

# The Three P's of Hotel Sales: Pricing, Productivity, People

November 2012



# Agenda – Pricing – Productivity – People

The Distribution Challenge 2012  
*findings with Ecole Hoteliere de Lausanne*

Improving channel management  
*Best Western Belgium*

Evolving consumer behaviour  
*LateRooms*

Future technology engagement  
*eRevMax*



# Speakers



**Ryan Haynes**  
VP-Marketing  
eRevMax Technologies



**Jesper With-Fogstrup**  
Operations Director  
LateRooms



**Michael Thiry**  
Distribution Manager  
Best Western, Belgium



**Michael McCartan**  
CEO  
eRevMax Technologies



# **The Distribution Challenge 2012**

Managing a wider distribution mix  
& optimizing channel management

# Today's distribution mix...

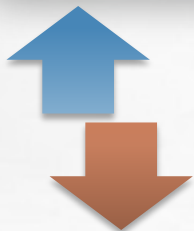


...which is giving  
**Revenue Managers**  
sleepless nights.....



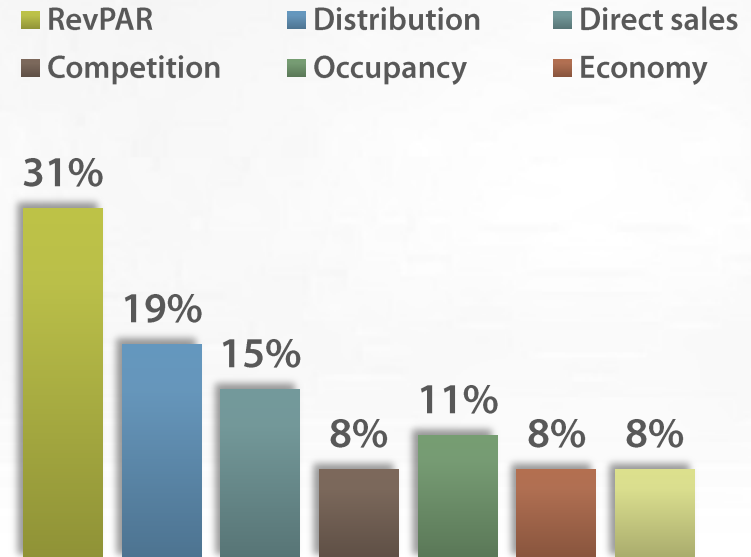
# Hotels are worried about...

- Increase **RevPAR**
- Control **distribution/ e-business** costs
- Increase **exposure**



**Price** is the focus now

while **Value** has taken the back seat



*"It's all about occupancy, early sales....last thing you want is to be sitting there with an empty hotel with three weeks before check-in, and the only option you have are the OTAs."*

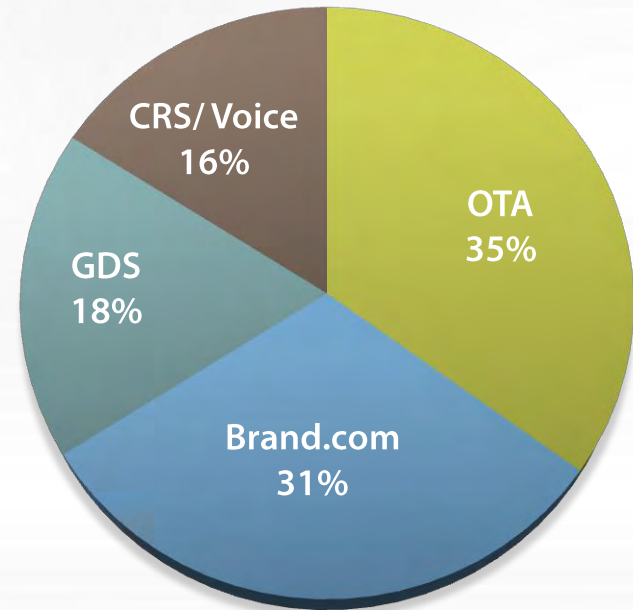
*3 star hotel, San Francisco*

# Strategy has changed to.....

- Focus on **direct sales**
- Reducing **commission**
- More importance to **GDS**
- and working with more **Travel Agents & consortia contracts**

*"OTAs are competing against each other and they need to market themselves better."*

