



A Revenue Management for Hire Company

What is your Objective ?

Achieve Budgeted Occupancy %

Achieve Budgeted Average Room Rate

Achieve Budgeted Revenue

Achieve Budgeted Profits

What is your Objective ?

Achieve Budgeted Revenue

To

Achieve Budgeted Profits

What is Revenue Management ?

- Right Product
- At the Right Price
- To the Right Customer
- On the Right Channel

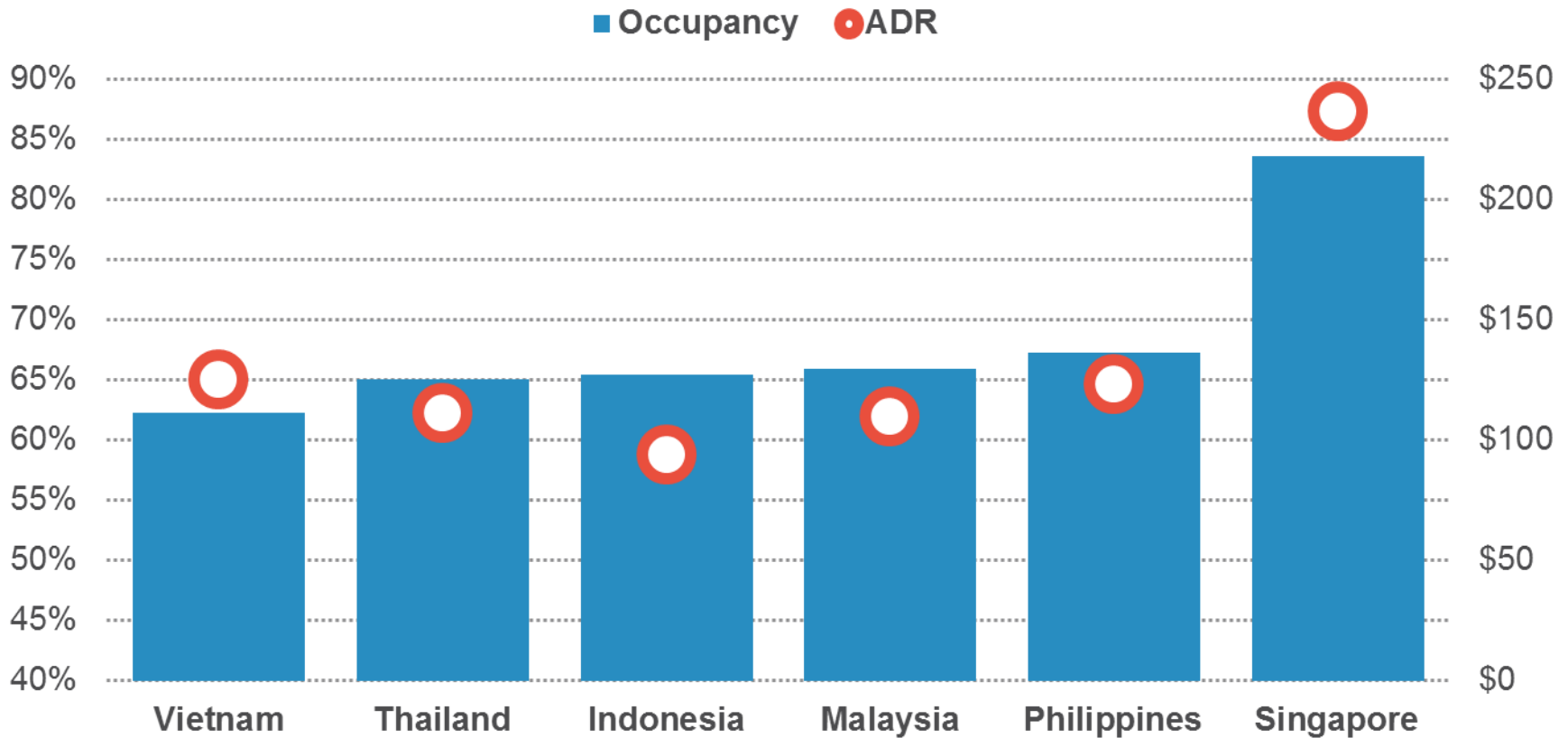
HOW ?

