

# BIG DATA CAN IMPROVE REVENUE MANAGEMENT IN THE TRAVEL AND HOSPITALITY INDUSTRY



In today's business environment, the most valuable asset to an organization has become the data about their customers and potential customers and the ability to mine, understand and make revenue and customer projections based on it. In addition to the data a travel or hospitality organization collects on customers themselves, they can attach additional information from other organizations collected from social media, online review sites, search engines, retail platforms, and smartphones. The top organizations in the travel and hospitality industry can differentiate themselves, manage and project revenue, and adapt to changing customer needs faster than competitors using big data analytics. Exploiting the treasure trove of data is particularly helpful in travel revenue management.

## **Travel Revenue Management With Big Data**

Especially in today's volatile and fast-moving travel and hospitality industry, ensuring you are offering the right product, whether an airline ticket or hotel room, to the right customer at the right time is essential to maximize revenue. Today's world of online bookings for travel and hospitality has created an environment with very volatile and dynamic pricing.

Most travelers, people going to restaurants, museums, or other hospitality-related businesses, make decisions about their plans at the last minute, making it very difficult to use historical data to make decisions. As a result, revenue managers are using big data, complicated algorithms, and artificial intelligence to make revenue decisions. Using actual booking or purchasing data to drive decisions has taken a back seat to more real-time data like internet search patterns.

## **Big Data and Environmental Changes Driving Shifts In Revenue Management Approaches**

Using data available from search engines, OTAs, your own website's reservation system, and a host of other data sources allows you to see the destinations travelers are searching for, the hotels they are evaluating, or top recreation options. In addition to what they are searching for, knowing the dates and length of stay helps to maximize travel revenue management with big data. Using big data primarily derived from real-time top of the sales funnel sources allows revenue managers to identify what is being searched most frequently then develop a revenue strategy in terms of price and customer experience.

The Covid-19 pandemic has forced many in the travel and hospitality industry to make staff reductions, resulting in decisions being made with fewer employees and resources amid shifting priorities. The positive aspect of this dynamic is that revenue, operations, marketing, and sales teams are forced to work together much more closely. This, in addition to maximizing travel revenue with big data, has created a model that focuses on maximizing revenue by using lean, tightly integrated teams. It allows revenue managers to access every lever available, including data, operations, sales, and marketing, to maximize revenue in a very challenging environment.

## **Total Revenue Management Approach**

Another advantage of using big data to maximize revenue is that it allows for a total revenue management approach. Many in the travel and hospitality industry still take a narrow approach to revenue. For example, a hotel may focus on the revenue generated by booking a room, and as important as that is, it represents only part of the total revenue picture. By taking a total revenue management approach, they would be looking at room revenue, food & beverage, and any other revenue sources like entertainment or recreation experiences that may also be offered at the property.

## **The Evolution of Revenue Management**

As technology and big data have advanced over the years, revenue managers have adapted and learned the value of the vast amounts of data and analytics at their fingertips. They understand that slight variations in pricing can significantly impact demand and, in turn, profitability. Consumers have become much savvier with vast amounts of data at their fingertips. While the price is always important to the consumer, there has been a shift placing significant weight on the overall experience they are purchasing. Using big data allows those in the travel and hospitality industry to maximize revenue while delivering a best in class customer experience.

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