



Hotel Managers: Open the Door to New Revenue

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Mr. van Meerendonk

Revenue Management

Revenue Management and Addressing the Generation Overlap

By [Paul van Meerendonk](#), Consulting Manager, IDEaS Hospitality Consulting

Marketers and social researchers have long brandished labels like 'Silver Surfers', 'Gen X&Y' and 'Millennials.' More and more, these demographic terms resonate amongst savvy hoteliers who realize that each generation has very different ways they research, book and evaluate their stays. Hoteliers looking to maximize occupancy and revenues from an increasingly

fragmented booking environment must understand what motivates each major generational demographic and understand how their property would be perceived by each generation in order to price and market themselves effectively.

How simple marketing and pricing hotel rooms appears to have been in the past. Before the Internet took over with third-party booking portals and independent hotel review sites, hoteliers typically relied on travel agents, telephone directories and traditional print advertising to attract baby boomer travelers. The number of booking channels available to this demographic was typically limited to calling the hotel directly or speaking with a travel agent who would do this on their behalf. Unless a savvy consumer felt the urge to call a number of hotels in a specific location and compare prices, there wasn't the instantaneous pricing transparency that is available today through online comparison and review sites.

Just as technology is constantly changing, so too is the way both business and leisure travelers book hotels. These days, when a traveler books a room in an unfamiliar city or location, their selection process is much different than it was in the past. They may not even speak directly with a hotel or travel agent, much less pay attention to the traditional star-rating system once relished by the hotel industry. In many cases, guests now look to third party review sites for impartial reviews to 'aid' in the selection process. However, not all guests rely on these new technologies, and many people may still use traditional booking methods. It is important for hoteliers to understand the three major age demographics: Baby Boomers, Generation X and Millennials, and some of the common motivations and desires of these groups in relation to their accommodation wants and needs.

Baby Boomers

Baby Boomers have been faithful customers of the hotel sector for many years and were the primary focus of marketing and promotional efforts for countless years. They were the generation that started traveling purely for pleasure and helped kick start growth in the travel-for-leisure sector. Increasingly, and as the business world became more interconnected in the 1970's and 80's, this was also this generation that began traveling nationally and internationally for work, facilitating the expansion of the business travel market.

Baby Boomers have generally been a more straightforward customer group for hoteliers to market toward, relying on traditional media outlets and travel agents to inform them of potential

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Foreign Investment in U.S. Hotels with Liquor Licenses:

By [Robert J. O'Hara III](#), Attorney, Flaherty & O'Hara, PC

Thanks to the compromises that brought about the failed social experiment of Prohibition in 1936, the laws governing the manufacture and sale of alcohol in the U.S. are a patchwork quilt that vary wildly and widely from state to state. Federal law lays over this patchwork of state laws to create a layered web and, together, state and federal laws make alcohol one of the most heavily regulated – if not the most heavily regulated – consumer-oriented products available at retail without a prescription in the world. [READ MORE](#)



Re-Branding? Everyone's Doing it, but Beware of Intellectual Property Issues

By [Francine Friedman Griesing](#), Founder, Griesing Law LLC

For the hotel industry, 2014 may well go down as the year of rebranding. This is in response to the intense competition and the need to cater to a new audience: the millennials. To ensure a successful transition, properties should consider business and legal implications to avoid costly time-consuming problems especially intellectual property issues. To those unfamiliar with legal jargon, it boils down to creating and protecting strong trademarks, trade dress, and an



accommodation choices. Baby Boomers are also generally more loyal guests compared with younger generations. In fact, a Baby Boomer traveler will frequently return to the same hotel if they have a good experience with the venue, leading to the adoption and widespread update of hotel loyalty programs across the globe.(1)

Hoteliers looking to attract and retain

Baby Boomer guests should focus on offering value for money but also recognizing, acknowledging and respecting this demographic for being a return guest. Additionally, this is the generation that is most accustomed to dealing with people directly, so it is important that face-to-face customer service is highly prevalent to accommodate any guest queries or concerns.

Generation X

Generation X travelers have helped substantially grow the business and leisure travel markets over recent decades. Similarities exist between Gen X and Baby Boomer travelers, but the former are typically less patient than their elder generation and respond well to praise and recognition of their patronage. Unlike Baby Boomers, who travel for business and are more likely to carry out work in their hotel rooms, Generation X business travelers enjoy working in more social environments. Therefore, hoteliers looking to attract and retain guests from this demographic should ensure they have adequate business lounges and lobbies in place to create a welcoming, but professional work environment. A recent study by Delliottte stated:

“Two-thirds of [Baby Boomer] respondents (67 percent) say they often work in their hotel room, with younger business travelers enjoying working in more social spaces, such as executive/business lounges and the lobby or common area. Nearly two-fifths (36 percent) of the 18-44 year-olds surveyed say they often work in the lobby or common area, while only 17 percent of those 45 and older do the same.” (2)

Additionally, while Baby Boomers generally have a greater sense of loyalty and commitment to traditional forms of work, Generation X is the first age demographic typically demanding a life outside of work, or ‘working to live’, and not the other way around. It is important for hoteliers to incorporate social spaces into their properties like bars and restaurants to accommodate for Generation X’s greater desire for social interaction as both business and leisure travelers.