*3 star hotel, New York City*

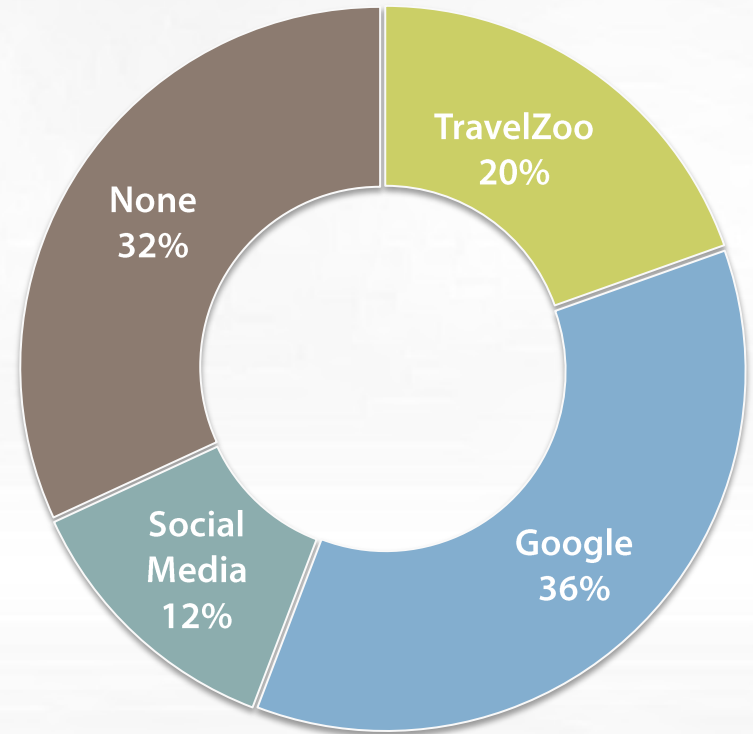


## Booking by Channel

...in short hotels are going back to basics...

# The marketing focus is now on...

- ➔ Optimise **Google (Adwords & PPC) & SEO** to bring more direct sales
- ➔ Competing with **OTAs**
- ➔ Lack of ROI in **social media**



Digital Marketing





# Technology is a saviour....

- **Channel management** has become the norm
- **Revenue management = Right distribution** mix exposure & cost
- **Simplicity, accuracy, effectiveness and speedy delivery** are the buzz words

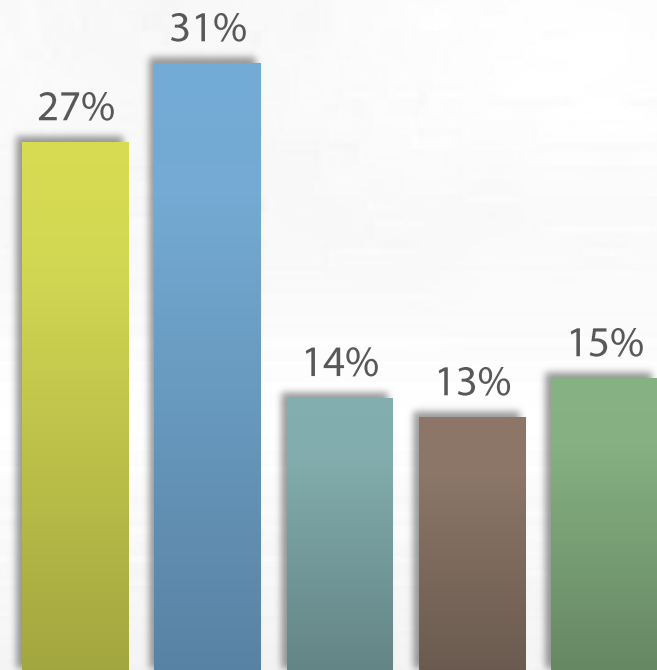


*"We definitely added channels because we wanted to gain more exposure."  
4 star hotel, UK*

# Vision for future...

- ➔ **Direct** Sales
- ➔ More **contracts** & cost
- ➔ **Decreased** distribution costs, and
- ➔ **Better** revenue

■ Internet      ■ Social Media  
■ Mobile      ■ Direct  
■ Can't Predict





# **BELGIUM**

## **Managing a region**

# Three core tasks

- The **Distribution**
  - Tailored to property booking **productivity**
  - Group contract negotiation
- The **Revenue Management**
  - Rent a Revenue Manager
  - **50%** of BW Belgium properties
- **Memberweb & Sales Support**
  - Negotiated rates (RFP)
  - Partnerships
  - Priority program



# Pricing – Respect Rate parity

- **Protect** hotel's relationship with partners
- Evaluate **value** of partnerships
- **Influence** customer buying pattern through **direct bookings**



# Productivity

## ➔ Data Consolidation

- ➔ Average of **10** websites per property
- ➔ Managing **250** Accounts
- ➔ Introduce automated processes

## ➔ Homogenize channel & revenue management **processes**

- ➔ Supporting **55** properties
- ➔ Access **accurate & Live** data
- ➔ Simple Open/Close at hotel level





# People

## ➤ Internal **Revenue Management** Team

- Team of **4**
- Sharing best practices
- Weekly review

## ➤ Hotel-level **Yield Management** Education

- **Training** to hotel staff
- Increasing **profit**
- Utilisation of **reports**
- Handling **direct sales**
- **Influencing customers** buying pattern
  - Metasearch (Kayak, TripAdvisor, Trivago...)
  - Visible & Bold BAR
  - Commission free booking engine



