



## UNLOCKING REVENUE POTENTIAL: THE NEED FOR STRATEGIC INVESTMENT

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Written by

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# About the Report

## **Unlocking Revenue Potential: The Need for Strategic Investment**

A PhocusWire report sponsored by IDeAS

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# Seizing the opportunity: Technology and the future of hotel profitability

**Are you leaving revenue on the table? In today's volatile market, hoteliers face a mix of challenges, from economic pressures and labor shortages to rising competition from non-traditional accommodations. Effectively navigating these uncertainties requires a focus on technology adoption, sustainable practices and an embrace of dynamic pricing and automation. The competitive landscape is becoming increasingly complex, and hoteliers must be agile to adapt to changing demands and stay ahead of both traditional competitors and new market disruptors. The key to this agile, adaptable approach is technology, and failing to adopt modern solutions risks significant missed opportunities.**

This report explores the hidden costs of holding back on tech investment, demonstrating how outdated systems hinder operational efficiency, limit data access and impact profitability. Moving beyond traditional return on investment (ROI)-focused thinking, it delves into data-driven strategies to help you identify revenue optimization gaps for near- and long-term growth. Many hotels hesitate to adopt technology due to competing priorities such as property improvement

plans and marketing costs. However, the continued market uncertainty and labor issues have shown the positive impact of technology in improving efficiency and reducing costs.

Implementing advanced technologies such as a revenue management system (RMS) enables informed decision-making across departments. Breaking down data silos and embracing automation leads to increased efficiency, improved guest experiences and a stronger bottom line for your hotel business.

Klaus Kohlmayr, chief evangelist and development officer for IDeAS, emphasized the immense scale at which modern revenue management operates: "Across our client base, IDeAS helps facilitate, on average, approximately 5 million pricing and inventory optimizations or related decisions each year for a single property. This highlights the sheer volume and complexity that hotels face. Without a robust RMS, a property will not only struggle to analyze this level of data and identify optimal strategies but also lack the ability to react with the accuracy and dynamism needed to maximize revenue."





The global travel industry is in a period of growth. In 2024, the travel industry jumped 24% to \$1.5 trillion, as reported in [Phocuswright's Global Travel Market Report 2024](#).

Technology is playing a crucial role in this growth. For example, Phocuswright predicts online bookings will reach \$1.2 trillion by 2026, up from \$895 billion in 2023. By 2026, nearly two thirds of global travel gross bookings (65%) will be transacted online.

However, market uncertainty remains, and changes to global economics could dampen this growth. As such, accommodation providers must become more focused on seizing opportunity. Even the smallest incremental gains can translate into revenue per available room (RevPAR) growth. Those who are embracing technology will see their profits grow. In contrast, those who continue to use outdated, fragmented systems or work manually will see profits decline, or worse. The cost of doing nothing can and will outweigh the cost of investment; amid a tumultuous travel market, that tipping point may come sooner than expected.

Adding another layer of urgency is the evolving profile of today's travelers. Hoteliers need to adapt to the changing demographics of tech-savvy guests to meet their needs and

capture new revenue; smart technology investments are the key to unlocking this potential.

In addition, reluctance to adopt modern technology may hinder a hotel's ability to effectively navigate the challenges of today's labor market, making it more difficult to attract top talent. In an industry increasingly affected by brain drain, offering outdated tools can place hotels at a disadvantage when competing for the next generation of leadership. Providing access to the latest innovations is no longer a luxury. It's a strategic necessity. Moreover, when turnover does occur, technology can serve as a critical bridge, maintaining continuity while new team members come up to speed. Automation ensures that essential daily operations remain consistent and efficient, reducing disruption and preserving performance.

Read on for informed insights into critical technology upgrades for maximizing your property's potential and achieving sustainable growth.

# Why revenue management technology is the right investment decision

**Simply put, revenue management technology helps hotels commercialize properties more effectively and improve efficiency, especially amid rising labor costs and staffing challenges.**

Adopting the right RMS can help future-proof a business and reduce the impact of market uncertainty. A full-featured, well-integrated and powerful RMS is a strategic asset designed to optimize any hotel business. As a critical component of an integrated tech stack, a sophisticated RMS goes far beyond just generating rates. It enables commercial teams to connect previously disconnected data, guiding strategy development and ensuring every effort supports the property's overall profitability.

