



Hotel del Coronado Overhauls Strategy, Boosts RevPAR Index

CASE STUDY: THE HOTEL DEL CORONADO

Automating daily revenue management functions empowered new management to make more strategic decisions, such as a new approach to segmenting and pricing three properties within one.



Challenge

Automate daily revenue management functions and empower the revenue team to make strategic decisions, such as a new approach to segmenting and pricing three properties within one.

Solution

Partner with Duetto to provide a centralized data framework and demand forecast from which every department can make smarter pricing decisions.

Results

RevPAR: +12.8%

RevPAR Index: +5.7%*

How it happened

- New management with a focus on driving RevPAR index
- Implemented GameChanger solution to automate revenue management
- Ensured all departments are making decisions from the same sets of data
- Began segmenting the resort's diverse group of guests differently
- Implemented a strategy to dynamically price by room type

*An average of RevPAR Index increases from The Del's five competitive sets, which ranged from a 3.3% increase to an 8.3% increase.

Hotel del Coronado overhauls strategy, boosts RevPAR Index

There's no denying the iconic nature of The Hotel del Coronado, perched perfectly on the Pacific Ocean just across the Coronado Bridge from downtown San Diego.

The Del opened in 1888, and it was designated a National Historic Landmark in 1977, when it was one of the few remaining wooden Victorian beach resorts. Through its 127-year history, The Del has been featured in numerous movies and books and has hosted its fair share of presidents, royalty, and celebrities.

Standing in the spotlight for so long also brings certain challenges. Upkeep alone of such a sprawling and impeccably detailed property is labor-intensive and assumes premium overhead costs. Until recently, RevPAR Index, a standard measure of a hotel's revenue performance versus its geographic market or other competitive set, had been decreasing for five consecutive years.

But, in 2013, a new general manager brought plans for operational efficiencies. Vice President and General Manager Andre Zotoff understood that management couldn't reverse its sliding RevPAR Index only by cutting costs. A smarter strategy, he reasoned, would be to instead focus on driving more revenue.

"Today The Del is a very successful hotel," says Zotoff, who is closing in on three years overseeing The Del. "But it's all about the evolution. It's, 'What's the next page?' Without losing 'The Del Factor,' as we like to call it, how can we push the envelope?"

A Plan in Place

Zotoff oversaw the installation of a new revenue team that would modernize the way The Del viewed and segmented its wide variety of guests.

"When it came to revenue management at Hotel Del, we had been a little bit more traditional in the approach," he says. "Our revenue management system was Excel, which was pretty good, but the more you can automate, the more you can streamline overhead expenses. You can hire people who are really smart and understand the data rather than having nine people working on spreadsheets gathering data. That's really the future."

A key component of the overhaul was adding technology to

automate the main functions of the revenue team and open them up for more strategic thinking aimed at increasing both revenue and profit. They partnered with Duetto and implemented GameChanger, a Revenue Strategy software-as-a-service platform using Big Data and predictive analytics, and soon had the insights they needed to look at the bigger picture. With Open Pricing, the core component of the application, the Del is now able to independently yield all segments, channels, room types and offers in real time.

The Del also added support from Robert Resurgent, a consultant with more than 20 years of revenue management experience, including leadership positions at The Procaccianti Group, Sunstone Hotels and Westin Hotels.

“Without data, you’re just another person with an opinion,” he says. “Data kind of makes you right or wrong, or at least gives you some kind of analysis behind what you’re doing.”

Resurgent says predictive analysis models are driving growth in the revenue management field. Forecasts based on forward-looking demand were at first only good for guidance.

“Now they’re becoming much more actionable,” he says.

Three Hotels in One

With Andre and Robert on board and the addition of Nicole Tomasso as Assistant Revenue Manager, The Del’s new revenue team knew there was an opportunity to begin looking at the hotel’s diverse group of guests differently. After all, what’s unique about The Del is that ownership and management look at the resort almost as if it’s three different hotels. There’s the Beach Village product, as well as premium and non-premium rooms (based mostly on view).



