

# THERE'S ALWAYS ROOM AT THE INN... AS LONG AS YOU P(L)AY!

By Ravneet Bhandari

**G**aming hotels are a unique segment of the hospitality industry. Many of the largest hotels in the world are gaming properties. These properties, because of their size, the market and the gaming component of their business, tend to operate differently from the rest of the industry.

The Trump Taj Mahal, the Trump Plaza and the Trump Marina comprise a total of more than 2,900 rooms and make up almost a third of all hotel rooms in Atlantic City. Every Trump resort is a distinct business enterprise that our revenue management team rate-optimizes across all profit centers.

## Optimizing Profits, Not Just Revenues

At Trump Entertainment Resorts Inc., rooms are not a loss leader. We consider our hotels a key revenue driver along with gaming, F&B and other profit centers. We attempt to optimize our total profitability by incorporating total value-based segmentation and forecasting into our revenue management process, and we always take the profit margin of each business unit into account.

## Total Guest Value on the Floor and in the Room

The goal for managers of a conventional hotel is to sell out every room every night (at the right price, of course). But using a process that maximizes return based solely on room revenue would work against gaming properties. Because our most important profit center is typically the casino, our goal is to optimize room revenue while providing availability for our most valuable gaming guests, even if they arrive unexpectedly.

The primary difference between conventional hotel revenue management and casino hotel revenue management is found in how guest value is calculated. Rooms are as perishable an asset to Trump Entertainment Resorts as they are to a conventional hotel, and we understand their value. But unlike non-gaming properties, room inventory is only one part of our overall revenue picture. We also have the ability to accurately measure and forecast the contribution from our most valuable revenue stream: gaming. This is an important distinction because casino hotel revenue management is based on "total guest value," and "expected" gaming revenue is an integral part of the room-rate mathematics in our revenue management equation. In fact, the most important analysis we conduct is the calculation of a customer's "total" value.

Rate segments in a conventional hotel tend to be based on sources of business, or specific channels such as rack, corporate, AAA, wholesale, Web and third party rates. Trump casino properties base rate segmentation on their customers' average forecasted daily value to the organization, including their expected gaming spend. All of our revenue optimization calculations, however, are based on each segment's expected value for the company; this value includes each guest's forecasted gaming value as well as his or her value to the hotel and our other profit centers. Since nearly all of our customers have a Trump player's card, we are able to track all of their transactions with the company, and then use this data to accurately forecast each guest segment's expected future value. When we know what a guest segment is worth to the gaming portion of the enterprise, and we have a precise forecast of the demand mix for any given day, we can set our room rates to deliver optimal revenue to the entire enterprise while ensuring our highest valued gamers will always find an available room. In simpler terms, if a guest's forecasted total value for a date is \$200 and the "value threshold" or "bid price" for that day is \$300, the room rate is calculated to make up the difference.

Trump Entertainment uses a specialized casino hotel revenue management system that pulls each guest's total expected value from Trump's player tracking system and factors in comp-set data, seasonal and market factors, demand forecasts, and other variable influences to optimize room rates for each of our Atlantic City properties. Our specialized revenue management technology handles the complex analytic calculations while our management teams factor the system's recommendations into current revenue strategies to achieve daily, monthly and quarterly revenue goals. This allows us to balance the "optimal" room rate with a customer's willingness to pay, thereby maximizing revenue for Trump Entertainment Resorts.

## ▲ RAVNEET BHANDARI

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