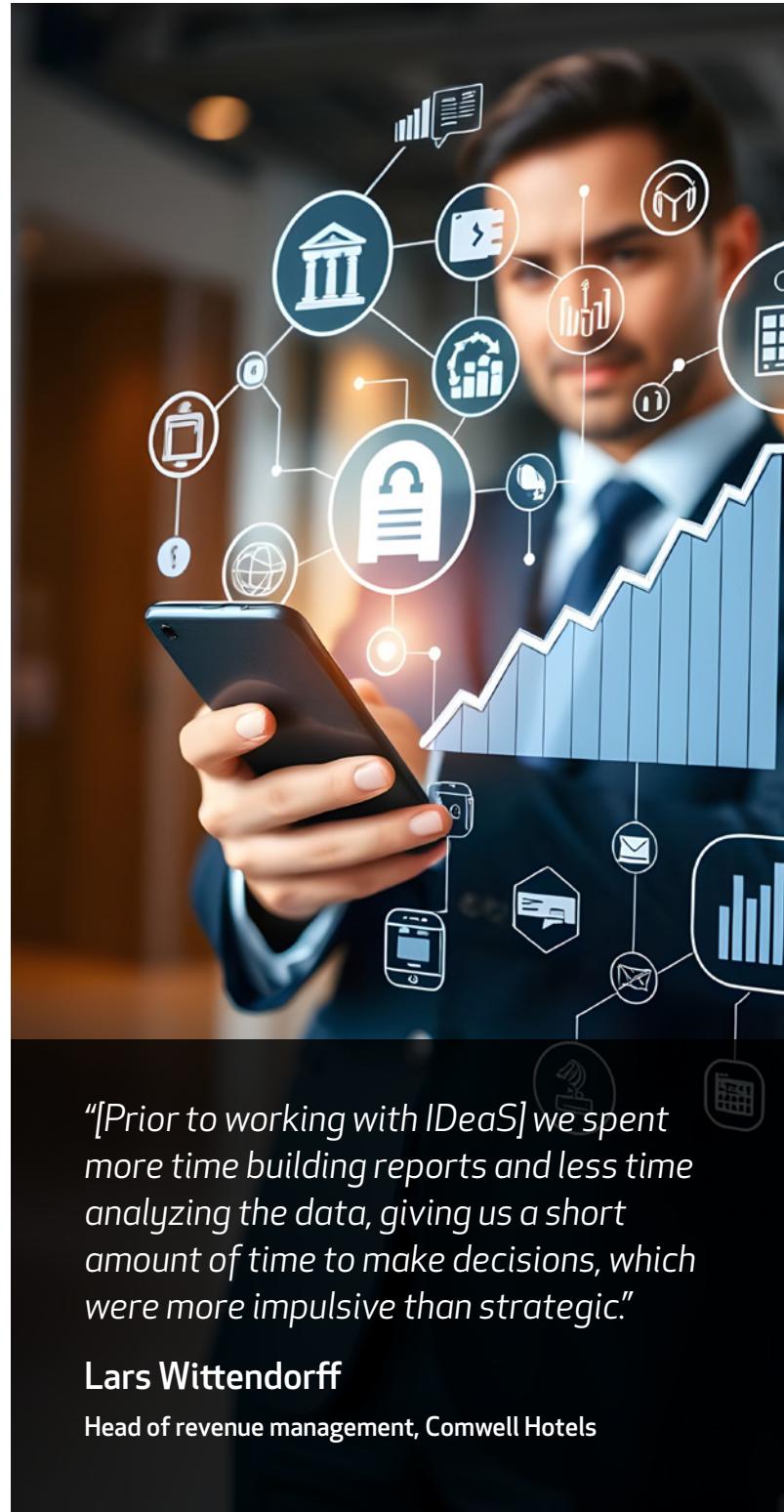
Lars Wittendorff, head of revenue management at [Comwell Hotels](#), reflected on the challenges his team faced before partnering with IDeaS, highlighting the inefficiencies in the company's previous approach: "[Prior to working with IDeaS] we spent more time building reports and less time analyzing the data, giving us a short amount of time to make decisions, which were more impulsive than strategic," he said.

