

## Comp-set versatility allows more risk taking

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### Story Highlights

A typical comp set has 5.53 competitors, while a typical hotel is named in 5.32 comp sets, according to Orly Ripmaster of STR Analytics.

Some properties are using online travel agencies to test rate increases and promotions.

"The customer will quickly tell you if that's not where you should be. You will quickly learn how far you can push it," said Janelle Cornett of Coastal Hotel Group.

AUSTIN, Texas—Risk taking is becoming a lost art among revenue managers, but it doesn't have to always be that way, according to panelists participating in a session called "Who are your true competitors" during last week's HSMIA Revenue Optimization Conference. In this day and age, you'll find out quickly whether taking a risk on hotel rates is paying off.

"I am the risk taker that is the price leader rather than the price follower in my market," said Janelle Cornett, corporate director of revenue management for Coastal Hotel Group and winner of the 2010 HSMIA Revenue Manager of the Year award. "But the customer will quickly tell you if that's not where you should be. You will quickly learn how far you can push it."

Jay Hubbs, director, hotel supplier relations for Expedia Partner Services Group/Hotwire, said the transparency of online travel agencies allows hotel revenue managers to be a little more adventurous when it comes to raising rates.



Orly Ripmaster, STR Analytics

"It gives hotels an opportunity to test a lot of different things—to test moving prices up in a market or (use) promotional prices," Hubbs said. "Hotels are absolutely looking at this channel and saying, 'How can I test?' They're using it to test and take some risks to move their overall rate up."

### Knowing your competitors

The panel's focus revolved around being aware of competitors, and the speakers indicated that awareness is an underlying factor in knowing how aggressive a risk should be taken. A key thing to know is the difference between "comparable" hotels and "competitive" hotels.

"One (competitive) serves a performance perspective, and comparable is consumer driven," said Will Loughran, VP of revenue management for Sceptre Hospitality Resources.

Hubbs said it is important for hotel operators to understand who is competing with them across the board, including on the various distribution channels. And it goes beyond figuring out a core competitive set because there are other peripheral competitors that you must be aware of, he said.

"One thing we get into with a lot of owners ... an owner says, 'We want a five-star (comp) set.' The property team comes in and says, 'We're competing in a two-star online set.' The brand says, 'You are upscale so you should look like this,'" Loughran said. "You get 70% of the discussion off the table with the core (comp set), then focus the balance on whether it's aspirational driven, rate-leader set, etc."

### The numbers tell the story

Orly Ripmaster, managing director for HotelNewsNow.com's sister company STR Analytics, said the company's analysis of 28,830 comp sets in STR databases reveals some interesting facts, including:

- The most frequent number of hotels in a comp set is four.
- More than 70% of independent chains use multiple comp sets.
- Less than 2% of upper midscale, midscale and economy properties have more than one comp set.
- Hotels in the New England region utilize the most comp sets; Properties in the West/Northwest region use the least.

- Coastal properties are more likely to use multiple comp sets.
- The largest comp set is 36 properties (a hotel in the New England region).
- One property is named in 47 different comp sets.
- A typical comp set has 5.53 competitors, while a typical hotel is named in 5.32 comp sets.

STR is the parent company of STR Analytics and HotelNewsNow.com.

Loughran said brands use several indicators to define comp sets, including:

- What five to eight hotels a guest would use if its hotel was not available;
- geographic relationship to the brand's hotel;
- market segment in question—group, leisure or business;
- the type of hotel; and
- customer feedback.

"Brands will try to drive for consistency in determining comp sets," he said. "The goal is to advance the brand, but to also make the data credible and consistent."

Cornett said all of [Coastal's](#) hotels measure more than one comp set, but its core comp set reveals a property's true competitors. Things such as the physical building, price point, STR rating, group vs. transient mix and social-media results all play into determining that core comp set.

"Assess your comp set often," she said. "Look at it every year and ask questions. Do you believe the comp set is relevant today? Is it seasonal? What's relevant to your business is important to know. The best way to figure out your comp set is to know your business."