Let's Play

Revenue Management Game

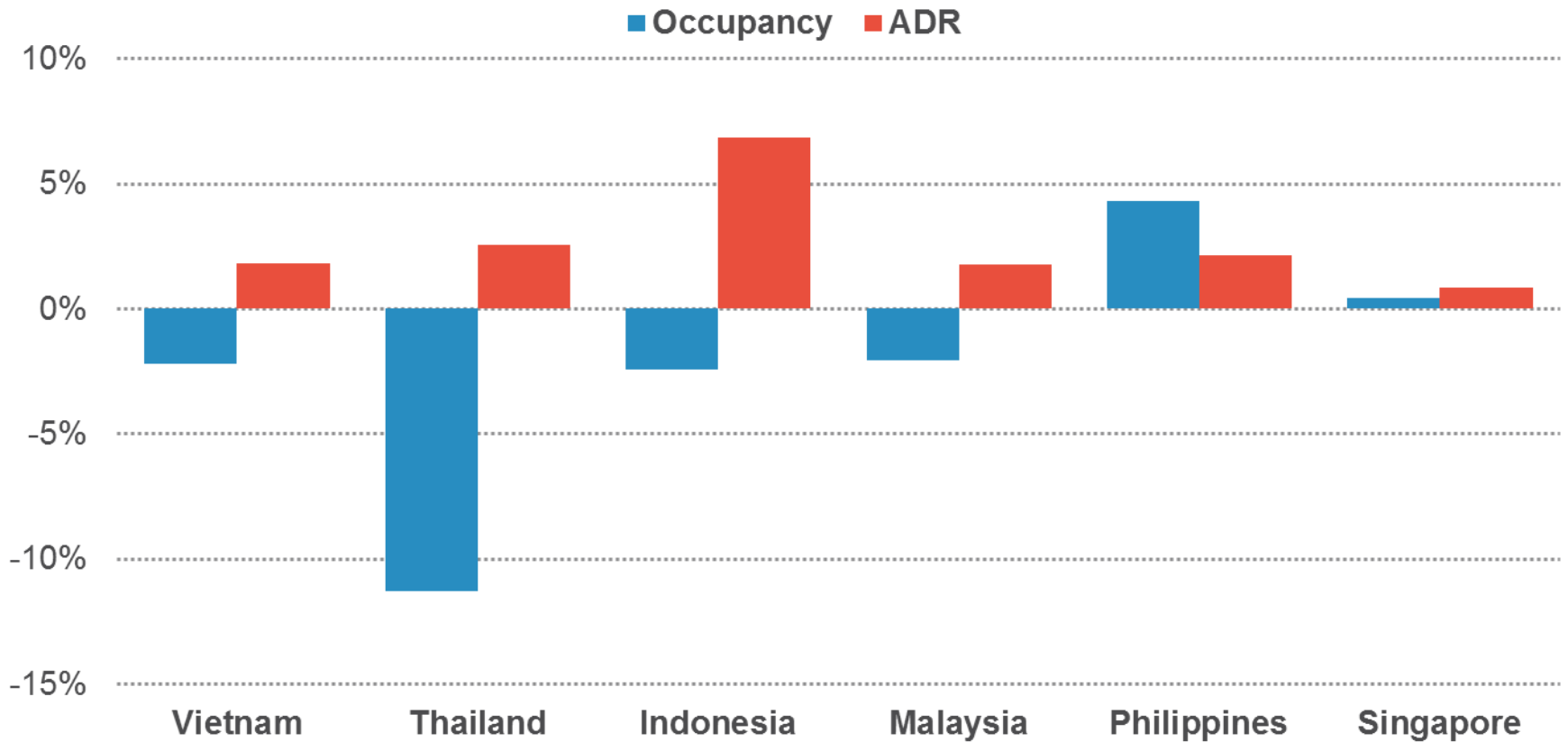
ASEAN Countries Occ, ADR

December 2014 YTD, in USD



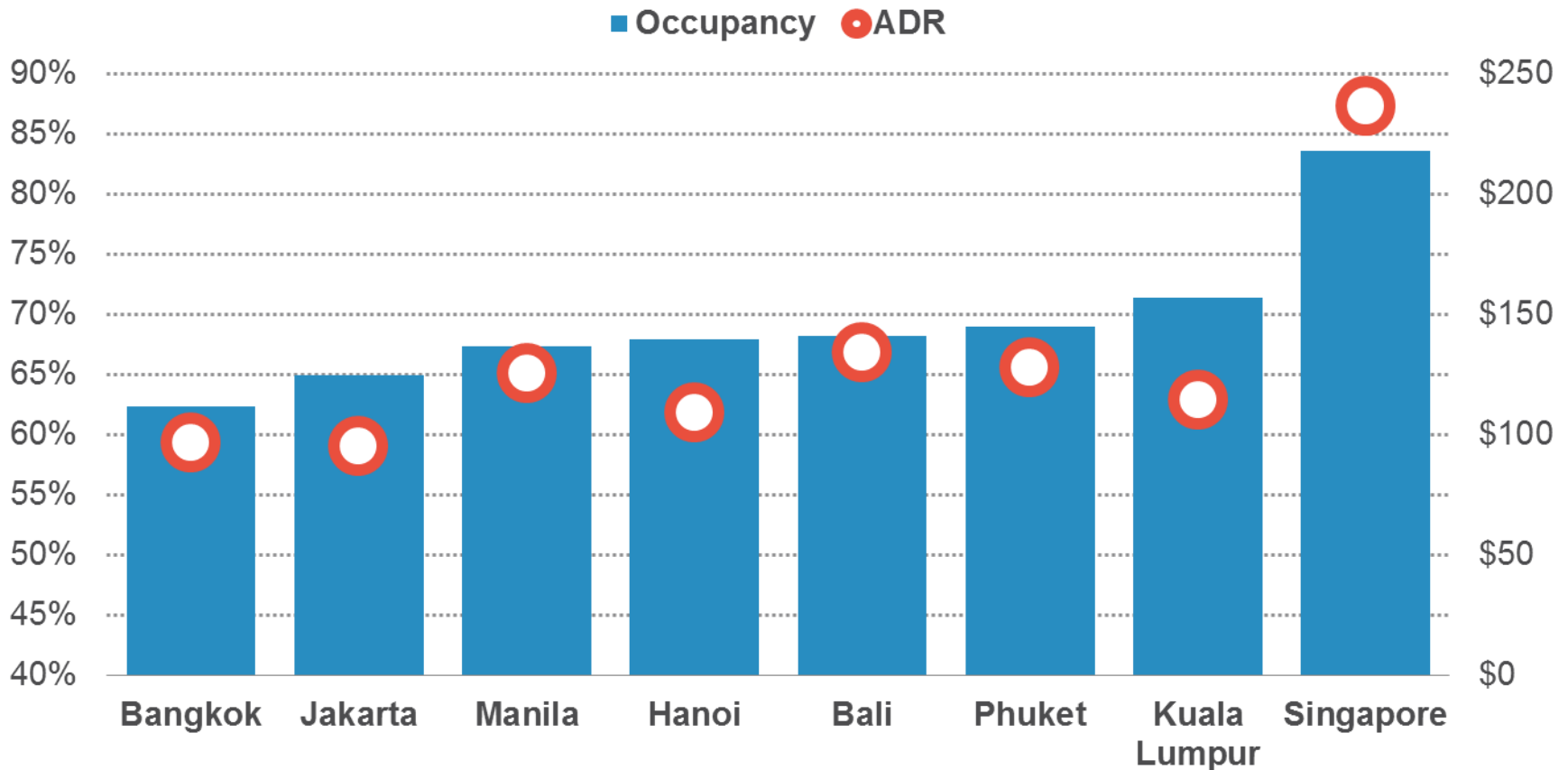
ASEAN Countries Occ, ADR % Change

December 2014 YTD, in Local Currency



ASEAN Markets Occ, ADR

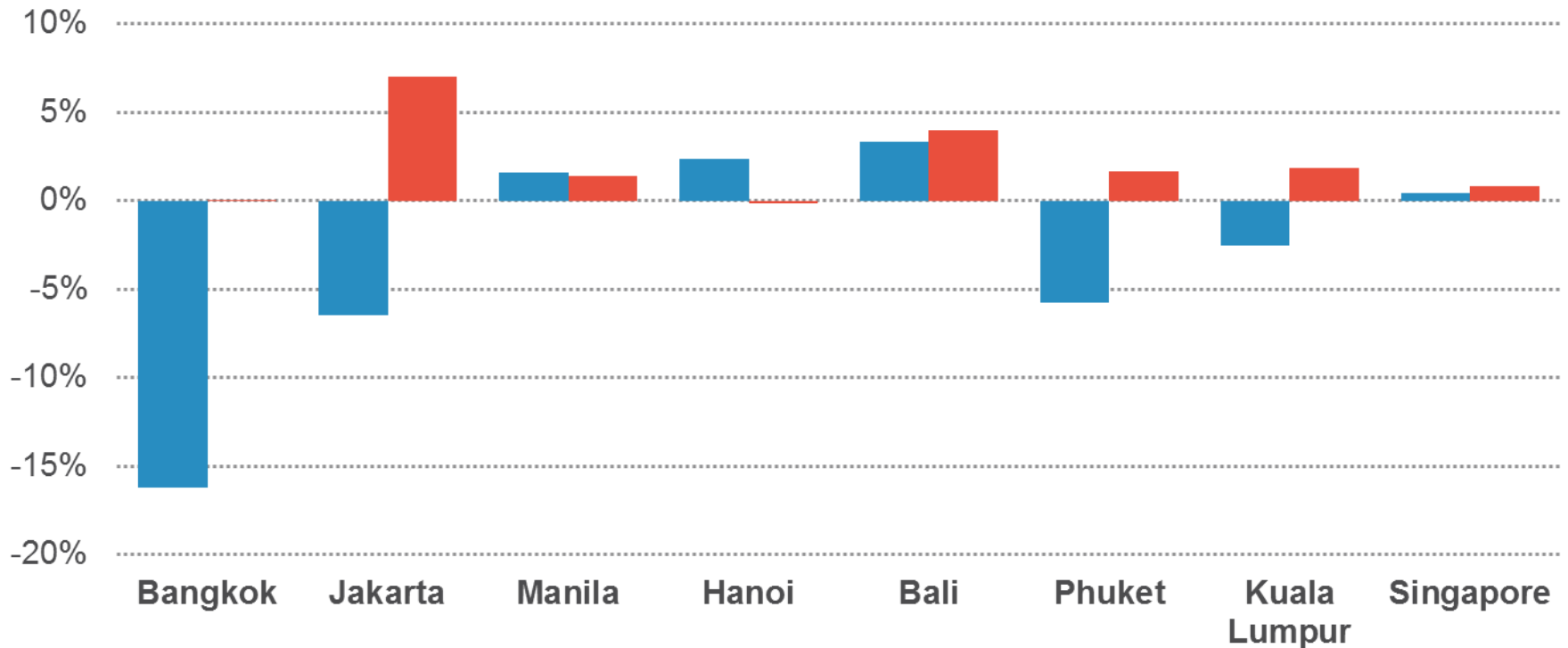
December 2014 YTD, in USD



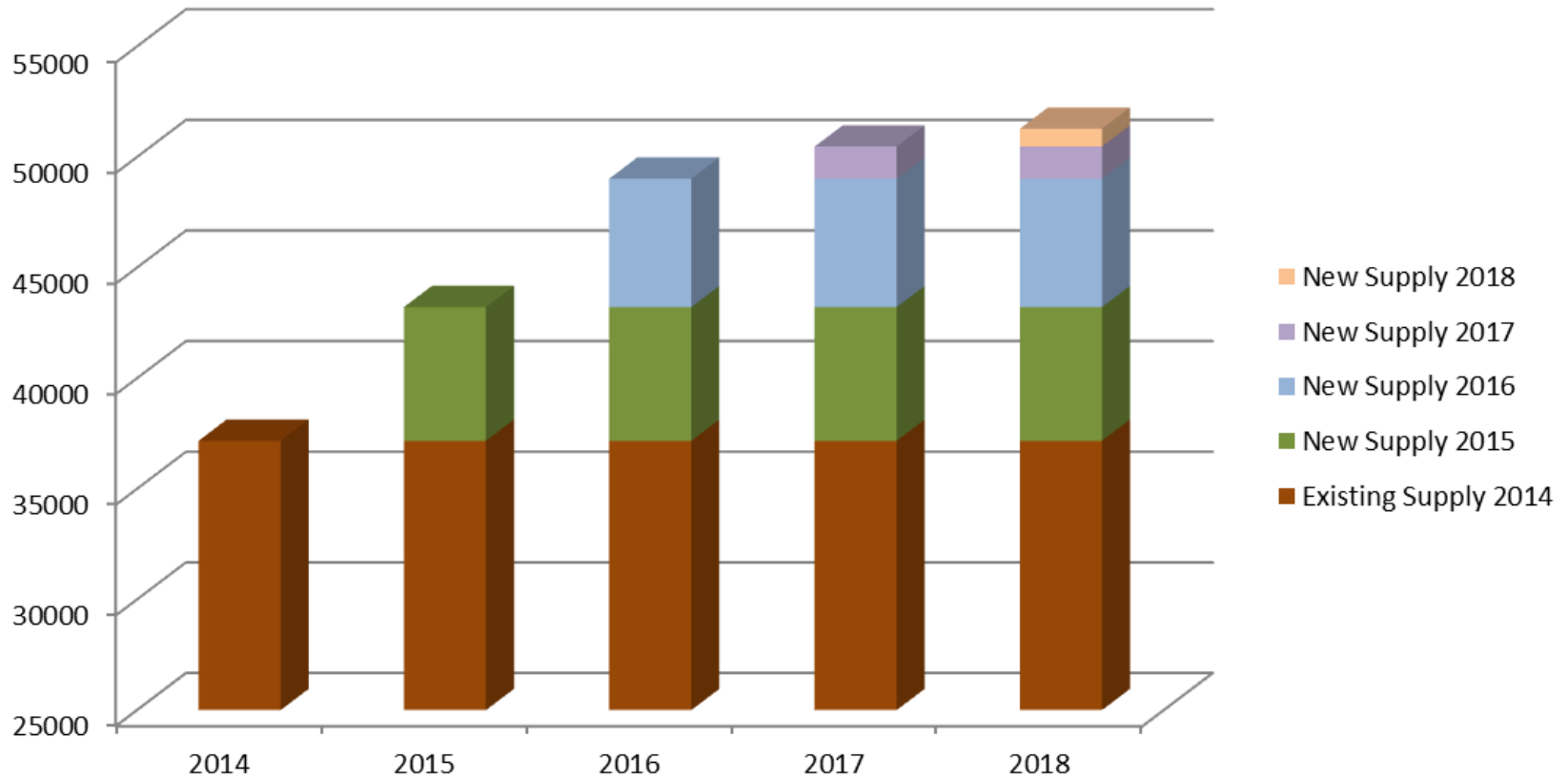
ASEAN Markets Occ, ADR % Change

December 2014 YTD, in Local Currency

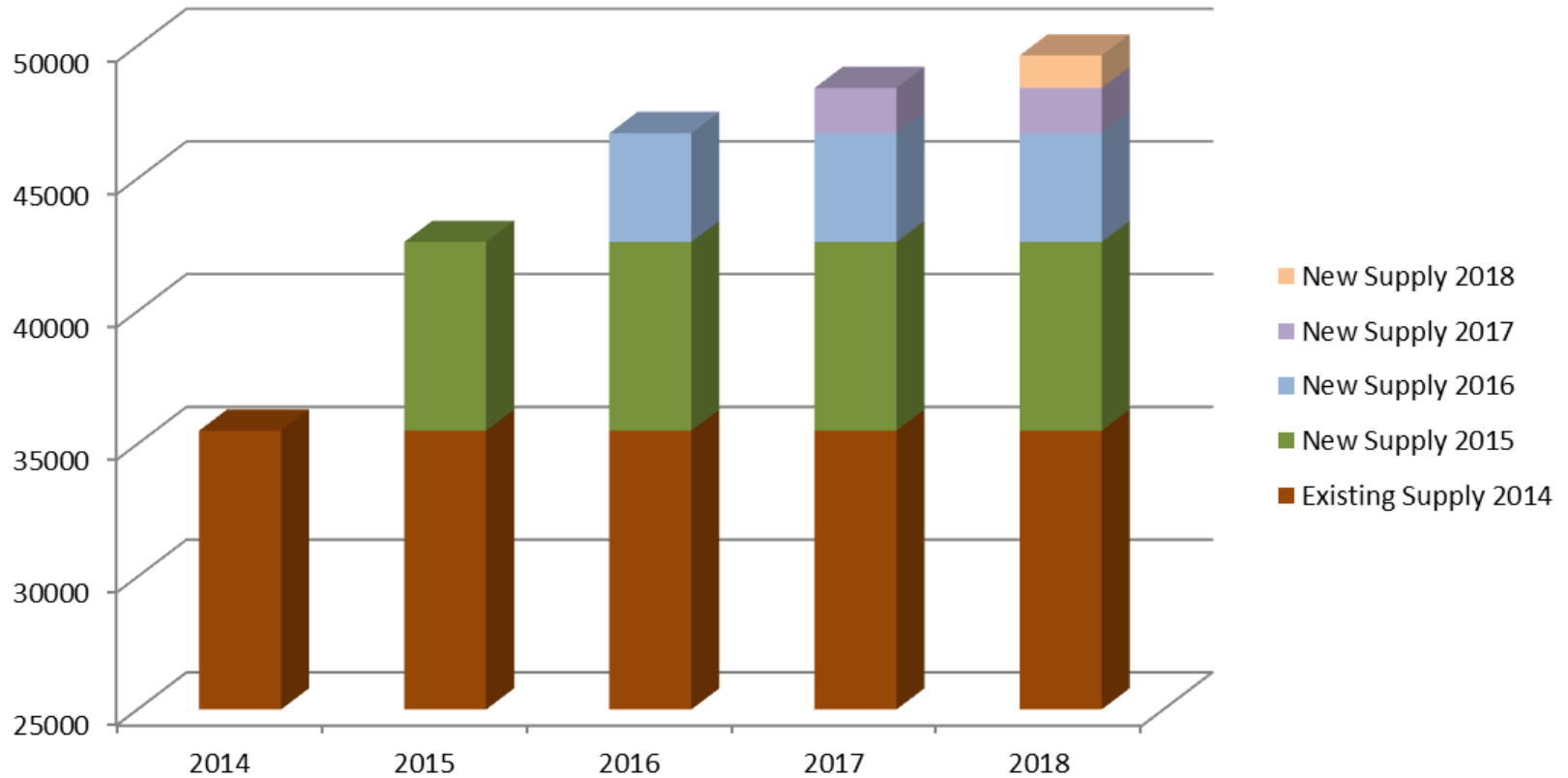
■ Occupancy ■ ADR



Bali New Supply



Jakarta New Supply



RM - Challenges

We have lot of Challenges in Revenue Management

I will discuss only the TOP 50

How about only 2 Challenges

RM - Challenges

- Lack of Revenue Management Knowledge / Skill
- Technology

Revenue Management - Focus

- Forecasting – Looking into the Future
- Pricing
- Channel Management
- Yield Management

Pricing Challenges

Week 1

Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed
\$55	\$55	\$55	\$55	\$55	\$55	\$55	\$55	\$55	\$55	\$55

Week 2

Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed
\$55	\$55	\$55	\$55	\$55	\$55	\$55	\$55	\$55	\$55	\$55

Week 1

Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed
\$186	\$186	\$186	\$186	\$186	\$186	\$186	\$186	\$186	\$186	\$186

Week 2

Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed
\$186	\$186	\$186	\$186	\$186	\$186	\$186	\$186	\$186	\$186	\$186

Week 1

Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed
\$69	\$84	\$84	\$84	\$84	\$84	\$75	\$75	\$87	\$87	\$87

Week 2

Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed
\$69	\$84	\$84	\$84	\$84	\$84	\$75	\$75	\$87	\$87	\$87

How to Price my Hotel Room



How to Price my Hotel Room

- Be the Lowest in the Market
- Be the highest in the Market
- Be in between the competitor hotels
- Keep a flat rate throughout.
- Always keep Online rates higher than Offline Rates

How to Price my Hotel Room

1. Select a Competitor hotel:

- SWOT Analysis
- Ensure competitor hotel has similar Business mix
- Size and Location of the hotel
- Compare the Reviews and ensure similar service standards

2. Forecasting by day

3. Monitor Pick up trends by Day of the Week

4. Price as per the Demand Levels

Areas of Improvement - Summary

- Dynamic Pricing
- Accurate Forecasting – Driving Price points
- Rate Parity across Channels
- Inventory Management – LOS Restrictions
- Training

What Questions do you have for Me ?

Thank You

HSMAI Asia Pacific – Indonesia Road Show

Open Pricing – What is it? How does it work ?

Keeping channels open gives back control to hotels

- Priceline & Expedia combined will control 80% of hotel bookings across OTAs in US.
while this may be good for consumers, it may not be good for hoteliers.



MG Survey found that on average hotel bookings made up only 3% of total travel agent sales



MG believe that with proper effort, hotel bookings should be 15% of your sales



Profit on flight tickets is only 1% - 2%.



Profit on hotel bookings are **5% - 15%**

So why aren't you selling hotels?

90% of client enquiries to travel agents are for flight tickets only with low or no commissions

Frontline staff assume that passengers have booked their own hotels

Travel agents and customers incorrectly think it's cheaper and faster to book hotels online



There is no reason NOT to be offering hotels to passengers asking for tickets



Booking hotels with MG bedbank will improve your sales and profit



Booking hotels with MG Bedbank is on average 40% cheaper than OTAs that claim to have Best Available Rates



MG provides instant confirmation at over 2,500 hotels in Indonesia, 250,000+ worldwide



MG bedbank provides more flexible commercial terms than Airline ticket providers

**MG is
CHEAPER**

**MG is
FASTER**

**MG BRINGS YOU
MORE PROFIT**

**Too much
competition?**

Too many
unproductive
sales calls

Too many

Marketing Budget
Target in

Worry on your
Account Receivable?



How?