# Improving data management process

## ➤ Introducing intelligent technology

### ➤ **PMS VPN** connection

- Direct access to availability information

### ➤ **RTSuite Channelmanager & Shopper**

- **Restrictions** to prevent rate errors
- **“Full proof”** channel management at all levels

## ➤ Data Consolidation

### ➤ **RTSuite Shopper**

- **Monitor** room rates (160 Belgium hotels), by Hotel or by area
- **View** market position of each property
- **Extracting** and **consolidating** data into single format



# Better channel management technology

## ➤ Information Management

- **Assess** booking productivity
- **Decide** rates & distribution strategy
- **Daily** Reservation Reports
- **Gauge** channel performance & contribution
- **Analyse** competitor pricing data
- Centrally **process** updates fixing rate parity with RTSuite

## ➤ Evolving technology requirements

- Introducing **2-way channel interfaces**
- Implementing **revenue management** software



# Changes in the market

- Pricing: **Respect rate parity**
  - Mandatory in the industry
- Productivity: **Aggressive sales practices**
  - 2 – 3 rate changes per day per property
  - React quicker and more efficiently
  - Utilize comprehensive room rate data – RTSuite Shopper
  - Save Money
- People: **Online Guest Reviews**
  - Influencing customers purchasing decision
  - Motivating properties to respond
  - Positive reviews improve ranking