When investing in technology, hotel companies need to consider not only how much revenue it will generate but also how easy it is to use, how it will positively impact staff and guests and what impact will that have on loyalty and review feedback.

"The hotels that embrace technology for both their guest experience and their operations will outperform anyone else," said Erik Tengen, CEO and co-founder of [Oaky](#), a hotel upselling solution.

## Establish a competitive advantage

To gain a competitive edge in today's market, hotels are increasingly leveraging technology to optimize revenue





generation across all departments—an RMS investment's impact goes beyond "just rooms." The integration of different tech systems, such as property management systems (PMS), revenue management, upselling solutions or customer relationship marketing (CRM) tools, is crucial for total revenue success. It enables commercial teams to unify previously disconnected data, guiding strategy development and ensuring every effort supports the property's overall profitability.

Hotels have historically focused on revenue generation index (RGI) or RevPAR index, benchmarking their performance against their competitive set. But the most innovative business leaders are now looking wider at their connected commercial strategy.

"Commercial leaders are now asking how they optimize all their revenue streams, not just rooms revenue. For instance, how can they do that for their sales department, distribution or loyalty program? They can see the benefits of looking at their entire commercial strategy," Kohlmayr said.

With well-integrated, advanced technologies serving as a strong foundation, hospitality providers are increasingly in position to build a connected commercial organization—one where revenue management, sales and marketing are aligned and working toward a shared set of profit-oriented goals.

"The industry spends a lot of valuable time and brainpower on important—but ultimately routine—daily tasks like pricing adjustments and group quotes," Kohlmayr said. "If you've been treading water keeping up with the routine, you know how hard it can be to step back, think creatively and ask the types of broader strategic questions that may uncover growth opportunities."

That certainly rings true for [Obvio Hotels](#), where staff can now set aside much of their daily pricing optimization efforts and direct their attention to key opportunities.

"With system alerts, the RMS tells me which dates I need to focus on," says Arnaud Fougeront, director of commercial and revenue management at Obvio Hotels. "The entire year is processed daily, allowing me to concentrate on the dynamic next three months and high-revenue, high-risk special event dates. IDeaS significantly reduces the time needed for optimization, and it does it in a more precise way."

## Boost operational efficiency

The cost of labor continues to increase, and the availability of workers remains depleted. Using the latest technology directly contributes to operational efficiency, boosting team productivity. An RMS with advanced automation capabilities can also help provide continuity during periods of elevated turnover.

"I used to waste a lot of time on data entry, with limited data to work with," said Kelley Gattis, revenue manager at [Sunset Tower Hotel](#). "Having an automated RMS has really helped me strategize more. Instead of spending all my time in a manual environment, I can now quickly see the bigger picture and spend more time contributing to things like marketing efforts and optimizing our online presence. It's enabled me to be far more productive and proactive."

An RMS with sophisticated forecasting capabilities enables hotel leadership to see what demand is looking like in 30, 60, 90 days' time. Knowing this enables them to more accurately schedule housekeepers and other team members and ensure they purchase the right amount of perishable goods to reduce food waste.

For example, IDeAS offers a solution that aids operational forecasting. By quickly consolidating key data from integrated technology systems, it helps improve both the productivity and the profitability of a hotel, not just in revenue but also in labor management and purchasing.

As a critical component of a hotel technology stack, a high-quality RMS goes far beyond just generating rates. It enables commercial teams to connect previously

disconnected data, guiding strategy development and ensuring every effort supports the property's overall profitability.

## How an integrated tech stack can future-proof your hotel business

To stay competitive in an increasingly dynamic market and to reach its full potential, a hospitality business needs more than just standalone solutions, they need an integrated technology stack that is built for the future. This means choosing partners not just for what their systems can do today but for how well they adapt, evolve and connect over time.

