

## Q&A with the Australian Revenue Management Association

Revenue Management is key to a hotel's success. Think of a hotel room as a product. Hoteliers must sell the right room to the right client at the right time with the right price. ReviewPro has recently partnered ARMA, the major support organization for Revenue Management in the Australian & New Zealand Hotel Industry, to share best practices and help move the industry forward.

We recently caught up with Melissa Kalan, the Managing Director at ARMA to discuss the importance of online reputation management in relation to revenue and how hotels can use online reputation data when forecasting and setting a pricing strategy.



### What is the overall objective of your organization?

ARMA was established to provide quality and accessible education solutions for industry on revenue/yield management. As an independent organization and owner of nationally accredited training, ARMA demystifies this discipline making it tangible and accessible across different accommodation models. ARMA is passionate about the accommodation industry, and has the upskilling of employees in this important field as its number one priority.

We believe all employees should be revenue management ambassadors, and with access to education we can inspire future career paths ensuring the survival of quality talent for our industry. ARMA offers an [online yield academy](#), [face-to-face workshops](#) and customized training solutions to assist industry in reaching its maximum revenue potential.

### ARMA offers an accredited course in revenue/yield management. Can you explain more about this course and who it is aimed at?

Industry now has a nationally accredited short course in revenue/yield management which adheres to nationally recognized quality standards in training. ARMA developed and owns this course and we are incredibly proud of this achievement in the education space. We are partnering with registered training organizations to deliver this course to industry. Revenue management education and fostering exceptional talent is incredibly important for business to achieve optimal revenue performance and to ultimately survive in today's competitive environment. Registered training organizations interested in partnering with ARMA for course delivery or organizations and students wishing to access the accredited course can contact us via [www.revenuemangement-academy.com](http://www.revenuemangement-academy.com)

### Pricing is one of the most challenging aspects of selling a product or service. Why is revenue management such a critical function for hoteliers and what are the factors that influence pricing the most?

Pricing is one of the most challenging aspects of selling a product and one of many critical elements that make up the process of revenue management. Knowing how to set these, when and why to change them is critical in driving maximum revenue from your product. Yet there is no exact science that can accurately tell you what your exact price points should be at a given point in time, and there are many factors that influence your price points which can also differ amongst the varying types of operators in the market.

Apart from market demand, property supply and market willingness to pay, other strong factors that influence pricing include guest reviews, variations in the cost of distribution and differences in market data. Reviews influence product perception which influences your demand and market price points, whilst properties in competition with one another are not necessarily basing their pricing decisions on the same type of market data. For example, some properties work with unconstrained market demand data and others work in a more constrained environment.

The key is to regularly review your competitive set, ensure your competitive set is accurate and determined by the customer, constantly check your price positioning in the market to ensure it makes sense and maintain a flexible demand driven pricing structure for your product.

Ideally, effective pricing is where your needs meet the customers' requirements and expectations. They must see value, be engaged and psychologically guided through the process.

### In your opinion, how does a brand's online reputation affect revenue and why is it important in the context of a revenue strategy?

Reviews influence perception which influences demand and price positioning in the market, so online reputation today is absolutely critical and should be included as part of an effective revenue management strategy. Studies have shown a one-point increase in the Global Review Index (GRI) directly correlates with growth across the three key metric areas of occupancy, average daily rate and RevPAR (revenue per available room). ARMA has observed the improvement in revenue across many properties in-line with improvement in reputation scores.

### How can Revenue Managers use online reputation data when forecasting and setting a pricing strategy?

Forecasting and pricing are two critical functions of the revenue management process and require the ability to anticipate demand projections at various price points in the market. Demand is critically impacted by online reputation data, which in turn impacts forecast projections and price positioning. Forecast accuracy is a key performance indicator for revenue managers that assists in controlling operational costs, effectively determine displacement and calculate the value proposition of business across all channels at any given point in time. Today one cannot achieve optimal forecasting without factoring in online reputation data. The two go hand in hand.

*Earlier this year, we hosted a free webinar for hoteliers with Duetto on the 7 layers of data that will improve your room pricing. To watch this webinar, please click below:*



### The 7 Layers of Data That Will Improve Your Room Pricing



Webinar

