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The hotel industry's last mile challenge

06 AUG 2014 | Get Free Access to Breaking Hospitality News Here , *RICH MARADIK*

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The telecommunications industry has an expression called the "last mile." This refers to their most important investments that put technology to work for customers where they live, work and play.

Think about it.

Comcast and ATT, for example, spend untold billions on infrastructure. From satellite, to fiber – a global network moves data around in an instant. But none of it means a thing unless they can put a cable through the ground or an old-fashioned wooden pole into your home. This brings the technology and all its benefits directly to the user in the form they want to use it for their individual applications – talking, texting, watching or gaming.

Without this critical "last mile," communications technology would not be successful.

Big data for hotels has its own last mile challenge.

No matter how insightful the findings, how large the data set or impressive the analytics, none of it matters unless you can do something with it.

What's the last mile in data for hotels? First, consider all the data out there:

- STR reports show us how we performed last week, month or quarter versus our comp set.
- Hotelligence 360 focuses on how we're doing within the GDS, and certain chains can see competitive views one year out through the old Rubicon platform.
- IDEAS and other revenue management systems use a hotel's own historic data to help revenue managers build daily rate and revenue forecasts.
- Phocuswright sells powerful high-level industry and market trend data.
- Various trade associations provide baseline industry research.
- OTAs offer some interesting reporting to their partners on individual campaigns or market-level trends.
- Channel and rate management software provides solid data for optimizing rate based on supply and demand.
- Our company, nSight, benchmarks past and forward-looking performance across 80 million-a-day/30 billion-a -year "looks and books" for hotels across 5,000 travel websites.

That's an amazing amount of rich, insightful data. But it does not help elevate your performance unless hotel revenue managers and marketers know what to do with it.

Welcome to our "last mile."

Every day hotel revenue and marketing teams make several small but important decisions about how to price and market for future arrival periods. Over time, the aggregate of these choices helps determine whether that hotel will over or under-perform the market.

Shouldn't our last mile be connecting all of this data to improve the decisions these teams make every day?

In very specific, actionable ways, business intelligence should provide valuable input to key questions around the core revenue and marketing disciplines such as:

Pricing

- How should I change my prices for future arrival days?
- Can I know how my comp set is converting against their BAR rate versus how I'm converting?
- How do I best mix revenues by channel to optimize overall margin for future arrival periods?

Brand.com v. third party

- How do I get more of online bookings to my own web site?
- What's the best way for me to gain my fair share of OTA bookings?
- When does it make the most sense for me to layer in more "base" demand from wholesale partners?

Targeting and nurturing guests

- What external data can help complement my internal data on the best ways to target and segment my customers?
- What consumer type is my top converter and where do I go for more of the same?

No single report or business intelligence platform can fully answer every one of these questions. The last mile

challenge, however, is showing how to take action in these areas using the data we are providing our customers.

That's the responsibility of the business intelligence provider.

Travel is a trillion dollar, growing global market. Inventory is highly perishable and the best way to earn value is though stealing share. This means that the consequences of our last mile challenge are huge – the suppliers that do it right stand to create real incremental value.

About the author

Rich Maradik is the Founder of nSight (www.nsightfortravel.com), a leading provider of online consumer shopping intelligence for the travel industry. A 20-year hospitality and data management veteran, Rich connects ideas and people with technology and resources. He was co-founder and CEO of SmartDM, a top data management company (later acquired by Acxiom, NASDAQ:ACXM) recognized by *Inc.* magazine as the "Best Company Started for $1,000 or Less." Most recently he was CMO of Gaylord Entertainment (NYSE:RHP), leading sales, marketing, revenue management, strategic alliances and IT from 2006 to 2012, until the brand was acquired by Marriott International (NYSE:MAR). A Vanderbilt University graduate, Rich is an active industry speaker and serves on the board of the US Travel Association.

Source: nSight

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