



WHITEPAPER

How to stop leaving money on the table and increase revenue





Are you losing out on potential revenue? There are many ways that spas and hospitality companies leave money on the table, some more obvious than others.

Now more than ever it's important to capture as much revenue as possible to keep our operations running and our people working. Let's look at some of the bigger picture changes you can make and the more granular impact they will have on your bottom line.

Here are three strategic ways to increase revenue in your spa and/or hospitality business.



Get integrated & employ systems thinking

Systems thinking has been [defined as](#) "a holistic approach to analysis that focuses on the way that a system's constituent parts interrelate and how systems work over time and within the context of larger systems." This is in contrast with another common approach of evaluating systems separately, and can be applied to any business in any sector. [Read more about systems thinking here.](#)

We all know that the customer journey and customer experience are circular processes rather than linear ones. But do we employ this same thinking to our business operations? For example, when thinking about a software system, do you consider how that system and its setup will impact employee scheduling and payroll, which in turn impacts revenue streams and occupancy and impacts employee scheduling and payroll? Oh, look! We're back to the beginning. Meanwhile, all of these things impact occupancy and revenue.

There are far too many examples of how systems thinking can be applied to go through here, but let's also consider this through a lens of integrations: hotels and resorts often regard wellness amenities as an adjunct or afterthought rather than an integral part of overall operations. There are many ways in which this can cost a company. Any process that requires a guest to make a separate payment or go through a separate process is going to create a barrier. Integrated systems remove these barriers.



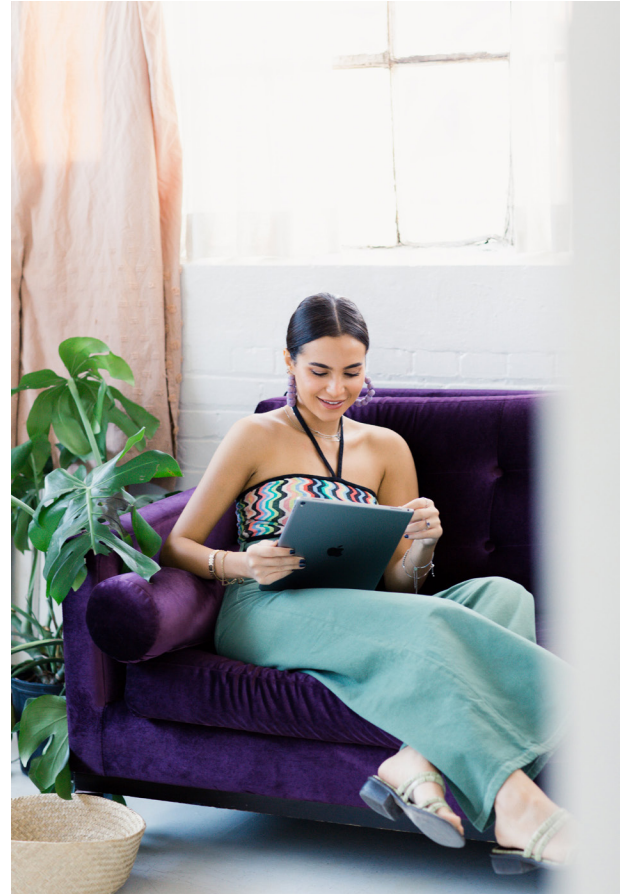
An excellent example is the Disney Parks and Resort experience. Disney's guests – through the Magic Band from 2013 - 2021, and [soon to be through the Disney My Experience app](#) – can move through theme parks, dining, shopping, recreation, and even across brands, without interruption. This is a mastery of integration that drives revenue through the simple fact that the guest is not startled out of the flow of their experience because of having to pay for something separately, make an outside booking, or share their information over and over again.

Similarly, a hotel or resort's property management system (PMS) should be able to look up a guest's profile for a spa reservation and charge the treatment to the guest's room. As simple as this sounds, to accomplish it, the spa system needs to be integrated with the hotel's PMS system. [Integrations](#) create these seamless customer experiences by allowing you to easily maintain customer records, transactions, and interactions across all systems. A cloud-based software solution is key, as it can be accessed from anywhere and information shared across locations.

More benefits of integrations include the following:

- **Saving time** – by automating a manual task, or expediting a process
- **Centralized data** – multiple solutions feeding data into a central system (ERP, PMS, EMR, etc.) allows for a user to access what would normally be 'siloes' data, in one, central place
- **Greater accuracy in numbers** – integrated systems reduce the risk for error in numbers that may have been originally captured manually (ie. human error)

Integrations are essential for driving revenue, keeping operations running smoothly and optimizing guest experience.



[Book4Time integrates with many PMS systems](#) including Opera (Oracle Hospitality), Infor, Guestline, Galaxy, Agilysys and many more, to ensure that hoteliers can centrally manage their guest accounts, and provide an excellent customer experience.

82%

*of customers
expect contactless
experiences*

Go digital

There's is some resistance in spa and wellness to embracing technology and digital experiences, for fear of removing the personal, hands-on aspect of wellness experiences. This is a short-sighted viewpoint that can not only cost a business but actually destroy it. Fortunately, this is less the case in hospitality.