AsiaRooms.com



MalaPronta.com

# Social Media

Jesper With-Fogstrup



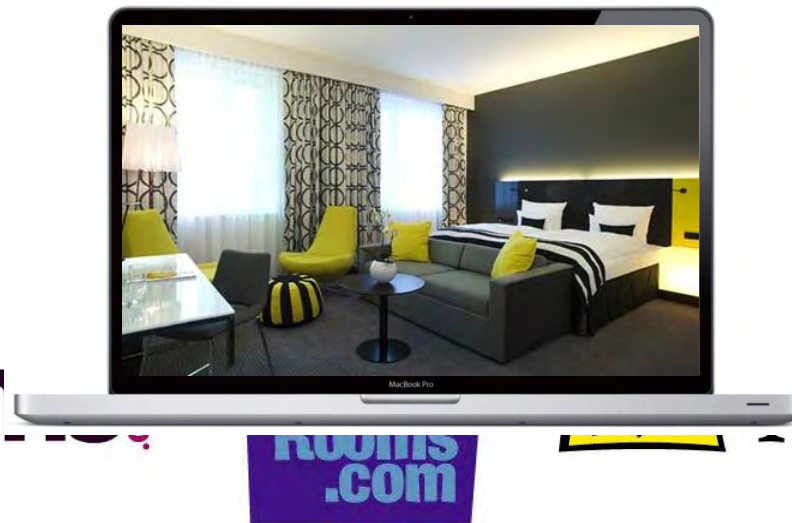
# Our business



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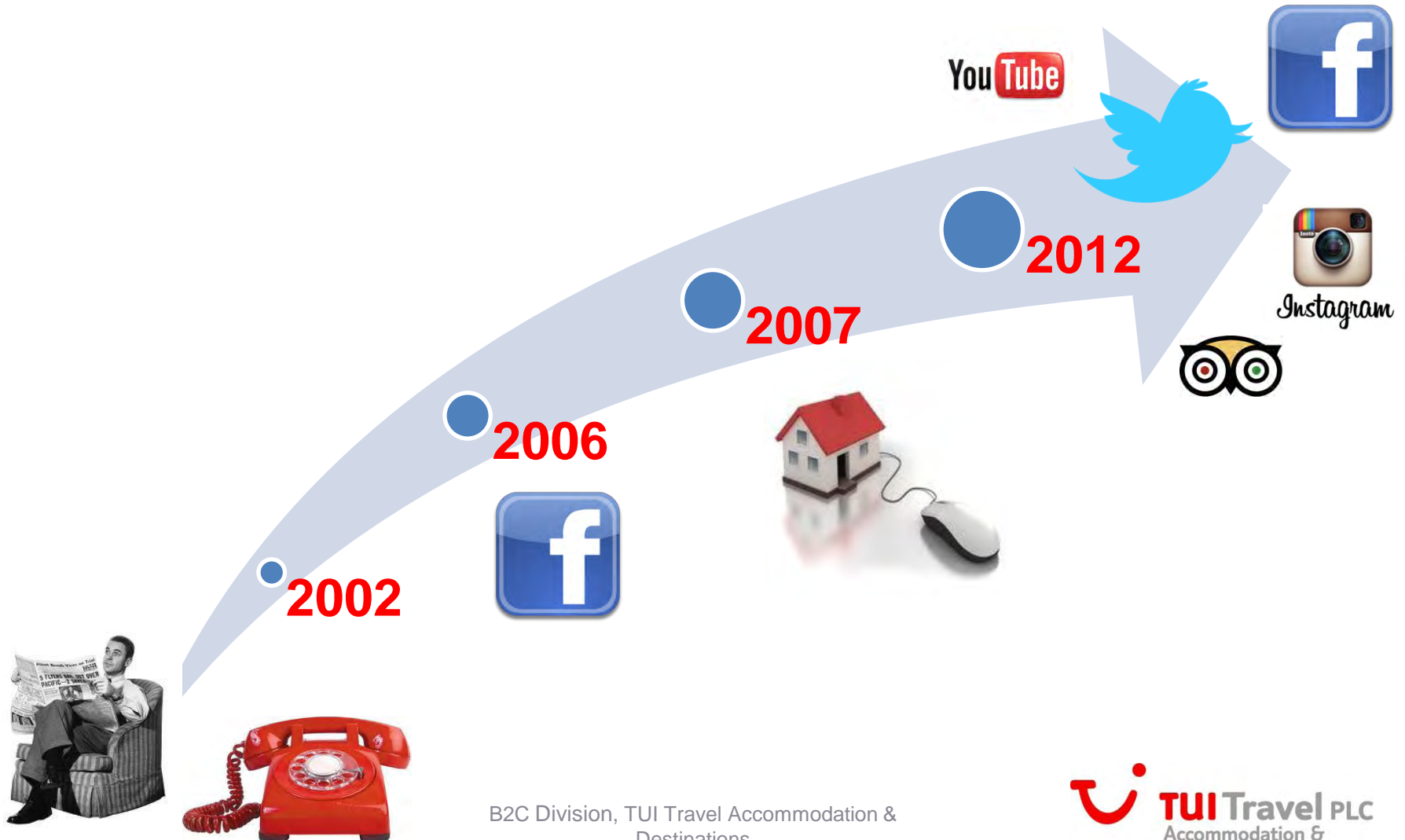
# Change in Customer Behaviour



AsiaRooms.com



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B2C Division, TUI Travel Accommodation & Destinations