**NO MORE
Government
business!**

People start for
offline sales

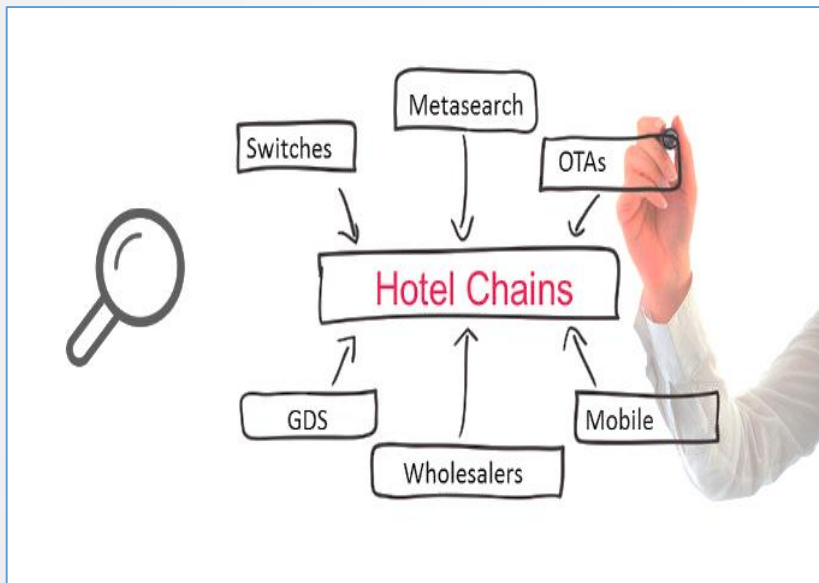
**Bullyng you?
much COMMISSION!!**

Open Pricing vs. Dynamic Pricing

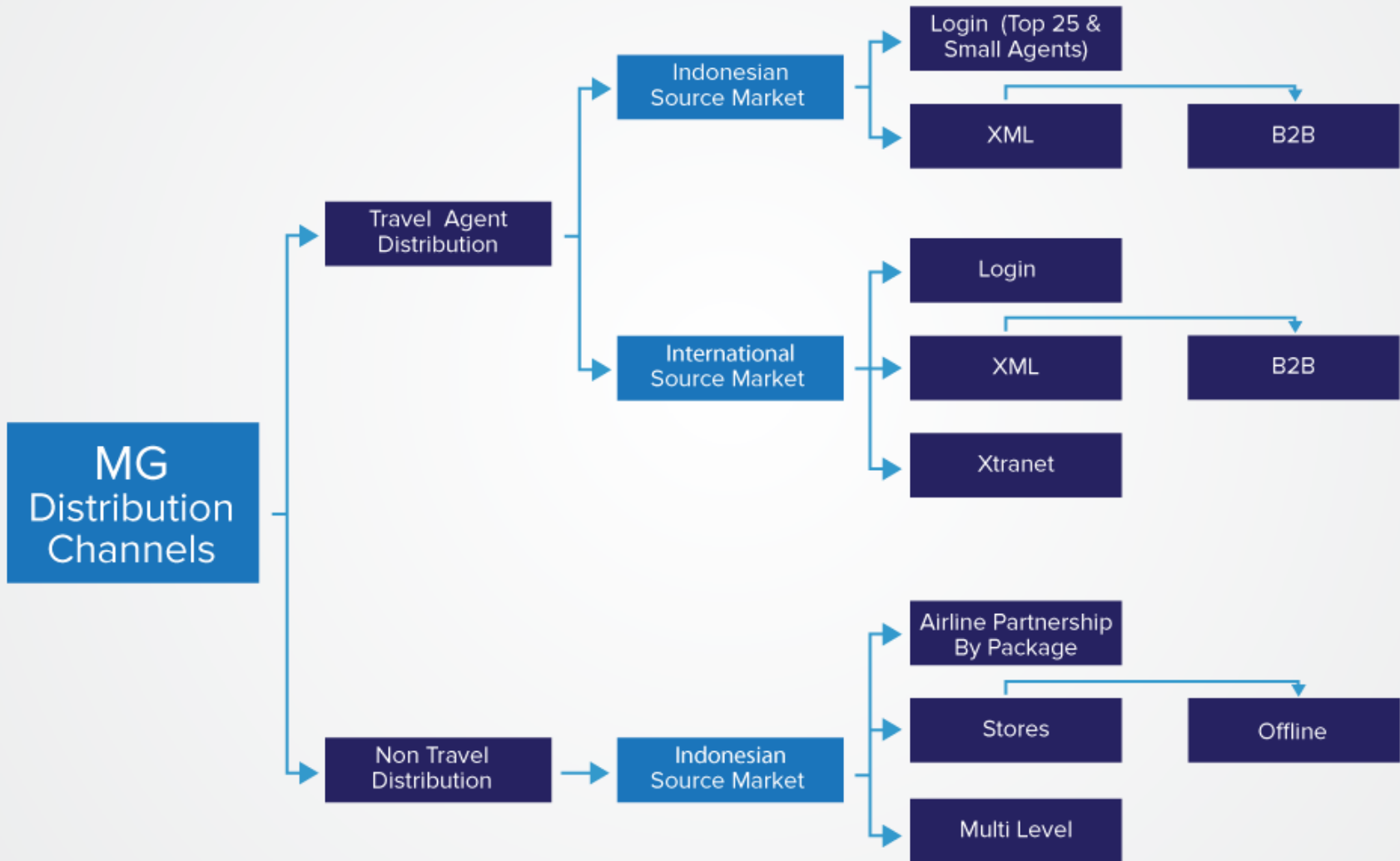
What is it ?

- Dynamic Pricing is where there is a Best Available Rate with variable additions or reductions

- Open Pricing has different types of Best available Rates depending on the channel, market segment and level of demand.



- Open pricing means more flexibility selling the rooms at different rates on different channels. This means that a hotel can maximize benefits without having to close sales on any channels.





