

The 2021 Hotel Recovery Edition

Recapturing Sales and Catering Revenue: Technology's Vital Role



Best Practices IT
Market Research

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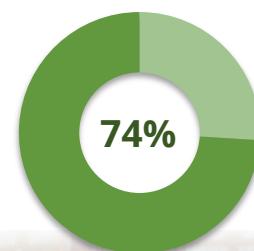
Through the summer months of 2021, hotel recovery from the global pandemic that decimated wide swaths of the hospitality sector was finally taking shape. After operating (in most cases) for more than a year in survival mode, hoteliers began to exude a cautious optimism — at least with respect to leisure demand, which by July had approached 2019 occupancy levels. The prospects for a return to business-as-usual for group demand, however, remained far less certain as the Delta variant caused a growing number of businesses to further postpone conferences and other large events, even as countries eased coronavirus-related travel restrictions on foreign visitors.

Understanding an altered marketplace

To try to bring the picture into sharper focus, Starfleet Media conducted an online survey of 237 hotel executives, managers and other employees from properties with event function space, both large and small. The goal was to ascertain hoteliers' perceptions and challenges around group events and understand their plans moving forward. For many hoteliers, the loss of events business, which typically represents between 25 and 50 percent of total revenue, has taken a hefty toll on their bottom line.

Even as leisure air travel picked up speed and tourist destinations sprung back to life, questions remained as to whether business travel and in-person events would follow suit — or, for that matter, ever fully return to its platinum era. Most survey respondents expressed doubt that prior levels of revenue performance would resume before early 2022. A majority of respondents (65 percent) expected their hotels to generate less than 25 percent of prepandemic revenue from events in the interim.

For hoteliers with function space, between 25 and 50 percent of their hotel revenue, on average, had historically come from the events business.



Percent of hoteliers that indicated that, at least for the foreseeable future (i.e., the next 12 months), events at their hotels would likely be conducted in a hybrid environment



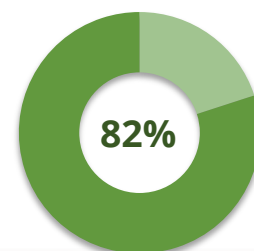
Almost three-quarters (74 percent) of hoteliers also indicated that, at least for the foreseeable future (i.e., the next 12 months), events at their hotels would likely be conducted in a hybrid environment, meaning that some percentage of guests would attend in person while the remaining guests would participate virtually from remote locations. This expectation underscores the need for hoteliers to immediately evaluate and implement technology, if they haven't already, to enable meeting planners to stream presentations and other event activities online in a way that optimizes the experience for all attendees.

According to the research, only about one-third (30 percent) of hoteliers expected that events at their properties would be held mainly in-person with no restrictions on the size of gatherings in terms of the number of invited guests before early 2022. At the same time, 40 percent of respondents expected that events would be held mainly in-person but limited to small gatherings of, say, fewer than a hundred guests. In their view, weddings and other family events — as well as small business meetings — might ramp up quickly, especially with the new C.D.C guidance, but industry conferences and other large-scale events would likely remain off the table for the time being.

How the right technology can help seize opportunities

Despite the short-term uncertainty surrounding function space utilization, it's important to remember that, historically, hotels with in-demand space were typically inundated with requests for information, with event planners scrambling to simultaneously compare multiple venues for cost and suitability. So, while the timetable to normalcy may still be up in the air (and international business travel remains a wild card at the time of this writing), it seems only a matter of time before group demand rebounds to significantly higher levels.

Historically, hotels with in-demand space were typically inundated with requests for information.



Percent of hoteliers that say that integrated e-Proposal and e-Contracting capabilities are "important" or "very important" to event management success

To prepare for that eventuality, hoteliers should waste no time in ensuring that their organizations have the requisite technologies in place to compete in what will surely be a fast-moving environment, with group sales teams handling large volumes of inquiries fueled by pent-up demand. To be effective in their jobs, these teams, along with event planners, will require fast, accurate and detailed information related to not only function space availability, but, also, guest rooms availability, menu, package and pricing options, and more. Unfortunately, according to the research, fewer than half (45 percent) of hoteliers reported that they are “very satisfied” with their existing technologies for managing group sales and events while 35 percent said they are “somewhat satisfied” or “not at all satisfied.” More than one-third (38 percent) of respondents indicated that they plan to upgrade their event-related technology capabilities in the next year.