"It's very important that you don't just buy something for what it is today but consider the vision of the company. Ensure that it's future-proof, that you have a shared vision of where it is going," Tengen said.

A [connected tech stack allows](#) data to flow freely between systems: from RMS and PMS to CRM, point-of-sale and beyond. When technology is integrated, it gives commercial teams the ability to act on richer, more connected data. This is essential for delivering personalized guest experiences,

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smarter marketing campaigns and more nuanced revenue strategies.

"To understand your guests, you need to understand their behaviors and their needs. You need to have all that data aggregated in a way that's easily accessible," Kohlmayr said.

"However, many hotels operate a siloed approach to data and technology. They may have good technology in different areas, but they haven't thought about how the data flows between all these different technology pieces. And because of this, they're struggling to generate those highly personalized and relevant experiences to the guest at scale—and that is a lost revenue opportunity."

Growth in adoption of cloud-based systems and public application program interfaces (APIs) now makes it easier than ever to bring together data from various sources, such as event calendars, airline schedules or weather forecasts, to enhance pricing and inventory decisions. Hotels with integrated, data-driven platforms are better equipped to forecast demand, evaluate group versus transient business trade-offs and understand the revenue impact of each decision across the operation.

However, the power of these integrated platforms hinges on a critical factor: The data must be "clean" and, crucially, actionable. Good data flowing in leads to great strategy coming out.

"To provide you with better decisions, we have built our technology to be able to take in relevant data from practically anywhere and let the system decide what it wants to do with that data for that particular use case," Kohlmayr said.

"The amount of data is going to continue to increase, and as more hotel businesses adopt cloud-based technology, it's going to become easier for them to connect."

Ultimately, futureproofing is about ensuring the technology ecosystem can grow with the hotel's business—adapting to new guest expectations, unlocking new revenue streams and helping every department work from a shared source of truth.

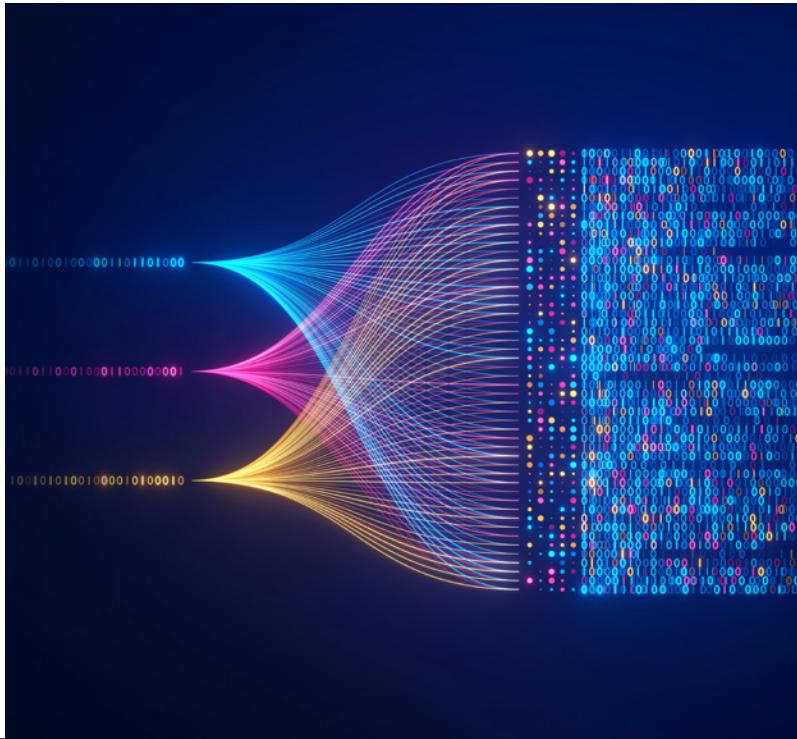
## How data fuels a connected commercial strategy

A connected commercial strategy is only as strong as the data that powers it. As hospitality organizations bring together revenue, sales, marketing and distribution, the ability to share and act on consistent, real-time data becomes critical. This evolution, from siloed functions to an integrated commercial approach, has been driven by the need for more agile, data-informed decisions.