2013



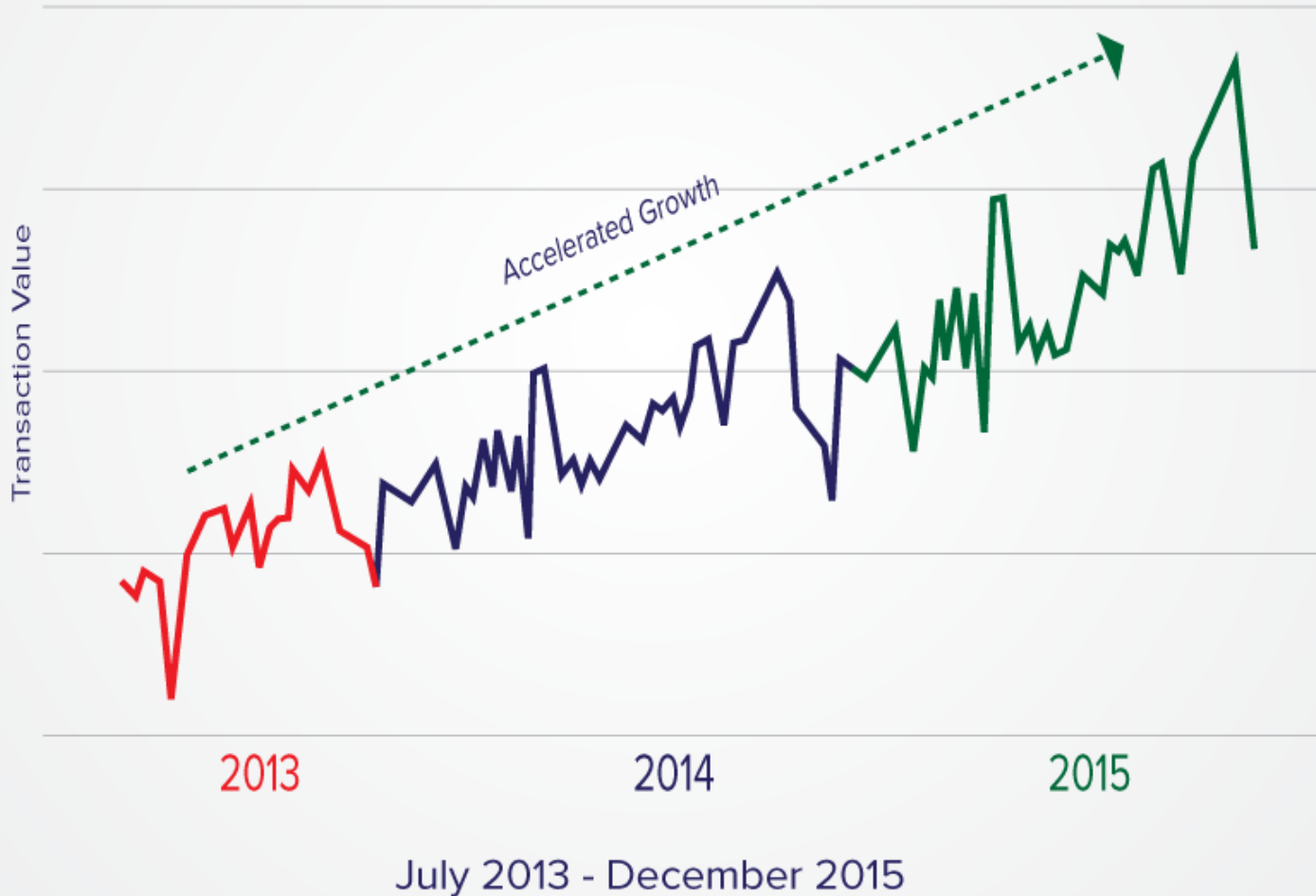
2014




2015

Proven Trend for 2015

2013 / 2014 / 2015 Weekly Creations (Confirmed)



Comparison of the Channels

OTA 		MG Bedbank	
2.2 days average lead in time	X	5.4 days average lead in time	✓
1.7 room nights per booking	X	2.4 room nights per booking	✓
25% cancelation rate	X	4% cancelation rate	✓
5% no show rate	X	Less than 1% no show rate	✓
Various additional hidden costs		Zero connection cost	

Comparison of the Channels

OTA

If BAR is USD 100
(OTA commission is 25%)
Hotel net revenue is
USD 75

**Selling price to customer
USD 100**

**Net received by hotel
USD 75**

MG Bedbank

Net Rate to MG is USD 80
(MG Margin 6%)
MG Selling price to agent is
USD 84.8
(Travel Agent Markup USD 5)

**Selling price to customer
USD 89.8**

**Net received by hotel
USD 80**

Comparison of the Channels

OTA

If BAR is Rp. 1,000,000
per room per night
(OTA commission is 25%)
Hotel net revenue is
Rp. 750,000

Selling price to customer
Rp. 1,000,000
Net received by hotel
Rp. 750,000

MG Bedbank

Net Rate to MG is Rp. 800,000
(MG Margin 6%)
MG Selling price to agent is
Rp. 848,000
(Travel Agent Markup Rp. 50,000)

Selling price to customer
Rp. 898,000
Net received by hotel
Rp. 800,000

For average booking of 2.4 nights, hotel receive additional
Rp. 120,000 per booking