Is your technology up to the task?

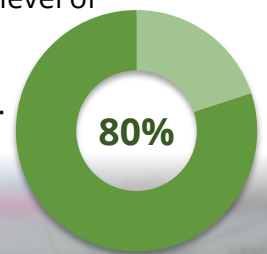
Surprisingly, many hoteliers have continued to rely on general-use software and even manual processes to run their function space business, with suboptimal results. This is true of even legacy event management tools with rudimentary — if not antiquated — capabilities for managing group events. In fact, 40 percent of respondents indicated that the technology capabilities currently utilized by hotel staff lack many of the key features that one might expect of a modern-day group sales and event management platform, including features that, at the very least, make it easy for sales teams to respond to requests for information in a comprehensive and timely manner. While more than three-quarters (78 percent) of respondents said that their customer account, contact, and activity management capabilities met their needs, almost half (47 percent) indicated that their existing technologies lack user-defined dashboards with single-point access to key information. This might rightly be viewed as a significant shortcoming. Meanwhile, only 30 percent of respondents indicated that they are able to manage all group blocks—corporate, social, FIT allocations.



Suboptimal performance may also stem, in part, from poor technology integration. A lead capture system, a property management system (PMS) and a revenue management system — as well as contract generation, billing and reporting applications — that each operate as a standalone solution may fail to “talk” with one another. Disparate and disconnected data siloes impede a hotel’s ability to participate effectively in the sales process and may result in loss revenue opportunities. This situation also commonly leads to duplicate data entry. Consider: National or regional sales offices need real-time access to function space inventory and pricing information. With antiquated processes and legacy systems, this information may be unavailable to the people who need it most. Also, because each property in a brand may operate through independent systems and channels, hotels may have access to only a fragmented view of guest accounts, leading to information inefficiencies, lack of sales coordination, and the inability to maximize the value of corporate accounts.

Advanced S&C capabilities - and why you need them

Before the pandemic brought the industry to a temporary standstill, a growing number of hoteliers had begun to harness the power of next-generation solutions designed to resolve these problems. The best of these solutions can be configured to fit the needs of any hotel and offer sophisticated capabilities that can make all the difference in the world in terms of execution of complex event and space bookings and guest relationship management. Flexible booking options make it easy to manage any number of events simultaneously. Other tools enable, for example, customizable catering packages and instant menu creation. Catering resource management with flexible menu options and item inventory control and function diary with drill-down capabilities have become standard features of advanced solutions, providing an unprecedented level of resource inventory control. Advanced reporting tools make it easy to track expected event revenue, margins and final consumption based on customizable revenue types.



Percent of hoteliers that say that diagramming and function space virtual representation capabilities are "important" or "very important" to event management success

A next-generation sales and catering solution can be a real game-changer for hotels with function space inventory that, historically, was underutilized or not otherwise living up to its full potential in terms of revenue contribution. The best of these solutions focus on driving operational efficiency and effectiveness across all aspects of the group sales and event management process.

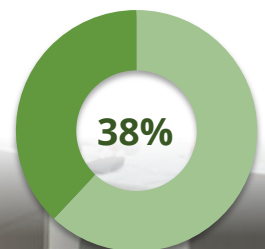
This chart outlines some of the basic features of an advanced sales and catering solution. It includes brief descriptions of the benefits that decision makers can generally expect to be included in such a solution. It is by no means a comprehensive list, and some decision makers may require any number of additional features in order to run their events businesses effectively.