# The future



AsiaRooms.com

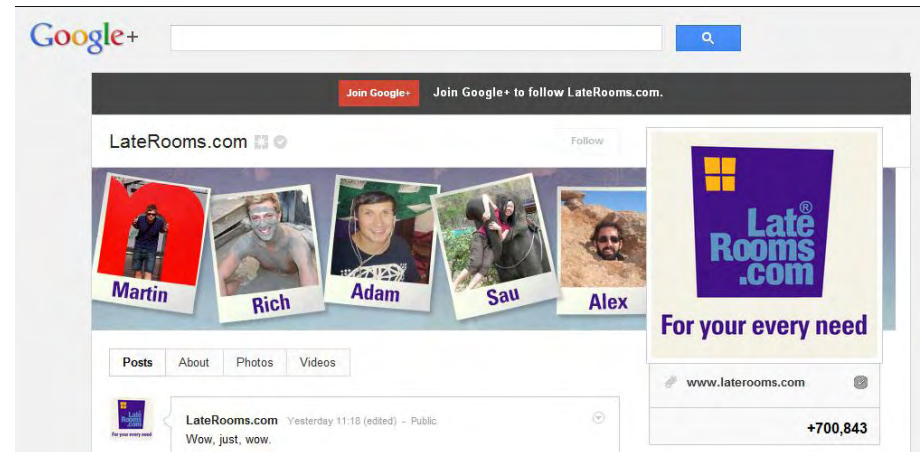


Instagram



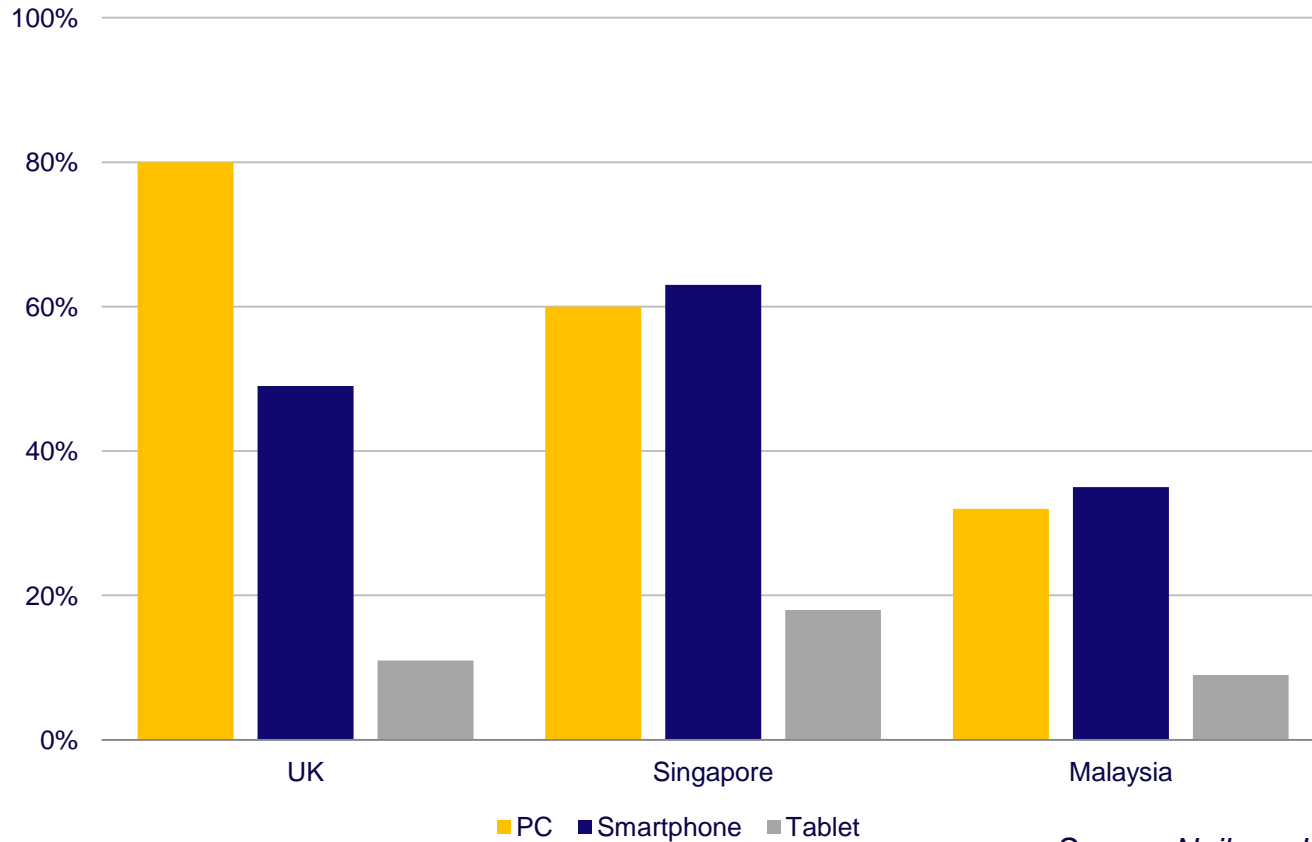
tumblr.