Millennials

The Millennial, or Generation Y, age demographic is a growing consideration for the hospitality industry given this group’s spending power increasing, particularly in leisure travel. While Millennials may not currently equal Baby Boomers in terms of the number of business of leisure travelers, reports suggest that in North America alone there will actually be 78 million Millennials (at the peak of their spending power) compared to 58 million Baby Boomers by 2030.(3)

Given the growing importance of Millennial travelers to the hospitality industry, it is vital that hoteliers around the world better understand some of the key motivations of this age demographic and how they relate to the hotel sector.

It is a commonly held belief that Millennials seek immediate gratification, and that this underlying impatience extends to hotel visits. Having grown up with technology and instant information which has helped streamline everyday tasks, Millennials can feel put-off by a stay in a new hotel if they encounter long check-in lines at reception. To this end, hotels looking to attract Millennial travelers in the future should consider electronic check-in options to accommodate for the tech savvy, but time poor, younger generations. The Delliottte study also noted:

“When it comes to interacting with hotel staff for check-in, almost two-fifths (36 percent) of the 18-44 year-old respondents favor automated kiosks rather than checking in with a hotel employee at the front desk. Whereas only 19 percent of the 45 and older survey participants say they prefer automated kiosks.”(2)

Millennials are the most independent travel generation the hospitality industry has encountered to date. Trends show younger people are performing more research, on more

effective web presence. These are essential to debranding and rebranding to give a brand a competitive edge in the ever-growing hotel industry. [READ MORE](#)



Tip Pooling and Credits in the Hotel Industry

By *David Hogan, Executive Director of Major Accounts, Heartland Payment Systems*

To avoid landing in court, hotels must stay on top of the latest rules and regulations. In January, the Internal Revenue Service (IRS) issued new guidelines for tips and service charges. In addition to the IRS’ new rules, the Fair Labor Standards Act (FLSA), which issues standards for the basic minimum wage and overtime pay, has a separate set of guidelines for service workers, which if not followed, makes the hotel industry vulnerable for lawsuits. Since each state has its own laws regarding service charges and tipping, hotel operators must ensure that they are compliant with their state regulations to avoid legal issues. [READ MORE](#)



How to Work with an Attorney

By *Robin Zeidel, Founder & Owner, Zeidel & Associates P.C.*

As a transactional attorney working in the hospitality sector, I work with companies and individuals having a variety of different levels of experience in working with outside attorneys. If you don’t work with attorneys often, you may be unsure of what to expect or how to manage the relationship. Those who work with attorneys more regularly may wish to increase their level of satisfaction and efficiencies. Not surprisingly, when working with an attorney, good communication is the key to maximizing the relationship. Prior to forming my own legal practice, I hired and supervised many outside attorneys on behalf of a large corporation, and observed a wide range of working styles and personalities. Here at Zeidel & Associates, we strive to apply best practices. Here are a few tips on how to help the attorney of your choice work best for you: [READ MORE](#)

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online booking platforms, before booking hotel rooms without the help of a travel agent. This generation is clearly more reliant on information online and it is important hoteliers accommodate for this by having comprehensive material presented on their websites, along with a strong social media presence to help facilitate a Millennial traveler's selection process. A solid good hotel website may also make a Millennial traveler less likely to visit third-party review website, which are "not beneficial for hotel operators and owners as they cannot control the content on those sites. Therefore, if accurate substance is readily available and easily accessible, Millennials will easily obtain the answers they are seeking." (3)

Interestingly, although it is commonly assumed that Millennials are not as loyal when compared with older generations, research also suggests they will commit to brands they believe in.

"When considering loyalty, nearly half (46 percent) of the 18-29 year olds say they prefer to stay at their favorite hotel brand even if it is not conveniently located, whereas 37 percent of those 30 and older do the same." (3)

Hotels Need to Change with the Times

Each generation's needs and desires are different, so those operating in the hospitality industry need to adapt to the changing marketplace or risk turning away potential guests in the future.

Hoteliers need to recognize the consumer is now in control at the heart of the experience. They are able to directly communicate with wide numbers of potential guests and inform them positively or negatively about their experience with your hotel. Therefore, it is vital for hoteliers to ensure they are offering guests experiences they can't get anywhere else and developing personalized stays based on their preferences and behavior. For example, this may mean that, to better cater for Millennials, complimentary Wi-Fi is offered, or business centers are designed for Gen X travelers.