Feature	Description
Account, contact, and activity management	<ul style="list-style-type: none"> • Supports sales force activities by collecting profile information to speed bookings and data analysis • Provides a comprehensive sales manager dashboard for all customer production • Time management features include traces and graphical views of appointments and tasks for the sales team
Account and sales manager dashboards	<ul style="list-style-type: none"> • Provides single-point access to key information in a graphical overview
Potentials	<ul style="list-style-type: none"> • Define the potential value of corporate clients compared to their actual production
Business blocks	<ul style="list-style-type: none"> • Easily manage any event, from small leisure and social groups to large, complex industry conference and convention groups
Catering and events capabilities	<ul style="list-style-type: none"> • A complete set of features for providing catering services and scheduling events • Flexible configuration options include menu planning, item engineering, and packages • Manage event requirements ranging from coffee breaks to gala dinners
Function diary	<ul style="list-style-type: none"> • Graphical display of events by function space provides drill-down features for in-depth details
Event posting	<ul style="list-style-type: none"> • Post group charges directly to the posting master with a click of a button; No double entry due to the integration with property cashing module • All taxes and service charges are automatically calculated and posted
Reports and data queries	<ul style="list-style-type: none"> • Use dozens of out-of-the-box templates and/or generate custom reports for a comprehensive activity and performance overview
Interfaces to third-party systems	<ul style="list-style-type: none"> • Includes interfaces to digital signage applications • Connects to group and event booking engines via web services

Better together: Working with PMS

Next-generation solutions offer many advantages that may not be immediately obvious. The best of these solutions, for example, makes a record of information about all client accounts and sales activities, including the assignment of responsibility for proposal follow-up, contract paperwork and email communications, becomes cohesive and easily accessible. This is a key benefit, according to the research, given that RFP management, diagramming and function space virtual representation, mail and activity integration, sales pipeline management and prospecting and e-Proposal and e-Contracting capabilities all rank as "important" or "very important" factors to event management success by the vast majority (82 percent) of hoteliers who participated in the survey. By seamlessly sharing data between the sales and catering function and the PMS, managers and staff can also access information about all group — and individual— guest spend on reservations and activities in one solution.

Hoteliers with function space need to have a technology platform that will enable them to drive centralized and optimized group sales operations all year long. They need to ensure that their sales teams know how much function space inventory they need to sell and where they need to sell it in order to reach maximum capacity and achieve full revenue potential. The sales team needs tools that allow them to know at a glance how function space inventory ties into the broader guest rooms inventory and current availability for any given date. And again, because function space inventory, like guest room inventory, is subject to constant change, the solution needs to interface with the PMS and other technologies in a seamless and, preferably, real-time fashion. Effective sales management depends on immediate and accurate access to up-to-date inventory information as well as pricing information. A next-generation solution is designed to automate the process across all channels and locations.



Percent of hoteliers that indicated that they plan to upgrade their event-related technology capabilities in the next year

In a nutshell, the solution should enable sales managers to:

- Quickly and accurately capture customer requirements for sleeping rooms, function space, catering, and other services
- Identify candidate properties, as well as generate property-specific quotes and contracts
- Track revenue throughout the sales cycle, from opportunity identification to contract generation
- Automatically adjust room rates, rental fees, and food and beverage prices using a high-performance pricing engine based on seasonal, day-of-week, and other property-specific pricing rules
- Make informed decisions about group opportunities based on an understanding of the historical revenue contributions of similar functions
- Recognize the revenue implications of a customer-chosen product mix, using advanced revenue management capabilities
- Maximize asset utilization by conducting real-time evaluations of every group opportunity against a preset profit threshold

Importantly, event sales functionality in a next-generation solution also generally supports the transition of an event from the sales team to the event team responsible for planning and execution. After the sales team has completed its task of capturing all relevant event information during the sales process, the information can be accurately and seamlessly transferred to operations personnel responsible for overseeing all details of the actual event, reducing redundant information entry and streamlining the end-to-end process.

The group and function space sales process tends to be far more complex than the individual guest room sales process. Advanced inventory management capabilities help address this complexity. By employing rules-based algorithms to calculate maximum capacity timeframes for function space inventory, the technology can optimize for profitability in situations where multiple event organizers are vying for the same space at the same time.

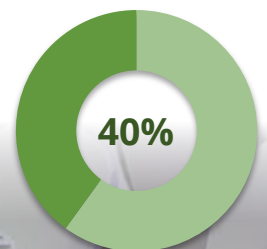
A next-generation solution generally supports the transition of an event from the sales team to the event team responsible for planning and execution.

From an economic perspective, it might not make sense to book 25 people in a salon room for a Saturday night dinner when the event is more than 90 days out. A larger, more profitable booking opportunity may be likely to emerge in the interim. The solution, therefore, might recommend declining that initial booking opportunity. Sales managers need to be able to quickly and easily make these types of decisions based on an analysis of available inventory and timeframe.