“The more you can automate, the more you can streamline overhead expenses. You can hire people who are really smart and understand the data rather than having nine people working on spreadsheets gathering data.”

**— Andre Zotoff
Vice President & General Manager
Hotel Del Coronado**

“We look at it like we have a Hyatt, we have a Fairmont and we have a Ritz, for lack of better terms,” Zotoff says. “So when it comes to revenue management, we need to take three different approaches.”

Utilizing functionality within GameChanger typically used by brand companies and ownership groups to manage portfolios of hotels, The Del was able to treat the three distinct components of the 757-room property as individual hotels. The revenue team could now easily price rooms and optimize demand separately, yet management could aggregate and roll up data to easily see how the entire property was going.

Complicating matters, the team also measures the hotel’s performance against five different comp sets.

“We have our San Diego set that we measure certain room types against. Then we have our luxury set, which is ocean-view luxury properties in Orange County and across the United States. And then we also have our group business, which

has a different demand pattern as well,” Tomasso says. “So we compete with different hotels based on the segment and based on the type of customer we’re trying to reach.”

Yield by Room Type

With Open Pricing and automated technology, the Del’s team has been able to get more granular with its approach. Using GameChanger’s sophisticated pricing rules page, The Del now easily adjusts room type pricing — within each of those three separate “hotels” — and flexes prices based on demand, not fixed modifiers.

Since implementing GameChanger, the revenue team has accepted more than 90% of Duetto’s rate suggestions, meaning that with a push of the button rates are being optimized in real time every day across all segments, channels and room types.

For Tomasso, that’s been huge.

“Just in terms of how many hours a day it could take you to update a week of data, with all the different room types and measuring that different demand,” Tomasso says. “So that alone, to be able to press a button and make sure everything looks good and price out three weeks at a time within five minutes, it’s huge.”

Taking things one step further, The Del is working with Duetto to bring revenue management principals beyond rooms, allowing the revenue team to incorporate things like cabanas into the Revenue Strategy, treating them like a room type and yielding rates.

“That’ll be a big help for us,” Resurgent says. “The math is the same, the algorithms are the same, the predictive modeling is somewhat the same. You just need the data to plug in.”

Because of the three-tiered approach, one of the biggest factors for The Del when choosing an automated revenue management system was ensuring the system had the capability to yield rates in real time by segment, channel and room

type. With Duetto, the revenue team found it could craft different rule types that allow the hotel to price rooms based off inventory demand and customer mix. The team also is able to build rules that set recommended pricing based on market averages.

“If we want to compete with certain competitors at certain times of the year, Duetto lets us craft a strategy to do that and gives us recommendations that we otherwise would have to come up with ourselves,” Tomasso says. “It’s very fluid and easy to use.”

Results Are In

In 2015, The Hotel del Coronado brought in the most revenue of its entire 127-year history. Zottoff credits an overall healthy travel market as well as the addition of a fresh revenue team, an automated revenue management system and the shift in market segmentation.

“Even though we had a very high (RevPAR) Index, it started eating away a little bit at The Del over the years. It chips away,” Zottoff says. “We actually reversed that in 2015. That’s really good news. It means that while everyone was doing well, we were taking away from the competition.”

Perhaps more importantly, the building blocks of a profitable Revenue Strategy are now in place, and the revenue team at The Del can continue thinking of ways to push the envelope moving forward.

Tomasso says overhauling the Revenue Strategy and adding a revenue management system as the base brought the various departments of the hotel together. Now, everyone can log in to the system and look at the same data.

“It’s pretty digestible from a high-level view, so if you’re an operations manager or if you’re a marketing manager or if you’re in revenue, you can understand very quickly how we’re looking at the market, what our pace is looking like, what our pick-up has been over the last 14 to five days,” she said. “That helps bring everybody together and ask

questions so we can all agree on a strategy that works best for the hotel.”

“What I like is the fact that I can log in and I can see it with my own eyes and I can dig around and I can ask questions,” Zottoff added.

“If you’re not automated you rely on what people are telling you, so I love being able to log in and see what’s going on. Where do we stand? What is our pricing? What is the competition doing?”



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.