Hoteliers looking to better cater to all of the different generations, while offering customized stays, should consider allowing guests to choose their hotel rooms not just on class, but on specific room attributes like sunrise rooms, rooms with a stand-alone baths or conveniently located rooms near the gym. Additionally, guests should also be able to view the availability and cost of a hotels ancillary products, such as spa services, and package them with their rooms to be able to self-create a customized stay of their choice.

Hoteliers not only need to ensure they are offering customized guest experiences, but also ensure they are present across all new media and communication channels. With the rise in usage of social media outlets like Facebook, there are more touch points than ever before for a hotel to interact with potential guests.

While some hoteliers are reluctant to fully engage with the wider community on social media, this does not mean that the conversation about their hotel is not going on without them. It is the savvy hoteliers that are monitoring what is being said about their hotel on social media and acting where appropriate that are gaining the most benefits from this new digital age. For example, if the prevailing comment in social media about a hotel is that the check-in process was tedious, the operations team at the hotel will likely pursue a solution to create a better experience for guests. In the same way, if a hotel is highly rated with the majority of comments related to the tastefully decorated rooms and comfortable beds, the marketing department will build on these positive reviews and revenue managers may be able to consider strengthening the pricing position of their rooms.

Understanding the Generations Means Understanding Your Guests

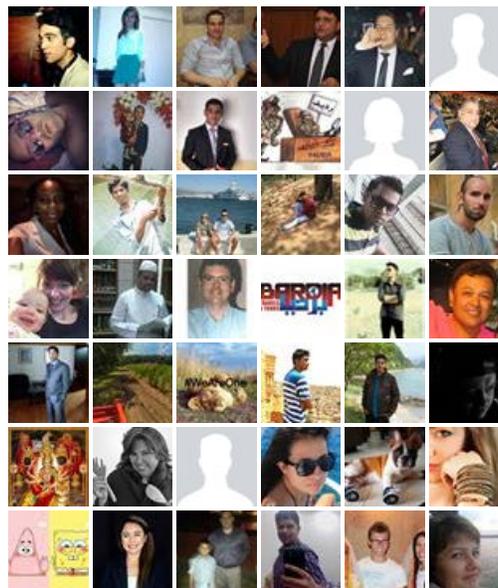
The hotel booking market is increasingly fragmented and hotel owners and managers alike face challenges in ensuring their properties remain relevant to the major generational groups and their different motivations and wants. It is those hoteliers who research and understand the different generations and what their property means to them, while also understanding how the hotel guest is today in charge, that will be best placed to secure customers in the future.

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As Senior Manager, Consulting for IDEaS Consulting, Paul van Meerendonk leads a global team of revenue management consultants who are focused on hotel revenue optimization projects. Mr. van Meerendonk is currently responsible for the global development, management and operations of the Consulting team and overseeing the hiring, training and management of industry-leading consultants located in London, Beijing, Singapore and Atlanta, as well as growing the consulting team in line with business opportunities. Mr. van Meerendonk also represents IDEaS on industry thought-leadership initiatives related to trends and best practices within revenue management, including authoring a number of white

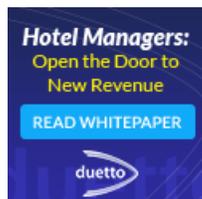
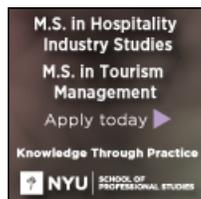
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papers, conducting public speaking engagements, as well as leading key client webinars with an average audience of over 200 global representatives. During his time with IDeaS, Paul has successfully led several high-profile consulting projects for key clients and hotel groups in gateway cities, resort destinations and regional hubs. Mr. van Meerendonk can be contacted at +44 (0) 118-82-8100 or Paul.vanMeerendonk@ideas.com [Extended Bio...](#)

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Coming Up In The January Online Hotel Business Review

FEATURE FOCUS

Mobile Technology: The Necessity for a Well-Defined Strategy



Mobile technology has altered the way the world does just about everything. With mobile devices in our hands (smart phones and tablets) and media and information up in The Cloud, the possibilities for immediate, worldwide, personal access are limitless. Smart mobile devices are dictating how we live our lives and as a result, these developments are game-changers for all businesses, but especially for service industries, including the hotel sector. These advancements are literally redefining how guests interact with a hotel in virtually every aspect of its operation, and savvy hoteliers who are implementing the latest mobile technologies and best practices in each critical channel will steal market share from their competitors, decrease dependency on their Online Travel Agents, and generate incremental revenues which will substantially increase their bottom line. A well-defined mobile strategy is no longer a "nice-to-have" but an essential weapon in an industry that is evolving at a blistering pace, and those operations that are slow to respond do so at their peril. The January Hotel Business Review will examine which mobile strategies some operators have adopted in order to meet these challenges, and will report on the solutions that are proving to be most advantageous for both companies and their guests.

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