# How to Make Hotel Tech a Core Part of Your Budget

# Introduction

Ok, it's budget season. You want to cut costs and increase your revenue, but you can't afford to diminish the guest experience. So, what's the best solution? Tech. You need to be considering hotel technology as part of your budget planning.

Hoteliers around the globe are already recognizing the inherent improvements to the guest experience when they upgrade their hotel technology. In 2021, 24% of hoteliers in Asia, Europe, and North America revealed that improving the guest experience was their main reason for using technology.

The Covid-19 pandemic has altered expectations for a hotel stay, so it's up to you to meet those expectations. And you can only do that once you've gotten to know your guests! According to a survey conducted by Oracle and Skift, more than 60% of hospitality executives say a fully contactless experience for basic transactions will be widely adopted in the coming years.

So, how does your hotel budgeting incorporate tech in the upcoming year? It's time to start planning. In this guide, you'll learn how to make informed decisions about your tech choices by reviewing your hotel data and performance based on current market trends. You'll feel empowered to develop a budget for your hotel technology that serves your guests and propels your profits.

# In this guide

**1**   **Start Gathering Your Data**

**2**   **Review Your Performance**

**3**   **See What Hotel Technology Can Do For You**

**4**   **Begin Making Your Budget**

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# Start Gathering Your Data

Let your data be your guide when preparing your budget. Pour into your historical data so that youcan identify yearly and seasonal trends that may have impacted performance. Or, you might find that there were special events that contributed to your profitability. Once you've collected this information, then you can begin to think about segmentation.  Segments based on rate plan, room type, and guest profile often reveal gaps in your offerings and highlight areas where you need to improve.

How you address each of your business segments (ie corporate, leisure, groups, FIT), determines how you forecast. For example, forecasting by the day of the week according to specific market segments helps you understand upcoming demand and pinpoint needs. With those insights, you can align with your sales and marketing teams to plan the technology needed for your future strategies.

You can simplify the data collection process if you have a [centralized platform for your guest profiles](). Maintaining organization is vital to executing segmentation wisely. If you're storing details and insights for each one of your guests so that you can review your top booking channels and top geographies, you're on track for targeting.

Accurate data is crucial to developing a targeted budget and key for segmentation. Setting yourself up for success means your PMS must be equipped with the ability to deliver updated, healthy guest data. When the next budget season comes around, your data will already be in order.

While your current guest data is certainly paramount, be sure to audit your historical data as well. Make sure to analyze areas such as housekeeping, food and beverage, front desk staffing needs, and utilities.

# Review Your Performance

## EVALUATE REVENUE PERFORMANCE

Do you know what your performance trends are? The only way to exceed your goals is to learn from your previous targets.

Traditionally, hoteliers have consulted the previous year's RevPAR, ADR, and YOY revenue numbers to determine their performance. But the pandemic altered that reliance. It's difficult to make assumptions for hotel budgeting when booking trends, pace, and events were impacted by Covid-19.

With predictions for future trends varying by source, the most strategic action is to focus on the performance of individual segments. Pivot to measuring your success within the major segments of leisure, group pace, and business travel.

Make note of how conversions, booking windows, and benchmarks have changed for each since the start of the pandemic. Discovering those performance trends will afford a better understanding of your variance in these areas and how you should approach analyzing ADR calculations. Looking for changes in your market segment performance can shift your hotel in a direction of growth.

Your marketing efforts could particularly be affecting your profits. For example, if you're putting your focus into your email campaigns that aren't driving reservations, that's hotel dollars wasted. Real-time reports are useful for monitoring the success of your email campaigns, allowing you to adjust your marketing to yield the highest revenue.

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## IDENTIFY BUDGET CHANGES

To set yourself up for success with your budget, you need to understand what has shifted from the previous year and what is happening now.  Most likely, your budget is going to take the shape of today's travel segment fluctuations. Maybe you spent more on a particular segment last year but are leaning toward a completely different segment this year.

Ask yourself how you can prepare for those spending changes in your upcoming budget. Consider what accounts you have lost or gained. This affects how you will adjust your rates. The bottom line is you need to devote your attention to trend analysis. Once you've identified these areas, you can uncover how much you have to spend and where you want to allocate those funds.

## STUDY SEASONAL TRENDS AND THE COMPETITION

To remain competitive, test your knowledge of local demand. This is your opportunity to understand your guests' behavior and recognize where to spend your dollars. You may even notice demand matching up with seasonal trends. Instead of looking at the YOY changes in local demand, try understanding what's happening now.

Are there annual events taking place in your region? Are you noticing correlations between an increase in demand and local events? Great, now you can build that into your budget to prepare your offering for that time of year.

