



For **independent hoteliers** and owners of guest houses, B&Bs and pubs with letting rooms



## Michael Cockman's **Hotel Profit Systems**

**Sell more rooms, make more profits and have more time for yourself**

### **Are Letting Rooms The Answer To Your Profitability Issues?**

There is certainly good revenue to be made from weary travellers staying in your bedrooms. And in a way it is not a very complicated segment of your business. All you need to provide is comfortable clean rooms, fluffy towels, a friendly welcome, hot showers and a great breakfast. You then have a few people paying you a lot of money, at a very profitable gross margin of around 95%.

But all this comes at a cost. It is expensive to set up rooms in the first place, which has a big impact on your rent. There is also the additional cost of the time and effort to ensure that these rooms are as full as possible. And you mustn't underestimate the difficulties of making an impact in a sometimes overcrowded market. The Internet is a help but has its own issues to confront.

When I am asked how to maximise revenue from letting rooms I usually just refer them to my book! If you don't have that much time, here are my current top tips for maximising the potential that your rooms present:

#### **1 Understand the Internet**

It may seem endearing to say that you know nothing about the Internet and even have to ask your children's help with sending an email. This is no longer acceptable and you really do need to get up to speed. The Internet is now involved in around 35% of hotel reservations and up to 75% of potential guests research their choices on the web. So how can you justify any ignorance of this distribution channel?

You need to know how the Internet works, how to make a great website with well-researched and targeted text, the vital importance of inbound links and the power of e-mail as a communication medium. Without this knowledge you will be exploited by suppliers who use technical jargon to bamboozle you into financial commitments that you don't need.

## **2 Collect information**

This is all you need to remember to get the best revenue from your rooms: maximise the revenue per room in busy periods and maximise the occupancy at whatever rate it takes in slacker periods. This is called yield management and can be much more difficult than it sounds, unless you have good information to rely on.

Collect and keep details about how you did (revenue/occupancy/rates charged) over the last few years to help you predict what will happen next year. This way you know whether any day is likely to be a busy or a slack period and you can act accordingly. Similarly, know precisely the busy periods in your area because of conferences, exhibitions, air shows or race days. Then you won't inadvertently sell rooms at low rates when you could have done better if only you had known.

## **3 Don't answer 'How much?'**

If you or anyone in your team answers the phone and the caller asks 'How much are your rooms?' make sure that you don't answer the question (well not right away anyway). Just think what happens if you do say £65 straight away. The caller may just say thank you and put the phone down. So you have spent hundreds of marketing pounds to get the phone to ring and you have no reservation from it.

You need to set up a dialogue so that you can demonstrate your value for money proposition. During a conversation you are able to ask what the customer is looking for and show how your facilities meet their needs. By the time you have finished asking questions you will find the price itself is no longer an important issue.

Think about setting up this value for money whenever you promote your venue, particularly on your website. Think of your own inclination. You don't always buy the cheapest but you always want a good deal.

## **4 What is your proposition?**

If you look through any list of small hotels, guesthouses and bed and breakfast you will be amazed how many there are. Customers have a difficult job choosing, so it is vital that you take steps to make your venue is differentiated from others similar properties. First of all write down what you are trying to achieve with your business; what is your vision?

Then isolate the market segments that your hotel rooms will appeal to. For example, if you are a fisherman then that could be a good segment, particularly if there are good local facilities. If you or your partner are from France, then concentrate your total offer around

things French. Just make sure that you are interesting because interesting is usually memorable and memorable gets you talked about and recommended.

Remember that ultimately hospitality is not about gimmicks; it's about giving a warm welcome and friendly efficient service. If you provide what a guest wants he will come back again and again and tell his friends and colleagues. And when this starts to happen you can reduce your efforts to get new customers and have more time for you and your family!

**Michael Cockman** is a writer and mentor who helps accommodation providers maximise their room revenue.

To subscribe to Michael's **NEWSLETTER** and get hold of lots of other free information go to=> <http://www.HotelProfitSystems.com>

**Contact:**

Michael Cockman  
Hotel Profit Systems  
7 Chancerygate Business Centre  
Transport Way  
Oxford OX4 6HE, UK

Telephone: +44 (0)1865 772394  
[michael@HotelProfitSystems.com](mailto:michael@HotelProfitSystems.com)