

Benchmark Insight

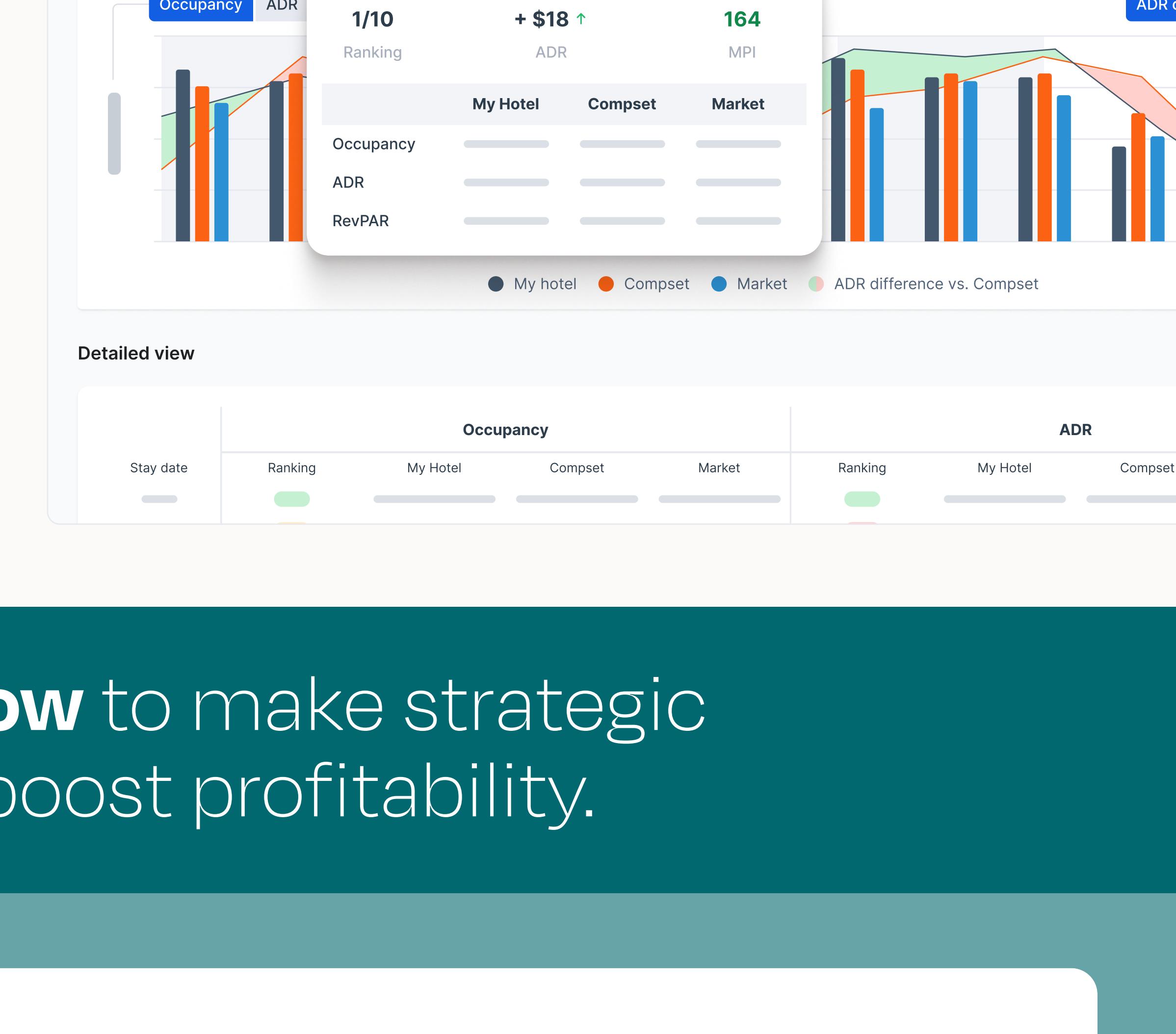
Ultimate benchmarking workflow for hotel revenue managers

Benchmarking helps you better understand your hotel's performance so you can:

 Spot trends

 Set goals

 Measure progress



Follow this **benchmarking workflow** to make strategic decisions that drive revenue and boost profitability.

Step 1 Understand benchmarking key metrics

Market Penetration Index (MPI)

Formula $\frac{\text{Hotel Occupancy}}{\text{Market Occupancy}} \times 100$

Purpose Are you capturing your fair share of demand?

Example $\frac{60\%}{60\%} \times 100 = \text{MPI of 100}$

Average Rate Index (ARI)

Formula $\frac{\text{Hotel ADR}}{\text{Market ADR}} \times 100$

Purpose How does your ADR compare to the market?

Example $\frac{\$150}{\$100} \times 100 = \text{ARI of 150}$

Revenue Generation Index (RGI)

Formula $\frac{\text{Hotel RevPAR}}{\text{Market RevPAR}} \times 100$

Purpose Overall revenue performance compared to market.

Example $\frac{\$50}{\$80} \times 100 = \text{RGI of 62.5}$

Step 2 Set clear goals and objectives

- Define specific goals:** Set clear, measurable goals such as improving your market position, improving your property's revenue/RevPAR or your ranking against your competitors.
- Decide on a timeframe:** Set specific goals for events, seasons, quarters, and the year to benchmark against. Track short and long term performance against same time last year.
- Focus on goals** that will have the biggest impact on revenue.

"We're usually ranked #3 in ADR, but this upcoming week let's aim to move up to the #2 position!"

Step 3 Define and track KPIs

- Define which KPIs to track: MPI, ARI and RGI are common.
- But also look at pickup, pace, guest satisfaction scores and rank.

Step 4 Collect and analyze data

- Continuous collection: Consistently gather and analyze data.
- Understand performance: Get granular into your performance metrics to understand the causes.
- Identify patterns: Look for trends and performance patterns over time.

Step 6 Weekly revenue calls

- Focus on "need" dates.
- Discuss dates with low forecasts or where there are opportunities on your revenue call.
- Formulate strategies to address underperformance.

Step 7 Take action

After monitoring, this is the most important step.

- Based on your findings, make tactical or strategic adjustments to improve your performance for the short and long term.
- Benchmarking gives you a chance to test various approaches and compare results.



Step 8 Review and adjust

- Regularly review progress to ensure you're meeting your targets.
- Check in with other stakeholders so the entire team can understand the cause and effect of their strategies and how they can lead to certain outcomes.



Effective benchmarking is an ongoing process that relies on a cycle of **analysis, implementation, monitoring, and review**.

With the **right benchmarking tool**, you can efficiently collect and analyze data, and gain valuable insights that informs strategic decision-making.

Benchmark Insight brings all your benchmarking KPIs together, giving you instant clarity on your competitive performance.

Skip the data crunching and start making impactful decisions.

Start a Benchmark Insight free trial