They also need to be able to quickly price inventory and, if appropriate, block it. For multi-property operations, that means centrally managing inventory across a variety of locations. An inventory engine can maintain a tabulation of all function spaces within properties, manage combinations of function spaces, allow for overbooking, interact seamlessly with event sales, and record and manage the booking of group guest rooms.

The function space inventory engine enables property sales managers to:

- Establish reservations based upon category space—as opposed to specific space—helping hotels and resorts to optimize space utilization by postponing as long as possible the allocation of specific space to fulfill reserved functions
- Assess suite usage as both function space and sleeping rooms
- Assign various levels of authorization to different categories of meeting rooms at the property level, to fit local demand and reservation patterns
- Intelligently manage inventory for configurable rooms to maximize utilization of function space
- Enhance productivity and enable real-time decision-making through ready access to rich, searchable event information delivered via a robust, dynamic interface



Percent of hoteliers that believe that their technology capabilities lack many of the key features one might expect of a modern-day sales and event management platform

Before the advent of sales and catering solutions with robust event planning and execution features, event planners used what was essentially a giant coloring book as their event planning blueprint. The so-called “function diary” section was a graphical representation of a conference room, ballroom or other banquet or event space along with all of the adjoining areas that would be utilized. Event planners would outline all the different spaces, resources and timeslots needed for a given client. They would cross-check information and speculate on how much revenue would likely be generated from each entry in the paper booklet.

Event planning and execution engines feature a modern graphical interface while eliminating the manual work as well as the guesswork related to layout, resource needs and costs. To that point, event planners can immediately calculate costs — say, the cost of serving guests a continental breakfast — and determine financial commitments. The engines can calculate resource needs so that the banquet director can know what to plan for in terms of staffing as well as in the kitchen. Obviously, different meal services (e.g., buffet versus plated meal) require different resources. Event detailing, vendor interaction, and billing can happen from a single application interface, streamlining the event management process and improving the ability to deliver flawlessly executed events.

An advanced event planning and execution engine makes it possible to:

- Improve planning and execution efficiency by providing a single application interface for event detailing, product and service management, inventory management, and billing management
- Track, coordinate, and exchange critical information for executing an event, both internally among groups within an organization and externally with event customers
- Expedite operational procedures by centralizing product and pricing definitions, automatically generating operational details, and linking property inventory to event operations

Event detailing, vendor interaction, and billing can happen from a single application interface, streamlining the event management process and improving the ability to deliver flawlessly executed events.

Next-generation solutions include an impressive array of proposal automation features that have had a transformative impact on the function space proposal process. In the past, meeting planners would have to spend countless hours visiting properties, making phone calls, meeting with salespeople, and manually completing paperwork before receiving a formal proposal. Today, meeting planners expect that hotels and resorts will email professionally-designed and customized sales and catering proposals almost immediately following their request.

Hotels are able to meet those expectations thanks to next-generation sales and catering solutions that make it easy to create, distribute, and manage proposals for room-only groups, business conferences, weddings, and catering groups without re-entering data. Sales managers simply choose a template. The “proposal cloud service” automatically assembles a new proposal with client and contact information, room requirements, meeting facility requirements, catering specifications, and any number of other details.

Integration with the database that supports a property cloud service helps to maximize efficiency. Sales managers can prepare multiple distinct, branded proposal templates that can be configured for various size events and designed based on the kinds of business they handle. Design tools simplify the creation of customized templates and make it easy to incorporate logos, hotel photo gallery, video tours, flash animations, external links, and attachments. Using a proposal-building interface, a hotel can select the language and proposal template and choose the email message that will be sent along with the proposal link. Merge codes make it easy to create content that is automatically customized for each client and booking. This information is pulled directly from the database and the data is dynamically refreshed each time the proposal is accessed.

With the best solutions, proposals are easy to create and distribute using an intuitive proposal-building interface. The interface should allow the proposal’s room grid and catering events sections to be laid out in matrix format. For catering events, personnel should be able to pick either a summary or detailed view—the latter of which should show booked resources, such as menus and AV equipment. It should be easy to attach customized notes as well as links to web resources, such as the hotel website, local attraction websites, and virtual tours of facilities, as well as links for printable attachments, such as sample contracts, menus, and hotel brochures.