Your competition is probably thinking the same thing, so how are you going to differentiate yourself from your competitors? Researching your compset and investigating what plans and promos they have going on for the year can give some insight. For example, hotels with a similar number of rooms run similar hotel operations, which can give you an idea of how to structure your budget. Add in new hotel technology, and you've got a leg up. *But what tech is going to help?*

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# See What Hotel Technology Can Do For Your

## IMPROVE STAFF PRODUCTIVITY & OVERCOME LABOR SHORTAGES

Hotel staff are the foundation of reliable and efficient operations. But you should ask yourself whether you're measuring staff productivity with intention. Tracking changes in performance and productivity are linked to your hotel's expenses and budget requirements.

If you find you're losing money because of low productivity, there are hotel technology solutions that can increase productivity while also freeing up your staff to focus on other areas of operations. For starters, consider texting your guests.

A text messaging solution can help alleviate task load through automation. Your front desk staff may be working as hard as they can, but their time is mostly spent fielding guest questions, pulling their focus away from other responsibilities. And with an already limited staff, you want to be maximizing your team's time. That's why automation is crucial for alleviating the pains of the staffing shortage. You'll be effectively supporting your team while also taking care of your guests and generating more revenue.

And if you are answering guest queries faster, you can now serve more guests at one time with less effort. That changes the efficiency of your hotel operations and makes for a better guest experience. Which is not only a win for your guest but all a win for your front desk staff.

A text messaging solution can also fulfill the need for remote check-in. In fact, 53.6% of travelers said that they'd most like to see contactless check-in and check-out remain a constant feature at hotels, so you'll be meeting guest preferences while also relieving staffing pressure.

If you decide to budget for a text messaging solution, look for one that allows for mobile upselling, which personalizes offers for each guest based on hotel amenities. Mobile upselling has proven effective with an 18% conversion rate for room upsells and 10% for add-ons.

## ENHANCE BOOKING

The beginning of the guest journey, the booking phase, is another key point for implementing hotel technology. Some call this the most important stage because it's where your guests form their first impressions of your property. If guests are repeatedly put on hold and forced to interact with a flustered agent, their impression will be negatively impacted. But if you're managing your call volume and handling bookings productively, you won't have to worry.

Ultimately, guests are looking for stellar customer service. In addition to mastering that practice, it can be helpful to start tracking leads from that first phone call with a reservation sales tool. There is also hotel technology available for converting abandoned shopping cart leads with email automation and sales team outreach. This kind of tech is helping properties like Ovolo Hotels stop the cycle of abandoned leads. Now they're recapturing guests and increasing revenue.

## ELEVATING THE GUEST EXPERIENCE

When you consider upgrading or adopting hotel technology, it is about the investment, but it's also about delivering on the guest experience. The pandemic shifted guest expectations toward contactless experiences, personalization, and self-service. If your hotel is covering those areas, you can only expect to delight guests and encourage repeat bookers. In fact, 51.5% of hotel executives plan on using AI and analytics for personalized marketing offers to personalize the guest experience in the next few years. Hoteliers are witnessing the reaction from guests when they make the switch to offer a more advanced and technologically savvy stay.

Besides the booking stage, how does technology create value for the remaining stages of the guest journey?

## INSPIRATION

Interest is building! Prospective guests have most likely visited your website and are wanting more information. If you have a thriving call center, your agents should be ready to answer any questions about your property that could push them towards booking. But what about the potential guests who leave your website without booking or without making a call? You wouldn't want to miss out on the opportunity to gather their data and close the deal. Exit pop-ups, contact API, and shopping cart abandonment tools help prevent abandonment. Not only that, but automated emails are the second step to securing a guest as it's a viable attempt for engagement. Technology like this is proactive — investing in these tools can make you money.

## PRE-ARRIVAL & ON-PROPERTY

So your guests are booked and eagerly anticipating their stay. Just because you have secured the guest, doesn't mean the data collection stops. With the proper CRM and customer data platform, you should be gathering detailed guest information and preferences that you can use to upsell your guests before they arrive and once they're on property. If you want to take tech a step further, leverage surveys initiated on-site to evaluate service. This is a great time to deploy those QR codes for flex surveys to get a read on guest sentiment, granting you the chance to improve service throughout their stay.

