some Great Wolf Properties, depending on the size and needs of their families.

Because of its footprint and name recognition, the vast majority of Great Wolf's reservations come from direct bookings rather than travel agents or OTAs.

The properties' diverse offerings and scale generate far more data than could be handled with a spreadsheet, so the brand has used an automated revenue management system for years to price each of its different room types. Recently, the revenue team came to the conclusion that they were spending too much time second-guessing the data the system compiled and found themselves unable to move forward quickly with new strategies.

## A Natural Fit with Open Pricing

Specifically, Great Wolf has always tried to price its rooms independently by suite type and by day, which aligns with the Open Pricing philosophy championed by Duetto, says Great Wolf's senior vice president of revenue and ecommerce, Alan Genin. The strategy affords hoteliers the ability to price all room types, distribution channels and customer segments independently for any booking date, ensuring that none of those categories has to be closed off to potential customers.

Duetto's cloud-based Revenue Strategy application, GameChanger, was designed to put Open Pricing into practice at hotels, casinos and integrated resorts like Great Wolf. However, Great Wolf's former RMS only supported a Best Available Rate-based pricing model.

"We were in this place where we had automated revenue management, but we were working around and backing into what Open Pricing provides," Genin said.

As Great Wolf's revenue management executives began the due diligence process to select their next RMS partner, they recognized that Open Pricing fit with the way the brand approached setting rates by room type.

"With our actual properties varying anywhere from eight to 15 suite styles, it's extremely important to be able to understand the demand by suite style," says Sean Lynch, corporate director of revenue management. "It just blended with our model. It was nice to take advantage of a system that was seemingly built for your concept but able to take it to the next level."

## The Importance of Web Shopping Data

Great Wolf had other requirements of a new RMS, due in large part to its online direct-booking prowess. More than 90% of Great Wolf's reservations are booked directly, with about 70% of them coming via the resort's website and in-house online booking engine.

The brand understood the importance of web shopping data, another focal point of GameChanger, in calculating each property's unconstrained demand. Using data from Great Wolf's booking engine, the application tracks the number of "regrets" and "denials" for each booking date and incorporates them into pricing rules that optimize the rates Great Wolf publishes.

A regret is a potential customer searching for a room, including entering reservation dates and location, but abandoning the booking process without making a reservation. A denial is a potential customer being unable to book because the offer is closed or unavailable.

Great Wolf had challenged its previous RMS provider to incorporate that lost-business data into its pricing model but was "never able to turn the corner," Genin said. Because web shopping data is central to GameChanger, Great Wolf can now see how many potential guests converted from "looked" to "booked," and it uses that data to experiment with prices and promotions that drive more business.



*It's really turned our revenue management system into a tailwind instead of a headwind. We're spending a lot less time managing and second-guessing the system. It's allowed us to find answers to tough questions very quickly and then optimize on them.*



— Alan Genin  
Senior Vice President of  
Revenue and Ecommerce  
Great Wolf Lodge



"We've always pursued using that data in our forecasting to help refine our forecasts and pricing," Genin said. "That was something that was important to me: to be able to trust the science that's going into our pricing."

## A Major Strategy Shift to Total Resort Profit

In the past year, Great Wolf has shifted its Revenue Strategy to target greater total resort profit as opposed to greater hotel room revenue, which required Duetto to build new capabilities into GameChanger specifically for Great Wolf.

"We're trying to find that perfect balance between rate and occupancy," Genin says. "We have a lot of strategies against on-site revenue and guest experience to drive repeat business, so occupancy is becoming more and more important."

The key to Great Wolf achieving efficient RevPAR growth while it drives greater occupancy is to focus on the non-room spending on Great Wolf amenities integrated into each resort, such as on-site restaurants, merchandise, and programs like



the MagiQuest live-action interactive game for children and families.

Even if Great Wolf sacrifices a small amount of its ADR to get closer to selling out on a certain booking date, its revenue managers calculate how much rate to give up in order to gain back even more revenue and profit from total-resort spending, Lynch said.

“We’re highly focused on ancillary spend and understanding that balance that we’re not just driven by room revenue, we’re driven by total revenue and, ultimately, profitability,” Lynch said. “So how many days are there that you’re at that 85% to 90% on the demand forecast? Can you get to that 100%? What do you have to give up?”

Incorporating total resort profitability into how Great Wolf uses the GameChanger platform required collaboration between its revenue

management team and Duetto developers. The system was updated to take the marginal profit per room and incorporate it into Great Wolf’s demand forecast, generating pricing recommendations that ultimately yielded the highest marginal profit as opposed to the highest room revenue. The modification was tested and rolled out in time for Great Wolf’s peak season.

“The combination of Duetto being a true software-as-a-service product, as well as just generally progressive and nimble, enabled us to get that enhancement through quickly,” Genin said. “We saw that impact on our business over the summer.”

## Results Are In

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Through the first seven months of 2016, Great Wolf Lodge achieved what its executives called the highest level of occupancy in the brand’s history.

Despite a slight rate reduction to spur demand, Great Wolf was armed with the right data to ensure they didn’t reduce rate to the point of eroding systemwide RevPAR.

The brand credits a multifaceted approach for being able to execute its Revenue Strategy around total resort profitability, even with several “top of the funnel and macro pressures” in 2016. GameChanger’s key contribution was to incorporate more robust sets of data, including web shopping regrets and denials, into Great Wolf’s automated revenue management process while still making the team more efficient than ever before.

“It’s given our team the time to do a deep analysis,” Lynch said. “We’re really focusing on: who is our consumer, when are they booking, why are they booking, and where are they booking through?”

Duetto’s application gave Great Wolf more confidence to experiment with different pricing and promotion strategies, refine them, and execute a plan swiftly, Genin said.

“It’s really turned our revenue management system into a tailwind instead of a headwind,” Genin said. “We’re spending a lot less time managing and second-guessing the system and creating separate forecasts. ... It’s allowed us to make decisions and test strategies quickly ... and find answers to tough questions very quickly and then optimize on them.”

# About Duetto

With solutions that address the true challenge of today's distribution landscape, Duetto provides unique and powerful Revenue Strategy tools to optimize profit and guest loyalty. Duetto delivers powerful insights on pricing and demand to hotels and casinos through a 100% cloud-based application.

Utilizing new consumer-centric data sets such as web shopping regrets and denials, social review, air traffic, weather and more, Duetto GameChanger transforms the way hotels and casinos price and sell rooms by providing better and more actionable information. Make informed distribution choices and independently yield all channels, dates and room types with Open Pricing to drive healthy revenue and optimize profitability.

Thanks to modern cloud architecture, new features and upgrades are delivered seamlessly with zero system downtime. This rapid innovation enables Duetto to provide an industry-leading user interface and experience that's continually improving.

Working with and for the hospitality industry, Duetto is changing the game.