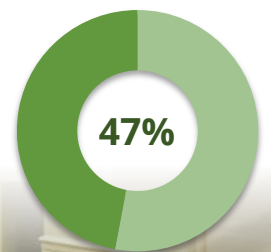
The system should also make it easy to deliver a personalized email with a link to a PDF of the proposal to the prospect or client. An “active proposals” page should track proposal progress. Active proposal information should, at the very least, include the account name and booking ID; the date the proposal was sent; the proposal expiration date; the date the proposal was last opened by the client; and the name, phone number, and e-mail address of the client contact. An archive of completed proposals (that is, those that have reached their booking decision date) should be kept for reference in the archive screen.

How to research and assess options for a next-gen solution

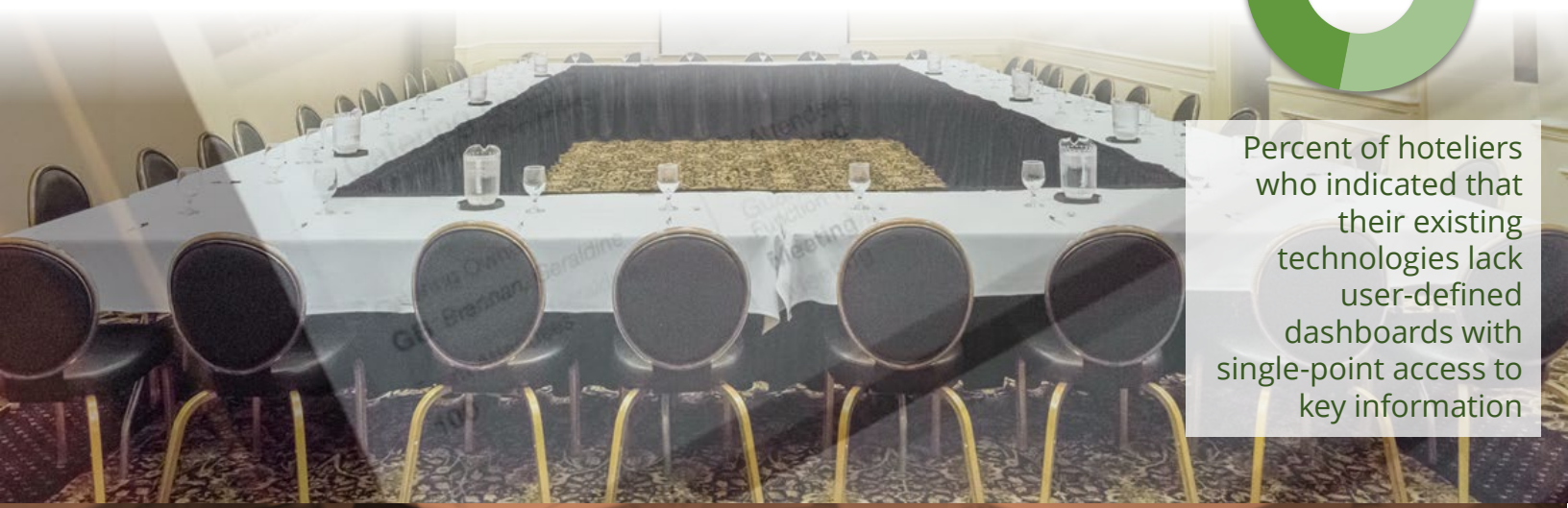
The following are a few recommendations to keep in mind when researching and assessing options for a next-generation group sales and catering solution – and, also, for maximizing the value of the solution once it has been implemented.

Measure what matters. Most hotels have well-established performance metrics for tracking and measuring guest room inventory. These include revenue per available room (RevPAR), average daily rate (ADR), costs per occupied room (CPOR) and gross operating profit per available room (GopPAR). Metrics for tracking and measuring function space inventory tend to be used far less frequently. Yet, without the right metrics in place, it can be hard to instill a culture focused on revenue improvement, let alone analyze trends, such as ones related variations in demand, that can reveal insights into new revenue growth opportunities.

Event detailing, vendor interaction, and billing can happen from a single application interface, streamlining the event management process.



