

HARD ROCK HOTEL DAVOS & BERNER+BECKER

A Success Story

berner
becker +
revenue management



DAVOS

HARD ROCK HOTEL DAVOS

- **Number of rooms:** 94
- **Location:** Davos, Switzerland
- **Hotel type:** Chain affiliated
- **Service:** Outsourced Revenue Management
- **Start of collaboration:** October 2017



HARD ROCK HOTEL DAVOS

Challenges

- **Define price policy and performance focus**
- **Expansion and adequate use of the distribution network**
- **Implementation of a revenue management culture**

Solutions

- Benchmarking analysis
- Day of week and seasonality based pricing
- Room type supplements
- Special event optimization
- Development of base occupancy with groups and promotional partners
- Adequate pricing of contracted business
- Connection of alternate distribution channels
- Transparent strategy of the Hard Rock Hotel Davos for all stakeholders
- Continuous coordination of actions and developments through defined communication channels

Results

- **RGI** development from **45 in 2017** (before the collaboration) to **152 in 2020**
- Revenue doubled within 2 years
- Occupancy growth in low and medium season accounts for of the 60% growth during the collaboration
- Strong ADR growth in the high season
- Time = Money; better coordination of processes allowed additional focus on matters of sales, business development and operations to enhance performance

HARD ROCK HOTEL DAVOS

Context

The Hard Rock Hotel Davos and berner+becker revenue management are connected through a successful long-term relationship. Kicked off in 2017 by the realisation that, in order to extract the the full potential from a challenging market (oversupply of hotels) with seasonal demand fluctuations and very few periods of excessive demand, specialists are needed to optimize and restructure the business together with the hotel team.



"berner+becker has been a professional partner during the opening of our hotel and the branding activities with Hard Rock International. Through their efficient and structured support we were able to successfully master these challenges. Today we benefit on a daily basis from the excellent know-how of the specialists from berner+becker."

HARD ROCK HOTEL DAVOS

Key Challenges

With an at the time relatively unknown brand in the hospitality industry in an untypical location for Hard Rock Hotels, the hotel was fighting for occupancy with a premium price policy. Market relevance in pricing was often neglected. Consequently, neither periods with weak nor high demand were performing well. Existing distribution possibilities were not used adequately or priced too high. Channels which could generate a high volume during all seasons were not used sufficiently.

The hotel showed obvious need for professional revenue management support in order to make time for structuring business development and sales activities.

The following challenges had to be addressed:

- Definition of **price policy and performance focus** (occupancy or ADR) in different time periods
- **Expansion** and adequate use of the **distribution network**
- **Implementation of a revenue management culture** in the hotel

HARD ROCK HOTEL DAVOS

Benchmarking

- Preparation of detailed demand analysis with benchmarking data
- Identification of performance enhancing opportunities
- Outcome:
 - Winter and summer season in Davos with different clientele with different willingness to pay
 - Higher demand on week-ends (80-100% Occ.) than on week days (30-40% Occ, except during holidays)

Pricing

- During the summer a price difference of approx. CHF 40 between week day and week-end
- During the winter a price difference of approx. CHF 150 between week day and week-end
- Comparison to market share data revealed a huge occupancy gap compared to the market
- In terms of rate the hotel was far above the market – this was evident during all seasons

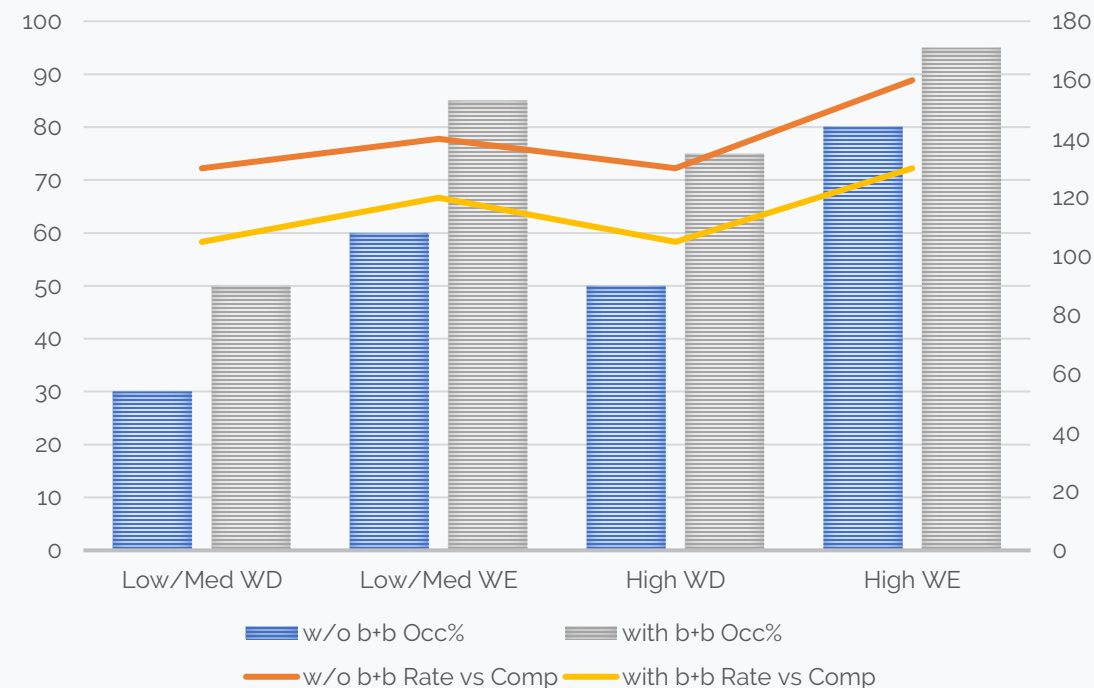
Positioning

- New positioning from a pricing perspective, in order to fulfill expectations regarding F&B and TREV budget
- Improved balance of Occupancy and ADR was targeted
- Depending on the demand, positioning was changed from being the most expensive product towards being in the middle or even lower when applicable
- Newly defined price points, room type supplements as well as category overbooking laid the foundation for more volume