Pinterest



 **TUI Travel PLC**  
Accommodation &  
Destinations

# In Asia, PC usage (e.g. desktops and laptops) has been 'leapfrogged' by tablets and smartphones in 2012



Source: Nielsen, Ipsos Mori

# Key Drivers for the OTA Booker



AsiaRooms.com



## Value

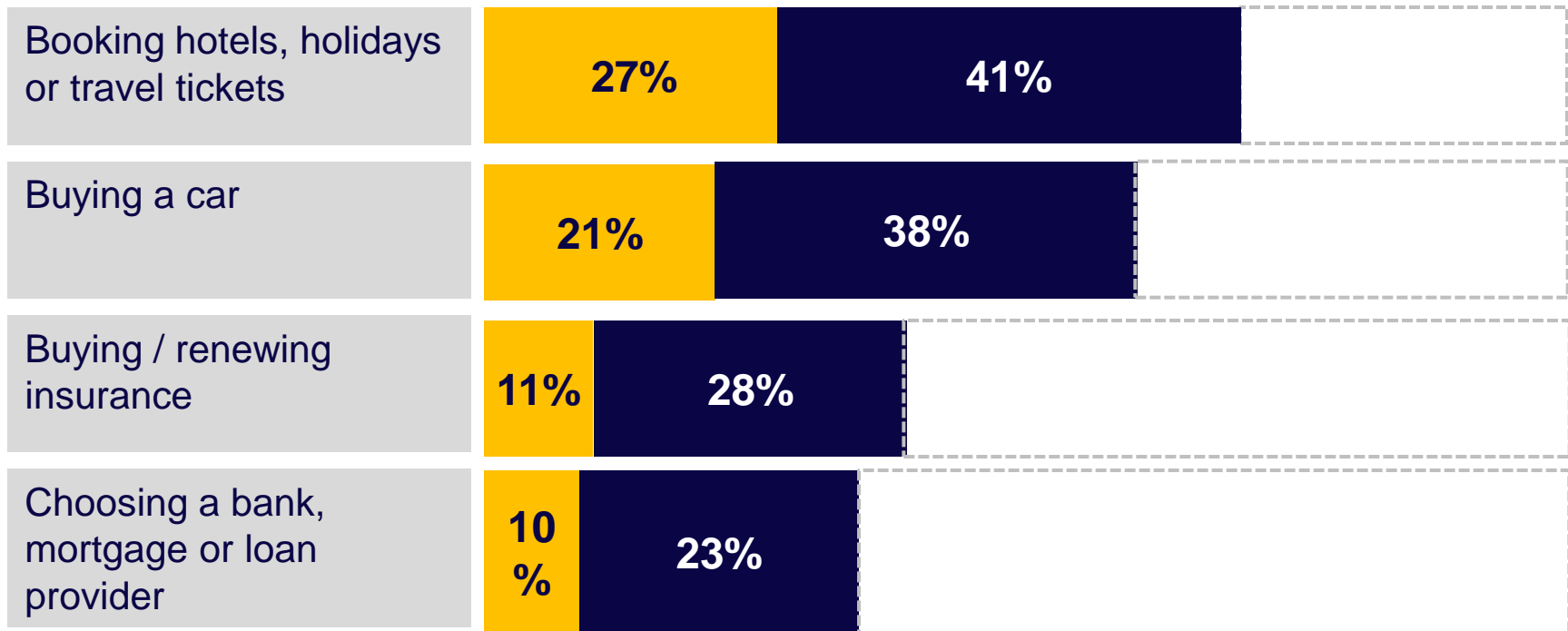


## Choice

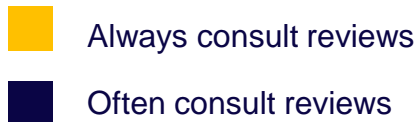


## Reassurance

## % of UK consumers who consult reviews before making a purchase



Source: Reevo. September 2011



# Reviews

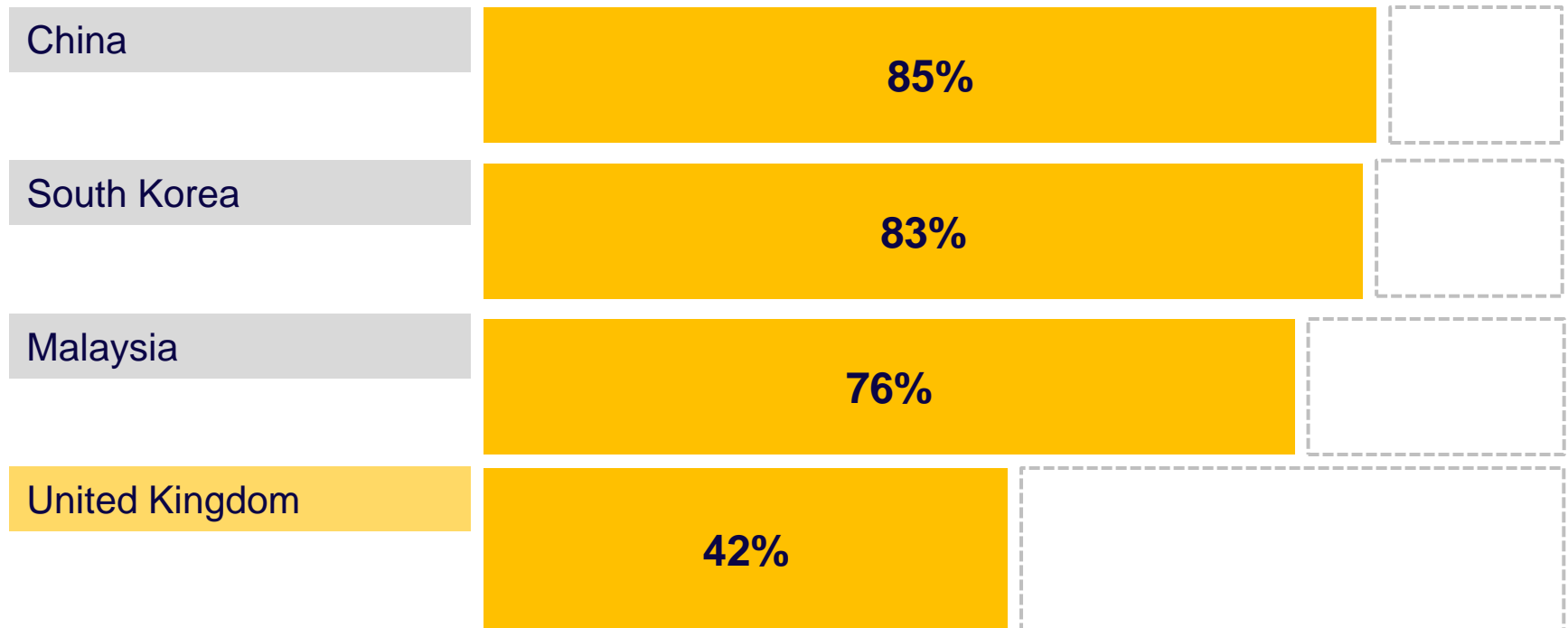


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**Reviews have a strong influence on consumer decision-making, especially in Asia.**