Digital experiences have gone from being a nice-to-have to becoming a cost of entry. Without them, you won't be in the same league as the others. These product offerings may include online and mobile booking, electronic intake forms, contactless payment and checkout, virtual consultations, and more.



[Research from GetApp](#) found that 82% of customers expect contactless experiences, defined as “one where a consumer does not have to physically touch or interact with a person or piece of equipment from your business to complete their desired transaction,” in and beyond 2021. The survey of nearly 1,000 consumers also found that this will become a deciding factor in who customers decide to do business with. While this was important to only 45% of consumers just over a year ago, times have changed as people have become accustomed to speed and ease of use. A majority of respondents (59%) who said that contactless experiences are important say it's because they're faster, while even more (67%) cited that they're easy.

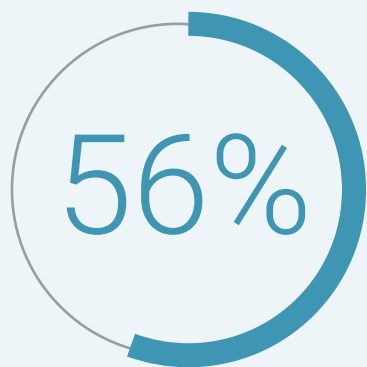
This is not entirely new. A few years ago, [number of individuals](#) wanting to book appointments online began increasing. One study found that 77% of patients think that the ability to book, change, or cancel healthcare appointments online is important. Millennials, who make up about 20% - 30% of the global population, were big drivers of this change.

But wait. Here comes Generation Z. The more recent GetApp survey found that Gen Z consumers are more likely than any other generation to want contactless experiences, and that nine in 10 would switch businesses to those with better contactless experiences. Now, this young cohort accounts for approximately 20% - 30% of the global population. While currently aged around six to 25 years, they [love to travel](#), spend time engaging with brands, and have purchasing power that will increase as they grow.

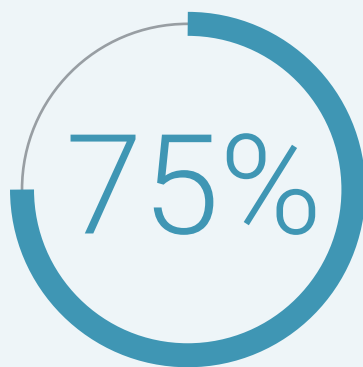
More findings from that survey are that consumers expect to be able to easily complete contactless transactions regardless of device, access point (website or app), or channel partner (whether they're working directly with your business or a third party). And that they expect a broad selection of payment options.



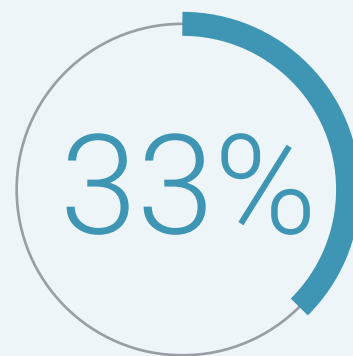
Digital experiences are also important for personalization and more. Some stats from more sources:



[of CEOs](#) say digital improvements have led to revenue growth.



[of consumers](#) are more likely to purchase from a company that knows their name and purchase history and recommends products based on their preferences.



[Of consumers](#) who ended their relationship with a company last year did so because the experience wasn't personalized enough.



72%

of customers expect companies to know their purchase history regardless of what method of communication they used.



83%

of US adults want to book their trips online.



82%

of all global travel bookings in 2018 were made without human interaction.

The online booking market makes up **63% of that the \$1.2 trillion travel industry.**

An estimated **700 million** people will make a booking online by 2023.

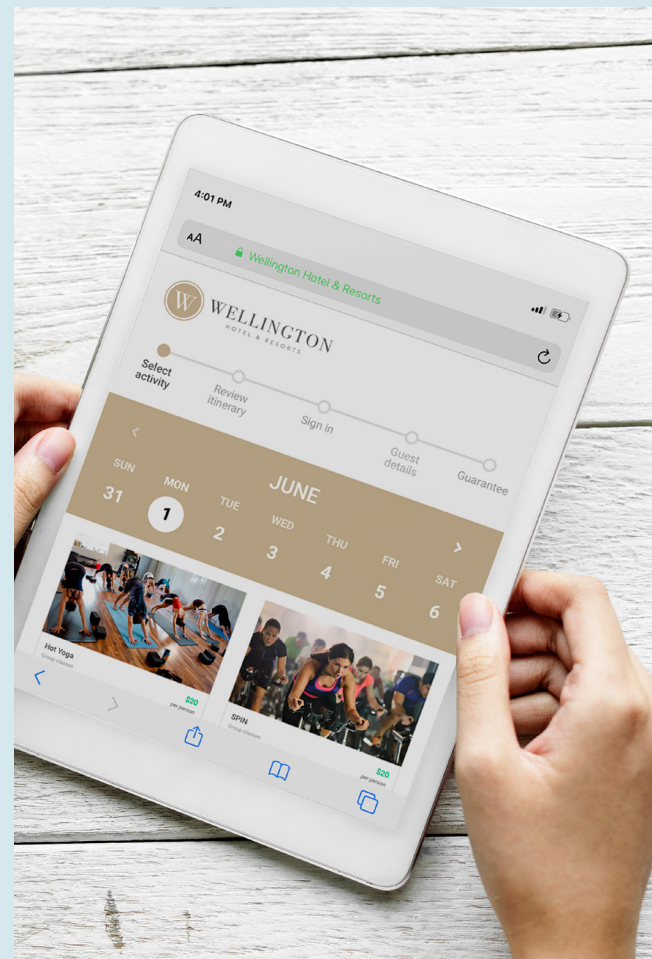
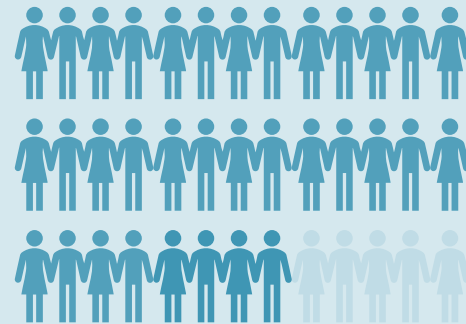
How valuable can these strategies be?