Today, leading hotels are aligning their teams and systems around unified data flows, enabling smarter forecasting, more targeted marketing and better alignment between pricing and demand generation strategies.

A connected commercial strategy can help commercial teams make more informed pricing decisions. For example, tools for quickly understanding the revenue impact of displaced transient versus group business can lead to smarter sales negotiations and more strategic demand generation.

Improvements in alignment like these are key to driving incremental gains in profitability; their impact may seem small on a case-by-case basis, but cumulatively, they can provide an uplift that gives your budget room to breathe.



# How tech impacts guest satisfaction

**As we have seen, personalization is a key driver of guest loyalty and revenue. Technology helps by aggregating data to better understand guests' needs, allowing hotels to provide tailored offers.**

A 2024 study of hotel guests and retail consumers by [Medallia](#) found a strong link between personalization and overall satisfaction, reporting that 61% of consumers are willing to spend more with brands that offer customized experiences. However, only 23% of hotel guests and 26% of retail consumers reported receiving highly personalized service, highlighting a major opportunity for brands to improve personalization and boost revenue.

Tailor the experience and you improve guest satisfaction. This leads to better review scores, which in turn leads to greater revenue potential. The benefits here are two-fold. Higher review scores also get better online real estate: It places the hotel at the top of the list. There is also a direct correlation between review scores and room rates.

IDeAS has long recognized the influence of guest sentiment on pricing and has been factoring review scores into its pricing algorithms for over a decade.

"If you have a higher review score on Tripadvisor or other sites, you have a higher degree of pricing opportunity than when you have a lower score. It does impact your ability to price," Kohlmayr said.

Personalization and delivering the technology-enabled experiences guests have come to expect is also rewarded by guest loyalty. For instance, if guests prefer digital check-ins, they are more likely to stay with a hotel that provides this service rather than somewhere still offering a more manual experience.

Automated check-in and check-out systems can also reduce labor costs and streamline guest flow, allowing staff to focus on upselling and providing better customer service.

"You must be relevant for these guests. And if you're not investing in technology, you are already way behind, considering what guests are looking for today," Tengen said.

"If you deliver a better experience, faster service and a more relevant connection, then that will lead to a larger share of travel wallet. There is also the benefit of fewer cancellations and enhanced loyalty and that results in a better bottom line."

## CASE STUDY

### The Hazelton Hotel welcomes 50% repeat guests

The [Hazelton Hotel](#) in Canada is an exclusive property offering a personalized experience. The five-star boutique hotel sees almost 50% of its guests returning. Offering 77 rooms, along with a private cinema that is frequently used during the Toronto International Film Festival, the hotel has a unique appeal that keeps bringing guests back.

The Toronto hotel market is a competitive one. The Hazelton Hotel implemented IDeAS G3 RMS to introduce

dynamic pricing and inventory management, further enhancing its personalized offering. One of its goals was to better promote and price its higher-tier room categories.

Now, with G3 RMS, The Hazelton Hotel is able to offer tailored room-type pricing based on demand patterns. This enables the hotel's revenue team to offer more precise pricing strategies, driving competitiveness, revenue and guest satisfaction.

# How tech impacts staff retention & drives efficiency

**In today's competitive labor market, forward-thinking hoteliers are recognizing that technology isn't just a guest-centric investment—it's a critical tool for attracting and retaining top talent. Just like guests, hospitality teams also expect a technology-enabled environment with tools that streamline their work.**

In addition, providing employees with access to emerging technologies is key for hoteliers to future-proof their business. In an industry where labor shortage is a real concern, offering the latest technology can be a big attraction for upcoming talent and will help businesses retain and develop the brightest team members. It also provides continuity when staff do decide to move on. The revenue strategy, for example, will continue to run through the RMS while the new revenue manager gets up to speed with strategy.

