



Rom Hendler
Vice President of
Strategic Marketing

The Venetian Resort bets on SAS® to keep occupancy and revenue high

SAS helps The Venetian and The Palazzo maximize the value of their highly perishable products. By using SAS® marketing and operations solutions, the Las Vegas properties keep occupancy up regardless of the ebbs and flow of the economy or the seasons.

Industry

Hospitality

Business Issue

Keep occupancy and room rates profitable regardless of the season or the economy.

Solution

SAS and SAS company IDEaS provide forecasting, marketing and revenue management assistance.

Benefits

The Venetian and its sister property, The Palazzo, maintain consistently high occupancy rates at the best rate the market will bear.

Along with its sister property, The Palazzo, The Venetian brought the mega all-suite luxury concept to a city that is all about reinvention and is making it successful by using SAS company IDEaS for revenue management and SAS Analytics on the marketing side. Getting marketing and revenue management together is somewhat unusual but critical. “It’s a rare combination (marketing and revenue management), but it shouldn’t be,” says Rom Hendler, Vice President of Strategic Marketing for The Venetian and The Palazzo.

Each property’s success starts with customer profitability calculations generated by SAS. By looking at a customer’s past stays, activity on the casino floor and purchases in other parts of the hotel, SAS creates a forecast of what the customer is likely to spend on the next visit.

Over in revenue management, IDEaS is factoring availability and demand in setting prices for both groups and individuals with no casino history. It sends as many as 3,000 pricing decisions a day to the hotels’ Agilysis reservation system, covering eight different length-of-stay combinations over the next 365 days. For the steady casino customer, the SAS information is incorporated into the IDEaS system. If the predicted value of the customer is higher than the threshold that revenue management is demanding, then a complimentary or heavily discounted rate is granted.

“SAS increases our profitability by decreasing our costs. Many people confuse revenue with profitability,” Hendler says. “SAS is a very strong partner and IDEaS is a strong partner as well. They make an interesting partnership because both companies are so analytical.”

The forecasting is a critical component, notes Hendler. Customers’ habits can change quickly, he says, describing a high-spending gambler who suddenly isn’t one. “SAS helps us dig into the data of an individual customer. It predicts the value the customer will have on the next trip.”

Using SAS, Hendler has also ended a practice that can befuddle marketing, customers and reservation agents: direct-mail offers that clash with what the revenue management system says a room is worth. In the past, direct marketing might have offered a room at one price during a period that is historically slow; but when customers called in, there were few rooms available at that rate because revenue management was factoring a large group or some other change that direct marketing’s data hadn’t picked up on.

Strategies for a down economy

Regardless of the economy, the company aggressively works its data to market to the right customer at the right price at the right time.

“If demand is down, so is the predicted value of the room. We will invite people that we might not have invited in the



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past. We'll take more risks, look for new opportunities within our database. We try to determine whether people will shift their spending from stay to play. IDEaS helps increase market share, helps us know when we can be more aggressive in our marketing/approach and when we need to back off.”

Dedicated to data

The Venetian and The Palazzo also use SAS to test the value of new sources of customers – like when they received a prospect list from a cruise line. “We have to predict the value of these potential customers without much data, then we look at the results and determine the real value of the customer,” Hendler says. “Everything we suspect, we test.”

To understand where its customers spend money, the hotels operate a loyalty program (Club Grazie) and encourage customers to credit everything to their room account – from gambling and meals to spa treatments and shows. Club members earn points toward gold and platinum statuses that provide unique amenities for the on-site spa, shops and shows. The properties even use SAS to figure out which gambling machines to buy and how to organize them on the floor. “We're looking at how many to put in a row, how close to the bathroom to put certain games and whether a new game is just cannibalizing profits from a nearby game,” Hendler says.

Hendler likes to talk about his use of data and analytics because he wishes more of his competitors did what his properties do. “If everyone was using revenue management and predictive modeling they would be so much smarter about pricing, and it would actually ensure that we were operating on a level playing field,” Hendler says. “Because once a hotel reduces rates, the others will follow and you get this artificial effect. It's not about science. With SAS and IDEaS, we can fight room-rate decline.”



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TO KNOW.**

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