Source: VisionOne consumer research

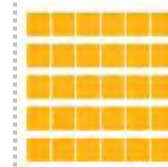
 Percentage of customers influenced by reviews



# Building customer touch points



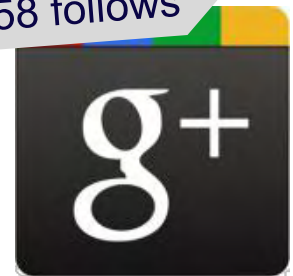
AsiaRooms.com



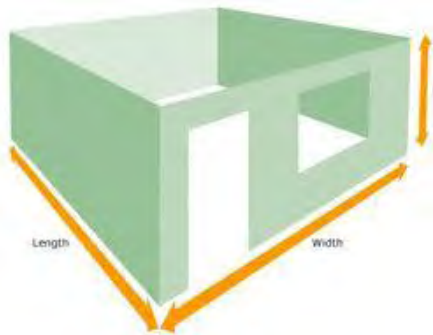
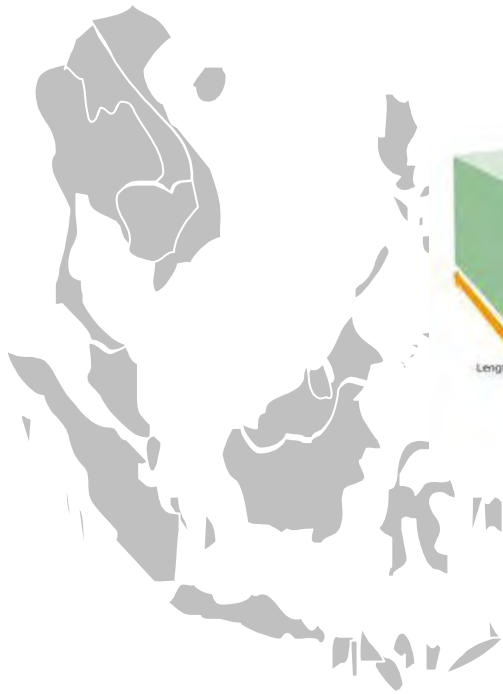
**100%**  
recommended this accommodation to a friend  
**100%**  
would stay again



701,158 follows



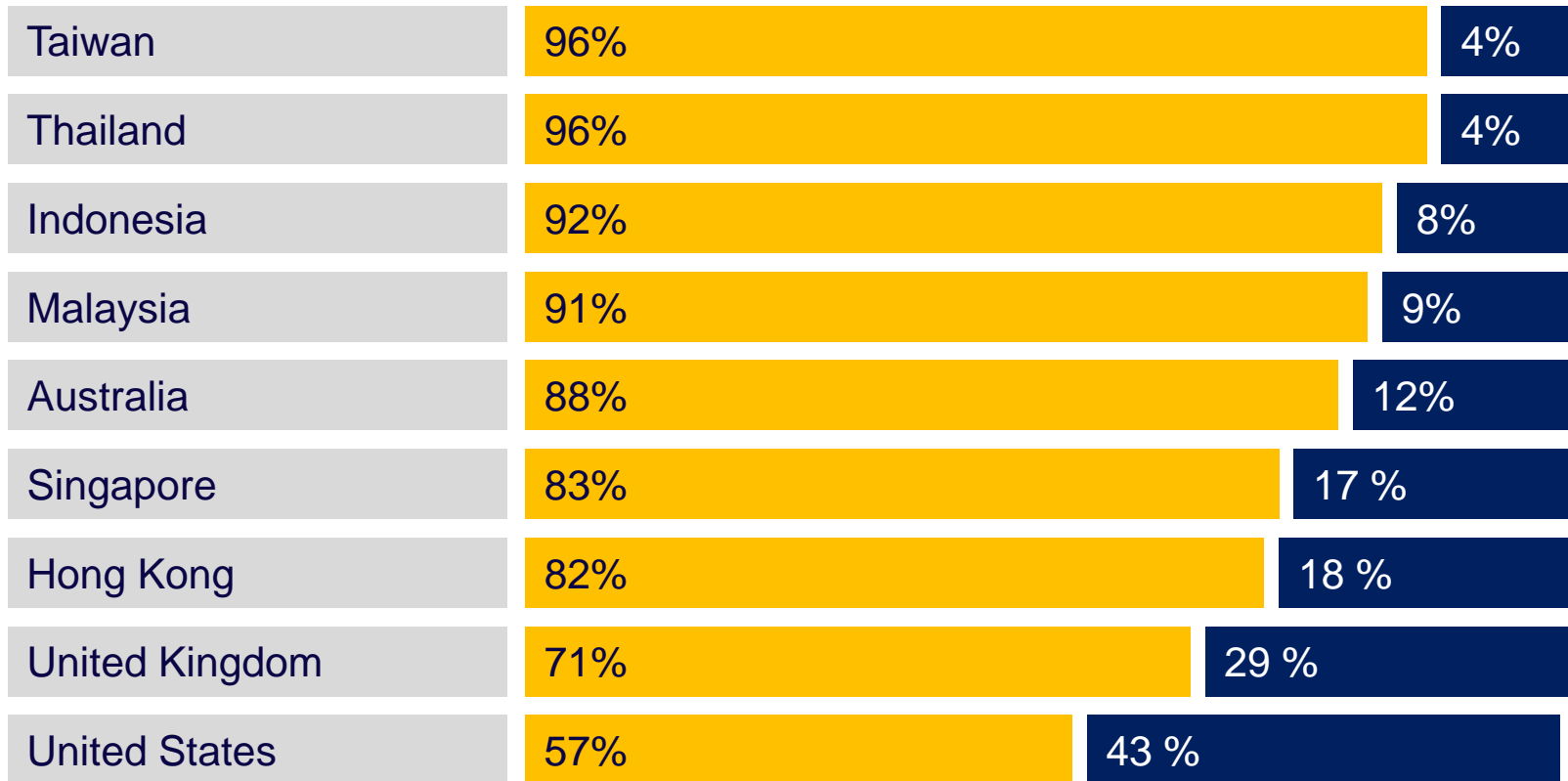
Some features are **more important to certain markets** than others....