"If you don't invest in your technology, you're not going to just deal with higher turnover. You're also going to increase your staffing levels, and you're going to have less satisfied staff members because they feel they're not as productive as they could be," Kohlmayr said.

Hospitality is an industry where people come and build careers. Younger hospitality professionals, who have grown up in a tech-savvy world, often view a lack of technological investment as a sign of limited growth and opportunity within a hotel, making a tech-forward workplace a significant draw. The young receptionist rarely stays at the front desk for their whole career. They look for progression. And if they don't see that opportunity at one hotel, they will move to another.

"A tech-forward workplace attracts younger hospitality professionals. You need to have a workspace where people can get ramped up fast," Tengen said.



"Technology is taking a lot of the mundane work out of their hands so that they can focus on being amazing with your guests. The results are incredible if you do it right, and horrible if you don't because you overburden employees with repetitive tasks, and that leads to burnout."

In operations, technology enables staff to spend less time looking at a screen and more time creating a human connection. Staff have time to be hospitable rather than being data-entry clerks.

And there are plenty of benefits to be found back of house too. There are operational systems to help with staffing, housekeeping efficiency, maintenance request automation and more. Ultimately, in an industry driven by people, technology has become the vital backbone for empowering and retaining the very heart of hospitality: its staff!



## CASE STUDY

### Village Hotels reduces budget forecast time

United Kingdom-based hotel chain [Village Hotels](#), which has 33 properties offering a combination of rooms, leisure clubs, meetings and event facilities, has streamlined its revenue management and strategic forecasting with IDeaS G3 RMS and RevPlan.

Catering to a diverse clientele of leisure and business travelers and gym members brings an extra level of complexity to revenue planning at Village Hotels. Before adopting IDeaS G3, the company was struggling with manual forecasting processes, which were taking up a lot of staffing hours. The aim was to streamline this and focus more time on strategic planning.

Working together, G3 RMS automated revenue management tasks and provided real-time insights, while RevPlan simplified the forecasting and operational planning process.

By employing the right technology, Village Hotels was able to improve both team efficiency and forecast accuracy. Completing its 2025 rooms budget took just two and a half hours compared to the two and a half weeks it previously took in a manual environment.

# How tech impacts profitability

**Technology enables hotels to better compete by optimizing revenue across all departments. The integration of different technologies is crucial for success, as this facilitates large-scale data gathering, exchange and analysis.**

"We've seen a big shift to the cloud in the last few years. And with cloud-based infrastructure and technology comes much better integration and the ability to aggregate data at scale," Kohlmayr said.

"We make about 20 billion decisions every single day across our 35,000 client hotels, and we do that not just on pricing but also forecasting and inventory management and in other areas too, because of our ability to infuse data from external sources and from other solutions."

An advanced RMS like IDeaS provides hotels with the ability to automatically implement inventory controls. Its G3 RMS solution can quickly synthesize multiple data points to drive decisions that maximize revenue holistically. Meanwhile, IDeaS also offers dynamic pricing, which enables hotels to automatically adjust room rates in real time.

In addition, an RMS can offer personalized pricing with targeted discounts designed to increase conversion rates and optimize room rates.

Layer in an upselling tool such as Oaky, which can automatically recommend upsell opportunities like room upgrades, early check-ins or add-ons such as spa treatments, and it's easy to see how technology can positively impact profitability. An upselling tool can increase RevPAR by up to 5% by optimizing the guest journey and figuring out what to sell to who, when to sell it and at what price.

"Automated upselling can have a massive direct revenue impact. It can increase hotel ancillary revenue by up to 30%," Tengen said.

## CASE STUDY

### Pullman Phuket Arcadia enhances revenue performance

[Pullman Phuket Arcadia Naithon Beach](#), a luxury resort with 227 rooms perched above the Andaman Sea, has leveraged cutting-edge technology and expert leadership to enhance its revenue performance.

The five-star resort adopted the IDeaS G3 RMS in January 2024, transitioning from time-intensive tasks to data-driven decision-making. The impact on revenue and profitability was immediate. Between March and September 2024,

the hotel achieved a 10.3% rise in RGI, a 13.3% increase in Average Daily Rate (ADR) and a 10.5% gain in RevPAR compared to the previous year.

