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### The race to win

**Klaus Kohlmayr** lists down top five winning strategies for hoteliers during the New Delhi Grand Prix



**Klaus  
Kohlmayr**

The upcoming New Delhi Grand Prix will provide Indian hoteliers with significant opportunities to increase their revenue potential and improve their short term financial stability. However, there is a pre-requisite that many hotel owners and hotel managers will fail to identify - the need for 'pre-event' planning.

The coming years promise to be both challenging and extremely beneficial years for the Indian hospitality industry. The New Delhi Commonwealth Games, the World Hockey Championships and the New Delhi Grand Prix will all provide opportunities for hotel owners and hotel managers to increase their revenue potential and patronage.

Due to the abundance of major events being held in India over the next four years, there is an excellent opportunity for Indian hoteliers to boost their revenues on the back of expected higher levels of patronage. IDEaS Revenue Optimisation, that provides hospitality revenue optimisation solutions and services, developed a comprehensive hospitality demand report dealing with how host cities can prepare for the expected increase in business that comes with a Formula One Grand Prix event. This report was originally commissioned for the inaugural 2008 Singapore Grand Prix but can be applied to all cities in the Asia Pacific region that want to host an event of this magnitude.

Analysing data from six Grand Prix events across three different cities in the Asia Pacific region, the 'Formula One Grand Prix - Winning Strategies for Revenue Optimisation' report provides a comprehensive view of the potential impact that a Grand Prix can have on local hotels.

While it confirms some of the assumptions and high expectations of the hotel industry for the Grand Prix in terms of average rate and occupancy, it also highlights possible hotel demand challenges and provides simple recommendations for revenue optimisation strategies.

While there is a great deal of excitement and high expectations in the New Delhi hospitality community, there is also a high degree of uncertainty around what strategies will be most effective in 2010. We decided to undertake this research to provide better clarity for the industry, allowing New Delhi hotels to have the confidence that their revenue optimisation strategies will capture the maximum potential.



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### Five point Grand Prix

The following five strategies give hotel owners and hotel managers some idea of what to expect when the Grand Prix arrives in town. If the following five tips are followed correctly, New Delhi hoteliers should be confident in their ability to reach their revenue potential during the event.

- **Minimum length of stay:** Over the course of the Grand Prix weekend, hoteliers throughout New Delhi are encouraged to enforce minimum length of stay of requirement. This will encourage longer booking periods and will have a positive impact on occupancy levels throughout the event.
- **Find the appropriate 'balance':** Paying careful attention to the balance between normal base business and the Grand Prix weekend will mean that long-term occupancy levels will improve whilst still maximising the Grand Prix period.

Research on various Grand Prix in the region has shown that the first Thursday of the event weekend will see an increase in demand. There is also a possibility for many customers to be hesitant due to pricing and logistical concerns. A carefully planned strategy aimed at this segment of the market will be needed to maximise occupancy levels.

- **Optimal pricing strategies:** The pricing strategies in the lead up prior to the Grand Prix weekend will have to be carefully managed by individual hotels. While an expected increase in demand from the Thursday to the Sunday will allow rates to be driven accordingly, this will not be the case in the days before. A careful and direct marketing strategy must be put into place to entice visitors to arrive earlier, with Wednesday requiring significant and targeted focus by hotels.
- **Pre-payment plans:** To minimise the impact of costly last-minute cancellations, it is recommended that hotels implement a system of phased pre-payment restrictions. By clearly stating the terms and conditions of 'no-shows' and cancellations, hotels will be able to dramatically minimise any potential negative impact on their overall revenue potential.
- **Overbooking:** Appropriate overbooking levels should be set to counteract the expected rise in cancellations. We predict this will be at its highest on the Thursday and Friday based on the data collected.



Implementation of the above recommended strategies combined with careful and detailed observation of the levels of demand will allow hoteliers to achieve the correct balance between price and demand. By successfully achieving the balance required, New Delhi hoteliers will be able to maximise their revenue and be best prepared for the upcoming New Delhi Grand Prix.

Another area of the hospitality industry that needs to be understood when preparing for an event is the growing popularity of third party booking sites, which now means customers throughout the world can book their hotel visits around the clock. This also means they have access to the prices on offer at

numerous hotels in any one city simultaneously.

This second point is of particular importance and needs to be understood when hoteliers prepare for a major event. With all hotels in the city competing for the same client base, particular attention needs to be paid to ensure a reasonable amount of rate parity is on offer between hotels. Whilst visitors will expect higher rates than normal, they will be sure to compare prices with different hotels to ensure a reasonable level of consistency.

A thorough market analysis prior to the event will also allow for a range of succinct marketing tactics to be developed, helping your hotel reach its full capacity for the duration of the event.

New Delhi hoteliers should also not worry if the level of bookings is slow to materialise prior to the Grand Prix. As with the vast majority of major events, the last month before the actual event is when the majority of local and international tourists finalise their hotel arrangements.

It is of pivotal importance that in preparation for an increase in demand, hoteliers adequately prepare their businesses. Hotels form a major part of the local tourism industry and can often play a more important role in shaping how a guest views the host city than a major event itself.

The writer is director, IDEaS Advantage Consulting and is based in Singapore



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