**function vs. emotion**



## The penetration of OTA's is highest in markets where hotel supply is fragmented



Source: Euromonitor; DoubleClick AdPlanner



# Outreach



AsiaRooms.com



**4.5 million**  
customers



**65,000**  
hotel partners



**650**  
employees



**7**  
offices globally



**Bookers**  
from more than  
225 countries



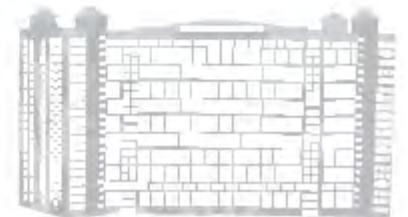
**Hotels**  
in more than 150  
countries



**Room nights**  
6 million per year



**5,674 rooms**  
in our biggest hotel,  
First World Malaysia



# Three Strong Brands



AsiaRooms.com



We have **millions of customers!**

Our vision is to continue to build **close relationships** with our **hotel partners**



We have **high visibility** due to **substantial investment**

## How to engage



B2C Division, TUI Travel Accommodation & Destinations





**Technology  
Influences.**  
**Michael  
McCartan**  
**CEO, eRevMax**





# Technology Influences..

- Removal of **Rate Parity Mandates**
  - Price tracking will focus on value, margin and integrity
- Increased **Mobility**
  - Even revenue managers are mobile
- Improving **Big Data Technologies**
  - Data capture, storage and analysis
- Centralised **Revenue Management**
  - Homogenised strategies with greater automation
- Lower **Entry Barriers**
  - Technology is becoming the norm
- Reputation Management
  - Consumers are looking for reassurance



# Future Technology Engagement - Pricing

## ➤ Rate Integrity **Tracking**

- ☐ Track rate integrity across channels and report breaches
- ☐ Disclose full product details i.e. apples to apples comparison

## ➤ **Cost** of Distribution

- ☐ Report productivity using Margin not Revenue
- ☐ Pricing decision based on margin

## ➤ **Ancillary** Products & Promotions

- ☐ Interface support channel promotions and ancillary products



# Future Technology Engagement - Productivity

## Operational Mobile

- ❑ Mobile revenue management is a reality
- ❑ Smartphone channel management technology
  - Application or Web-based
  - Intelligent email notifications
- ❑ Increased reaction time
- ❑ Proactive & Reactive channel updates



# Future Technology Engagement – Productivity

## ➤ Big Data

- ❑ Demand for information is insatiable
- ❑ Capturing data remains a challenge
  - Inaccurate look to book ratios
  - Increased OTA server costs
- ❑ Improved data collection technologies will provide more effective solutions

## ➤ Distribution Management

- ❑ Channel Management support of complex strategies
- ❑ Complemented by 'lite' revenue management solutions
- ❑ Integrated Solutions
  - ARI updates from RMS and Channel Managers
  - Reservation Delivery into PMS



# Future Technology Engagement – People

## ➤ **Integrated** Reputation Management

- ☐ Direct link between online reviews and revenue
- ☐ Lack of collaboration between marketing and revenue departments
- ☐ Integrated review and pricing solutions required





# Future Technology Engagement – People

## ➤ Changing **Consumer Behaviour**

### ❑ The Device Matters

- Smartphone – scanning the market
- Tablet – research and comparison
- Internet – price analysis, interaction and purchase

### ❑ Mobile Reservations

- Repeat purchases of simple products
- Big ticket transactions dependent of brand value & consumer confidence





# Thank You

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