Percent of hoteliers who indicated that their existing technologies lack user-defined dashboards with single-point access to key information



Accurately benchmarking performance improvement over time of what may be the property's most valuable asset after guest room inventory is an exercise in futility without specialized metrics in place. The most common metric in this area is function space utilization (FSU), calculated by dividing the area of available function space by the area of function space actually utilized. FSU provides a historical view of the utilization of function space on a per-day basis. Layering on event-related details such as whether a space was sold at full or partial capacity, and looking closely at event type indicators (e.g., meal, meeting or other), can reveal additional insights into utilization.

Make the business case based on expected financial outcomes. Any investment in hospitality technology needs to be justified on the basis of cost reduction and/or revenue growth. The business case for upgrading group sales and catering capabilities is easy to make given the ability to increase group sales productivity and function space utilization through faster proposal processing, better visibility into available inventory, reduced manual data entry, etc. Decision makers should understand that, when properly implemented, a next-generation solution can have an immediate impact on overall financial performance.

Focus on technology integration. Greater architecture and interface flexibility, the widespread adoption of industry standards for software development, and the proliferation of middleware solutions have made it easier than ever to integrate hospitality technologies. It's important to ensure that the data architecture of the sales and catering solution can be tightly integrated with the property management system, POS system, revenue management systems and other relevant technologies, with minimal hassle and expense. Seamless platform interoperability and compatibility will allow managers and staff across all parts of the organization to gain a unified view of group events and manage all aspects of the guest experience to better meet expectations and execute on requirements.

Benchmarking performance improvement over time of what may be the property's most valuable asset after guest room inventory is an exercise in futility without specialized metrics.

Ensure that the solution includes all desired features and ample flexibility. With most next-generation sales and catering solutions, event teams can manage everything from food and beverage to audiovisual equipment and linens to recreational activities using the same application. Most solutions have menus and packages capabilities with functions that include multiple pricing options, revenue breakouts, asset tracking and inclusive options for service charges and tracking. But not all solutions offer the same level of flexibility, and that can make a big difference in terms of day-to-day productivity. Consider the flexibility that may be desired of an event function diary. Such flexibility may include the ability to view room and space availability on one screen with multi-day viewing options. It may include the ability to filter spaces by type, location, area, or attendees. It may include the ability to view events by number of attendees and setup style, and view available spaces for multiple properties at once.

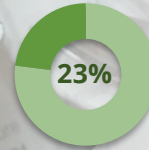
Focus on revenue management. By integrating sales and catering programs into revenue management systems, it becomes possible to make inventory and pricing decisions based on a demand picture that includes guest rooms, function space and ancillary spend. Sales managers can know the optimal time to release function space based on dynamic pricing that analyzes segment profitability during periods of high and low demand. They can make data-driven decisions on whether to accept or decline business. Function space revenue management can be extremely complex due to long lead times and large wash factors. There are multiple calculation challenges related to future pricing projections and total revenue contribution. But with recent technology innovation, more hotels and resorts are now cracking the code on function space revenue optimization.

Event teams can manage everything from food and beverage to audiovisual equipment and linens to recreational activities using the same application.

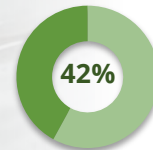


Research Notes

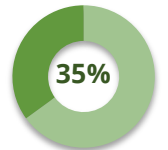
Size / category of survey respondents' hotel (or other lodging property) employers



Small hotels (including motels and bed & breakfasts)

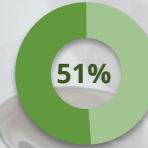


Midsize and limited service hotels

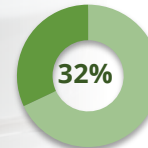


Large and full service hotels and resorts

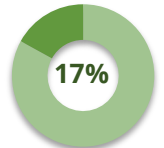
Geographic location of survey respondents



North America



Europe



Other

About Starfleet Research

Starfleet Research, the IT market research arm of Starfleet Media, provides in-depth perspectives and insights into the hospitality technology. Each year, our Smart Decision Guides benchmark best practices in technology-enabled business initiatives across thousands of hotels and restaurants. We also publish *Hotel Technology News* and *Restaurant Technology News*, which are leading sources of insights and information. Tens of thousands of senior executives read our premium content assets to gain actionable insights and make smarter business decisions.

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