



Allison Howard

# Engineering the Parking Equation

*Using the Predictive Nature of Online Reservations to Impact Drive-Up Revenue*



Erica Ireland

## SOLVING FOR VALUE

Transient parking revenue used to be a matter of location and price – if you had the former, you dictated the latter. Today, new technology is leveling the playing field when it comes to what used to be a location-based market. App-based services offering online options to reserve and prepay for a parking space are allowing parking to take its place among the travel-related services that are increasingly being sold via smartphones. And this innovation has unlocked value for property owners and consumers alike.

With this new value comes an added, perhaps unaccounted for, benefit. The real-time aspects of the reservation process allows parking providers to predict and impact drive-up revenue, not only in a variety of different spaces (such as events, office and retail), but also in regard to rate structures and bands.

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plotted on the planogram, a map of the area with points for the event venue and nearby garages. Next to each garage location is a box with event details for that location – such as hours, inventory, rates and reservations sold – written in pencil because variables often change.

Each day of the event has its own planogram page with a section for notes and actions.

These pages become a tracking system. As reservations are made, we can use the incoming volume to predict the size and scale of the event. Each box is erased and rewritten multiple times, while we determine if it is beneficial to open additional locations or increase rates in order to best position ourselves in both the online and drive-up markets.

Once we're close to the event and have enough information, we decide on the final plan – this time written in ink. We make online adjustments; order rate signs for

WindMasters and overlays for gangplanks; on-site machinery is programmed with new rates; and extra hands are scheduled, mere days ahead of the expected event.

## DATA-DRIVEN PLANNING

We at Colonial Parking, based in Washington, DC, are harnessing these predictive powers through an innovative process we've coined “parking planograms.” As if strategically placing a product on a shelf, we are displaying our products in new and different ways at various moments in time both online and on the street.

Our Yield Management team begins by looking at readily accessible “little data” from reservation reporting tools, drive-up counts, and entry and exit times. It compiles this historical data to chart spikes in volume in a given area, often around an event venue. Once spikes are established and reoccurring events are confirmed, the Yield Management, Online Marketing and Operations teams collaborate to create an event-specific plan, taking into account day of week, location, hours, attendance and more.

During initial strategy meetings, we assess our options: opening typically closed locations, extending facility hours, determining online inventory and adjusting rates by day or time of day. All decisions are

## RESULTS IN ACTION

We first instituted this process with a large multi-day event at the local convention center. Previous data showed that the event would be big, with an estimated 400,000 attendees.

We knew weekdays would be slower, so we focused our efforts on larger garages with plenty of weekday space and discounted online rates. For the two weekend stretches, we were more aggressive; three normally closed facilities were opened, and dynamic pricing was put in place. We discounted rates and opened more online inventory at locations off the beaten path, then increased rates, both online and drive-up, at locations directly en route to the venue.

Our goal was to strategically drive traffic where and how we wanted using a calculated system of online and drive-up rates. At the end of the event, we found our drive-up revenue doubled year-over-year and our online revenue more than tripled.

We repeated this method again a few months later for another event on our list, a national high school sporting tournament taking place at the same venue. This time, our drive-up revenue increased year-over-year by nearly 300%, and our online revenue by roughly 200%. At this point, we knew we were on to something because our drive-up revenue had been inarguably and positively impacted by our system.

As we learn from this process, we have begun to expand on the idea by implementing dynamic pricing for drive-up traffic in more than just event spaces, taking into account various factors such as seasonality and tourism when adjusting rates. We can make drop-of-the-hat decisions on Friday to open a garage on Saturday because of an influx of reservations, and be ready with a variable rate system to meet our needs. The online market has allowed us to be more proactive in our approach to pricing.

## **EXTRAPOLATING FOR THE FUTURE**

The model for operating dynamic and profitable parking facilities is evolving, with more emphasis on dynamic pricing structures and real-time information. Using reservation data as a predictive tool has allowed us to implement changes to our drive-up plans in impactful ways, and has become a great model for integrating new operational methods into old ones.

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