Implementing an RMS transformed operations, freeing up revenue leadership to focus on strategic decisions. This led to the hotel increasing direct online bookings and rolling out more accurate pricing strategies. Group booking processes have also been streamlined.



## Invest in future success

**Investing in a modern, integrated technology stack delivers measurable ROI, a strategic competitive edge and improvements in both guest experience and staff satisfaction. Despite these clear advantages, many hotels, particularly smaller or independent properties, still believe that modern technology is out of reach or not relevant to their operations. However, the reality is that this perception is increasingly and demonstrably outdated.**

Today's solutions, including revenue systems, are scalable and adaptable, making them readily available and highly beneficial to hotels of all sizes and types, from boutique hotels and midscale chains to large luxury resorts. By embracing technology that fits their unique needs, every hotel can unlock new efficiencies, make data-informed decisions and optimize revenue potential, no matter their market position or budget constraints.

IDeAS offers its revenue solutions to many of the largest hotel companies in the world. It also serves campsites, cabins, holiday parks and independent hotels.

With today's cloud-based and fit-for-purpose tools, even small hotels can optimize revenue and operations, improving guest satisfaction.

"A family-owned business that has 10-15 rooms may still be using guestbooks or Excel. But what's happening is that you have more and more tech providers, including IDeAS, being able to offer powerful technology at a level of sophistication that is like what the big brands are using but at a cost that is affordable and accessible to those independent hotels," Kohlmayr said.

"We give them the same tools that the brands have used for a long time and make it accessible to them. It's literally on their phone."

"If you're the general manager or the owner of a five-room hotel, you don't have a full-time revenue manager, but you can have access to a system that can manage your revenue for you. That's the power of technology. And if you are a five-bedroom hotel and you don't sell one room, you've

dropped 20% in occupancy and revenue. Can you afford that? Technology is becoming democratized, so everyone can have access to it," Kohlmayr said.

Adopting an integrated technology stack, including revenue and upselling solutions, can impact guest satisfaction, leading to higher lifetime value.

"A seamless digital experience sets hotels apart, but it's not just for the technology itself. It's also so that other areas of the hotel experience become even better," Tengen said.

"Technology makes standard processes super simple and functional, helping you deliver on the 'wow' effect because technology has helped you anticipate your guests' needs. When you enable charming people to spend less time looking at a screen, so they can engage with the guest on a deeper level and create a human connection—that is luxury, and these guests end up having a much higher lifetime value."

"Technology can transform both the operational and commercial sides of hospitality, helping hotels stay competitive, improve guest experiences and optimize their bottom line," he added.

The message is clear: Clinging to outdated technologies in a rapidly evolving market represents a significant and costly oversight. Unlocking a hospitality property's full revenue potential requires a forward-thinking approach.

Tech infrastructure investments, centered on a strategic investment in a data-driven RMS, are the smart choice. By adopting this technology, a hotel is not only addressing its immediate needs but also establishing a resilient foundation for long-term growth, increased profitability and a future where every revenue opportunity is fully realized. This critical investment can define the path to sustained success.





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Technology and distribution form the backbone of travel, tourism and hospitality, the planet's largest industry. The PhocusWire team and our colleagues at Phocuswright have been immersed in travel technology and the ongoing digitization of the industry for decades.

PhocusWire's daily content keeps our readers up to date on breaking news while also providing broad coverage of every sector of the global travel industry, including data, expert analysis and a strategic focus on innovation and startups, all supported by Phocuswright's deep, research-driven assets.

# IDeas<sup>™</sup>

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## About IDeas

IDeas, a SAS company, is the world's leading revenue management software and services provider.

Combining industry knowledge with innovative data analytics technology, IDeas creates sophisticated yet simple ways to empower revenue leaders with precise, automated recommendations they can trust. With 35 years of expertise serving hospitality, including hotel, event, and parking clients, IDeas delivers revenue science to more than 30,000 properties in 164 countries around the world.

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