*Hilton's Hotel Del Coronado saw a **\$240,000 revenue increase in the first year after implementing Book4Time's online booking system.***

And, when it comes to experience, if you are a hospitality company, expect your guests to want in-room fitness and wellness offerings and contactless experiences. Meet them where they are, or they will go somewhere else.

90%

Of travelers expect a personalized experience when they book a hotel.



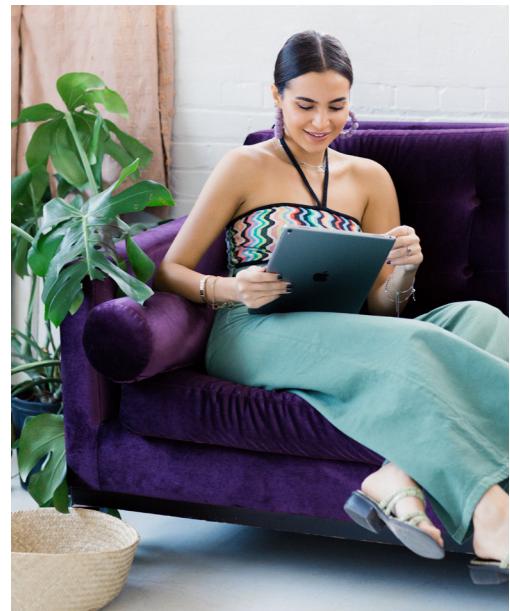
Manage your revenue and yield, and track your turn-away

Badly managed revenue, yield and turn-away are two of the biggest ways that spas leave money on the table.

Revenue management is the [application of analytics](#) to predict consumer behaviour and optimize product and service product availability and adjust pricing to meet this flow. Yield management, an element of revenue management, is the process of frequently adjusting the price of a product or service in response to market factors like competition and demand. It's most commonly applied when there is limited or finite capacity, and the best-known example is probably seating on an airline. [Yield management was introduced](#) into the airline industry in the 1970s and was an immediate game changer. Airlines saw a revenue increase of 3% - 7%, and some cases resulted in a 50% - 100% profit increase.

American Airlines has accredited yield management policies for a revenue increase of \$500 million per year and Delta for increases of almost \$300 million per year. In hospitality, Marriott Hotels [has attributed](#) additional revenue of \$100 million per year to yield management.

Reports estimate that implementing revenue management increases revenue by anywhere from 2% - 20%.



In spa, [revenue and yield management](#) can mean lowering prices when demand is lower and raising them when demand is higher. It might also mean things like different prices for advanced reservations vs. walk-ins, or penalties for cancelled reservations.

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A successful [yield management system](#) will *optimize intake, minimize downtime, and increase revenue*.

Figuring out how to manage your yield and revenue manually, however, can be a nightmare. Book4Time's revenue management system can help, and the potential increase for one month is more than the cost of the system for a full year.

You're also losing more revenue than you realize from turning away potential customers that you're unable to accommodate for one reason or another. On average, a spa loses about 15% of a day's business from turning away. So, if you lose 15 out of 100 appointments a day at \$150 dollars on average, that's \$2,250 a day.

Every day your spa turns away customers for a variety of reasons, like an overbooked therapist

or time slot, or because the guest wants a male massage therapist and there isn't one available. A regular customer may call back, but research suggests that first-time potential customers who are turned away will not call back and will go elsewhere.

Logging reasons for turning away helps you understand how you can optimize your scheduling and facilities to accommodate the clients you're currently losing, like bringing on more male therapists or increasing staff numbers on certain days.

Book4Time's Turn-Away Tracking takes care of this for you by automatically logging the reasons for every turn away and creating an analytics report, so you can make the necessary adjustments.

If you take a good look at your operations, you'll probably realize you're not capturing all the revenue you could be. One of our dedicated team members can help you understand this and how we can help.



Learn more by visiting www.book4time.com