HARD ROCK HOTEL DAVOS

Seasonality and Events

- Low and medium seasons could be heavily improved in occupancy
- High seasons were improved through ADR enhancing actions and yielding
- „Win the off-season, win the year“ is accurate, as 60% of total performance increase resulted from actions during low and mid seasons
- The performance during the few peak demand periods, e.g. the World Economic Forum (WEF) were improved through an upwardly adjusted price positioning



HARD ROCK HOTEL DAVOS

Distribution

- Increase in visibility to increase awareness and perception of the Hard Rock Hotel in order to achieve a corresponding return on investment, which was evident in increased production
- Development of formerly absent base business by setting up long-term group- and promotional partners
- Significant increase in volume through participation in tactical promotions and flash sales with a large potential audience
- Equipment of congress booking sites with competitive pricing and availabilities resulted in a high increase in congress business
- The revision of wholesaler and tour operator rate structure and the extension of partner network had a significant impact due to the high share of leisure demand in the market

Revenue Management Culture

To create and maintain a strategic understanding of revenue management, performance-enhancing actions were regularly discussed and explained in updates and revenue meetings.

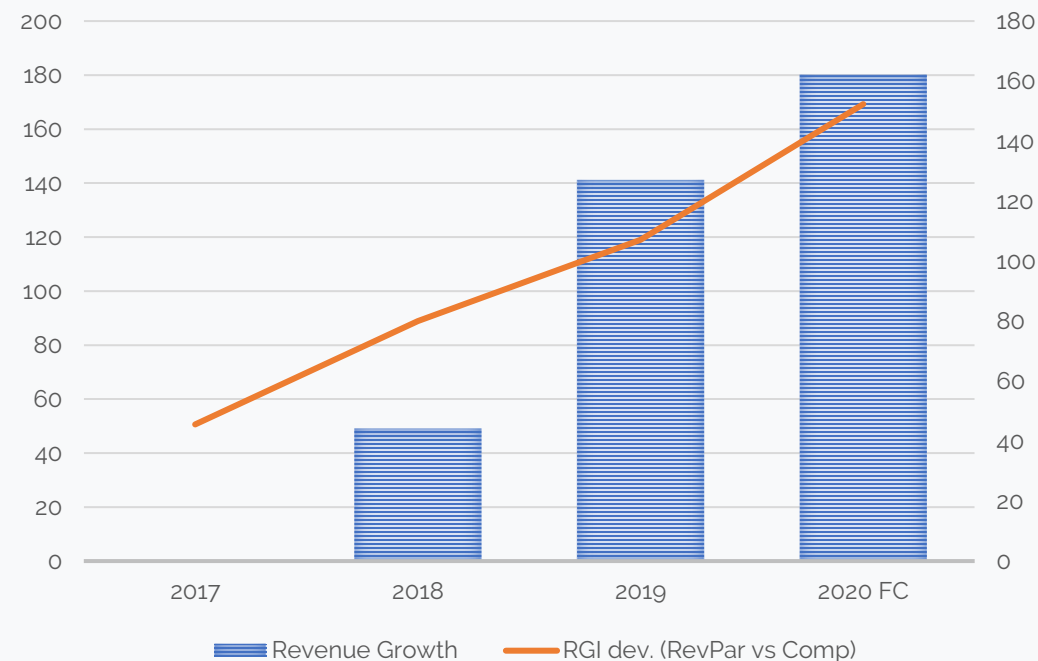
Thanks to regular evaluations of actions and continuous monitoring and modification of the business mix by berner+becker, the hotel team was able to fully focus the efforts on the areas of sales, business development and operations, which brought tremendous success!

HARD ROCK HOTEL DAVOS

Achievements

Looking back at the results, we see an increase in revenues of almost 100% within 2 years. Given that 2018 was the first full financial year, a strong increase in revenue might not be a huge surprise.

The success of the collaboration is much more evident in the performance of the hotel compared to the competitive set. The Hard Rock Hotel Davos turned from being an average performer (RGI 2017: 45.6) to being the top performer in the market (RGI YTD 2020: 152.4)!



HARD ROCK HOTEL DAVOS

Outlook

Further potential to increase performance lies predominantly within an extension of CRM activities and online marketing. This should lead to a higher degree of awareness, which will make it easier for returning guests to choose the Hard Rock Hotel again.

With nature-near and relaxing experiential vacations booming, Hard Rock Hotel Davos has a decisive locational advantage and can look ahead to actively influencing the business through revenue management and subsequently a bright future.

About the Hard Rock Davos and berner+becker

The Hard Rock Hotel Davos combines the power of Rock'n Roll with the beauty of the swiss alps and creates an unforgettable experience all around. Whatever may bring you to Davos, you will want to stay, once you have been captured by the Hard-Rock style. The perfect spot to escape daily routines, the ideal location for business meetings and congresses as well as wonderful weddings. Add Hard Rock Hotel Davos to your bucket list and realize your wishes.

berner+becker provides all hotels with access to professional and tailored revenue management. From outsourcing to consulting or trainings, berner+becker offers a comprehensive approach to optimize revenues and profits of their clients long-term.