

Revenue Management Case Study

Subject: Seasonal Lodging Business with ~60 Accommodations

Introduction

After a tough 2020 operating season defined by Covid-19 restrictions, lockdowns, and travel bans, a seasonal oceanfront property in Maine needed a revenue management strategy for 2021 that would maximize revenue by finding an appropriate balance between average daily rate (ADR) and occupancy.

Process

Recognized through market research that 2021 would be a high demand year for Maine accommodations, as 2019 had been a banner year for seasonal properties. Noted that great care would be required to ensure high demand dates were not unnecessarily discounted.

Directed several promotional strategies offering value-add and light discounts to typical high-need period dates, while encouraging and incentivizing longer stays during low-need periods, while holding rate on peak dates. Careful monitoring of competing properties and regional marketing trends resulted in termination of all promotional offers early in the travel upswing of April 2021. Quickly recognized that demand far exceeded supply in the local market, and setup yielded rates to maximize revenue on remaining inventory.

Results

Total revenue up 51% in 2021 vs. 2019, ADR up 17% in 2021 vs. 2019, total occupancy up 23% in 2021 vs. 2019, RevPAR up 44% in 2021 vs. 2019.

Services

Rate Discovery & Research, Revenue Management



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