## POST STAY

Automated emails are your friend when it comes to post-stay communication. Why? You want to gather guest feedback as soon as possible when it is still fresh, so slide in the post-stay survey. In that same message, you can also invite the guest back or upsell for a future stay. This way you'll be continuing your guest interactions, likely fostering guest loyalty, and potentially increasing revenue with the success of future upsells.
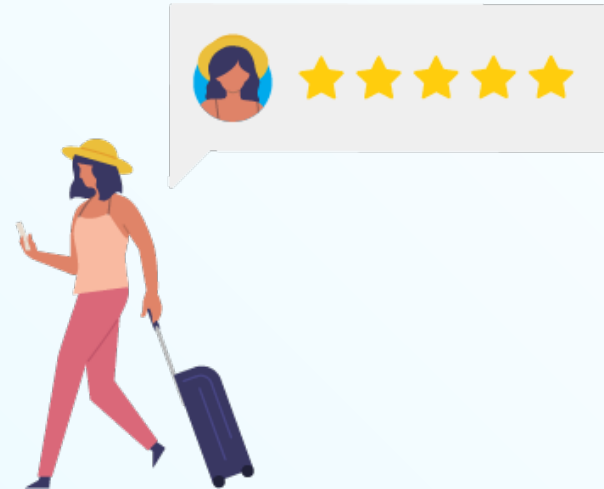
# Begin Making Your Budget

You've gathered your data, reviewed your performance, and are aware of the benefits of hotel technology, so now it's time to make your budget with the right technology for you.

First, it doesn't hurt to review your data one more time. Auditing your current tech stack will help you determine which of your current solutions are effective at generating revenue and which ones are racking up costs. You'll need to say goodbye to outdated and underperforming tech.

Once you've completed your audit, you can start to identify which hotel technology you need to alleviate pain points in operations, marketing, or even the guest experience. Your investment is warranted because 34.4% of hotel executives say they have already invested in contactless, self-service technology to reduce costs, assist guests, and increase operational efficiency.
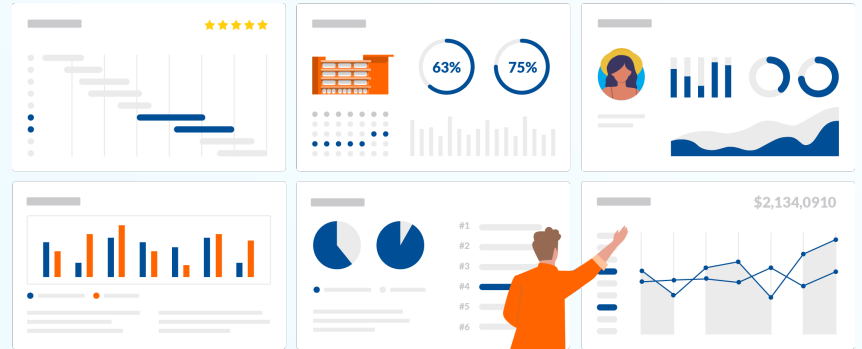
## ELIMINATING TECH ADOPTION MYTHS

Still hesitant about your investment? Here's some reassurance related to two major myths.

**MYTH 1:** Technology will decrease human interaction and guest satisfaction

Hoteliers are often concerned that integrating more technology solutions will end up replacing most of their staff and eliminate the human element and the sense of true hospitality. This simply isn't accurate. For example, Revinate's RezForce increases human interaction and preserves the beginning of the guest journey. Remember, first impressions matter.

If you're worried about guest satisfaction, remember what we talked about earlier. Guests actually prefer texting. So, technology in the form of a text messaging solution will be improving guest satisfaction. What guest wouldn't want their questions answered and needs met in less than a second? Not only that, but you'll be elevating your guests' stays by prompting them with offers that would make their experience more enjoyable.

**MYTH 2:** Hotel Technology is Too Costly

You'll actually be saving money when you budget for hotel technology. Automating certain tasks reduces costs. Plus, if you choose a service with no hidden costs and easy integration, there won't be any additional fees to consider.

It's also a simple cause and effect. If technology is producing a better guest experience, you can expect an increase in guest loyalty, therefore leading to a greater ROI! It's not a question of whether the hospitality industry will make the tech transition. It's when your hotel will make the jump.



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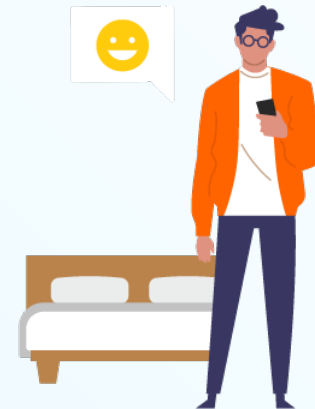
# Summary

Creating space for hotel technology within your budget is not only necessary, it's expected. As guest preferences evolve and industry trends arise, it's up to your hotel to grow with the changes. So start planning on including tech in your budget to increase your ROI, improve the guest experience, reduce costs, and increase staff productivity.

At Revinate, we are happy to help you make technology choices for your property. If you're looking for a partner to address your technology needs this budget season, reach out to us.