



Interstate Hotels & Resorts Drives New Revenue Strategy

Investments in technology help management company outperform comp set

RevPAR Index Lift in 2016

NoMo SoHo: +4.5% | The Roosevelt: +3.7%

The Challenge

Prime locations in Manhattan help independent properties like NoMo SoHo and The Roosevelt succeed as unflagged hotels, but they still face stiff competition in the New York City lodging market. As hotel supply growth continued to outpace demand in New York in 2016, Interstate Hotels & Resorts saw the value in shoring up its revenue management talent and systems to win a greater market share of room nights.

Interstate sought new strategies at the high-end independent properties it managed, including The Roosevelt, which has 1,015 rooms. It had to adapt quickly to a challenging situation when it was brought in to manage NoMo SoHo, which had just changed ownership and was replacing its property management, central reservation and revenue management systems.

The Solution

Interstate partnered with Duetto to bring its 100% cloud-based solution, GameChanger, to both properties. The price optimization application enabled Interstate's revenue managers to adopt Open Pricing, a strategy that yields every offer, room type or distribution channel independently based on demand for any booking date.

The Roosevelt and the 263-room NoMo began incorporating forward-looking information sources, like web shopping regrets and denials from the online booking engine, into their pricing strategies. The new layers of data were especially important to NoMo, which lost all historical data when it replaced the majority of its tech stack after the ownership change. Interstate became more efficient at building forecasts for all its properties and at rolling up reports to the corporate level.

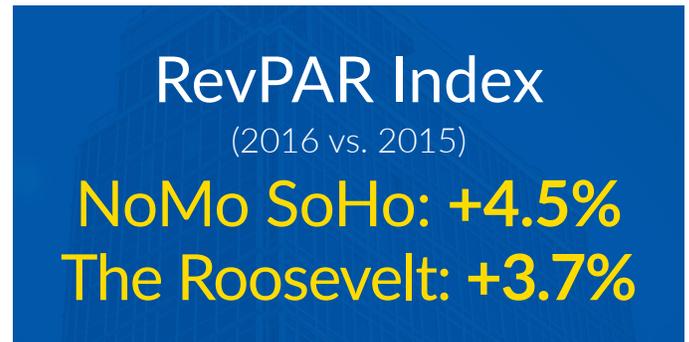
“Moving beyond fixed rates and using Open Pricing enables us to get the right price to the right customer across every segment, channel and room type. Using more than just historical data gives us far more visibility into the future, and it’s opened a world of new revenue opportunities for us.”

— Craig Franco
Regional Director of E-commerce, Interstate Hotels & Resorts

The Results

By adopting the GameChanger cloud-based application, Interstate was able to manage several properties with different needs — including the rapid replacement of all systems when it began managing NoMo SoHo — while rolling data up to the corporate level. The property-level teams were then able to share best practices and pricing strategies to maximize revenue opportunities.

As a result, in 2016 both the NoMo SoHo and The Roosevelt produced increases in RevPAR Index relative to their comp sets in New York City's competitive independent hotel market. NoMo SoHo grew its Index 4.5%, and The Roosevelt boosted its Index 3.7%.



How it Happened

- Following a change in ownership and management, NoMo SoHo replaced its PMS and CRS, and it adopted Duetto's GameChanger as its Revenue Strategy solution.
- Property-level teams were able to collaborate between sister properties on best practices, including Open Pricing.
- Interstate also implemented the application at The Roosevelt and used Duetto's portfolio management module to track performance across several managed properties.
- Interstate was able to rotate revenue managers between different properties as staffing and training needs arose.

“Having the right information — like web shopping data, giving me insight into price sensitivity and unconstrained demand — makes it easier to do my job. Rather than running reports and manually making rate changes, I can focus on developing strategies that generate more revenue.”

— Lisa Vecchione

Regional Director of Revenue Management, Interstate Hotels & Resorts