Customer pays Rp. 244,800 less per booking

✓ **Hotels receive higher revenue**

✓ **Hotels pay NO commission**

✓ **MG is a one stop LOW COST distribution partner for ALL channels**

BULK

Dynamic

Wholesale

Top Up

How Does it work

Current Model

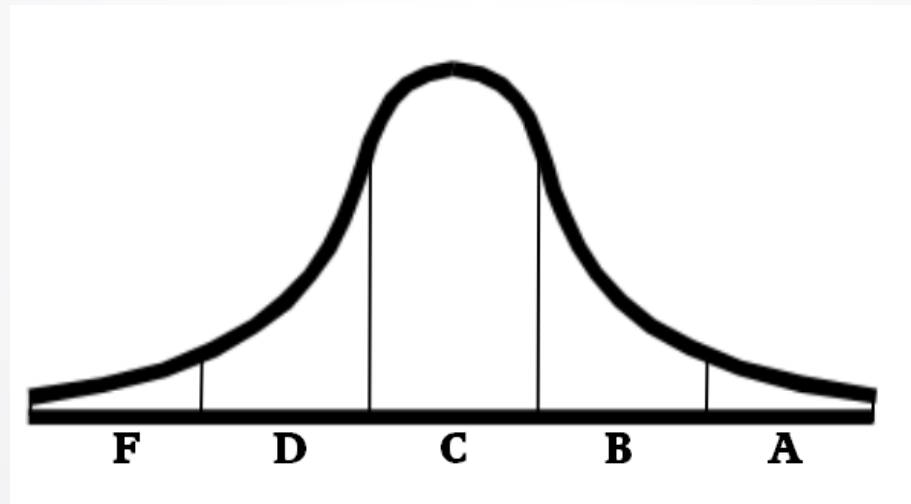
- Based on historical data, forecasts and competition the hotel normally sets one BAR and all other channels and segments follow in line with that price.

Open Model

- With open pricing and not focusing on only one BAR, hoteliers can price all room types, channels and dates independently of each other to maximize revenue without having to close any off.

Keep all your Channels Open

- If the hotel was running at a higher occupancy (C) then the hotel often closes wholesale and targets the highest BAR business. If the busy dates are in between shoulder periods (D and B) the hotel risks customers who wouldn't see the listed



Keep all your Channels Open

- Currently the choice is for hotels to either 1). Leave the wholesale channels open and take low-value business OR 2). Shut them and lose important bookings for shoulder dates.
- Minimum stay conditions may help BUT it would be better to keep wholesale channel open price discount channels dynamically and independently based on elasticity and not shut them out or apply restrictions.

Keep all your Channels Open

- Rather than closing channels, open pricing means keeping all channels open by pricing rooms based on forecasted demand and pace specific to those channels.
- The promotional rate could be two percent less than BAR on a busy date and the more typical 10% on softer dates. The OTA package net rate may not even be discounted at all on a very busy date, but at least it would remain open.

Think Uber



Keep All Channels open at right price

- B2B Travel Agents
 - Both static & dynamic rates
- B2C OTA
 - Promotional & opaque rates
- Direct Corporate
 - MICE, Key Account & regular
- Government
 - MICE, Groups, walk in, direct
- Direct Online
 - Brand.com, Trip Advisor
- Direct Offline
 - Call Center, Walk In
- Inbound
 - Source market specific

Remaining Open to Opportunity

- Once Open Pricing has been introduced, and have changed the mind set internally, you will truly be selling the right product to the right client, at the right time for the right price through the right channel.

Still desperate for Sales ?

Too much
competition?

Too many
unproductive
sales calls

Too many

Marketing Budget
Target income

Worry on your
Account Receivable?



**NO MORE
Government
business!**

Not enough staff for
offline sales

Are you being
bullying you?
Too much COMMISSION!!

HSMAI Asia Pacific – Indonesia Road Show

Open Pricing – What is it? How does it work ?



The Evolution of Revenue Management

Philip Stanley
Regional Director of Sales
IDEAS

1970



IDEAS™

1980's

- Airlines deregulated



- 1987

Microsoft Excel

- 1988 - First Yield Management practices introduced in Hospitality Industry

- 1989 - IDeaS Founded



Late 90's



1996 - 2000

priceline.com[®]

agoda


Booking.com

 **Expedia[®]**

wotif.com

 travelocity[®]

2000 - 2006



Room Type	Rack Rate
Standard King	\$145
Standard Double	\$151
Family King Suite	\$173
Family Double Suite	\$183
Park-View King Suite	\$207
Park-View Double Suite	\$217
Double Parlor Suite	\$255
Triple-Double Suite	\$269



IDEAS™

2007



IDEAS™

2010

iPad is here.



IDEAS™

So What's Next?

- REPUTATION MANAGEMENT
- FUNCTION SPACE REVENUE MANAGEMENT
- CAR PARKING



IDEAS™

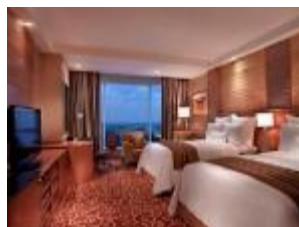


IDEAS™

PERSONALIZED CUSTOMER EXPERIENCES

—

Driving Direct Booking



Bernard Quek

Founder & CEO

Global Hospitality Solutions Pte Ltd



ABOUT GHS

GHS Global
Hospitality
Solutions



Specializes in providing hospitality solutions to create new business opportunities for hotels and memorable experience to travelers

Partial Client List

Single & Independent



You Vietnam Home.



Regional Hotel Group



MILLENNIUM
HOTELS AND RESORTS



International Brand



Edsa Shangri-La

MANILA



The real competitors are ...

OTAs are investing heavily on digital and mobile marketing

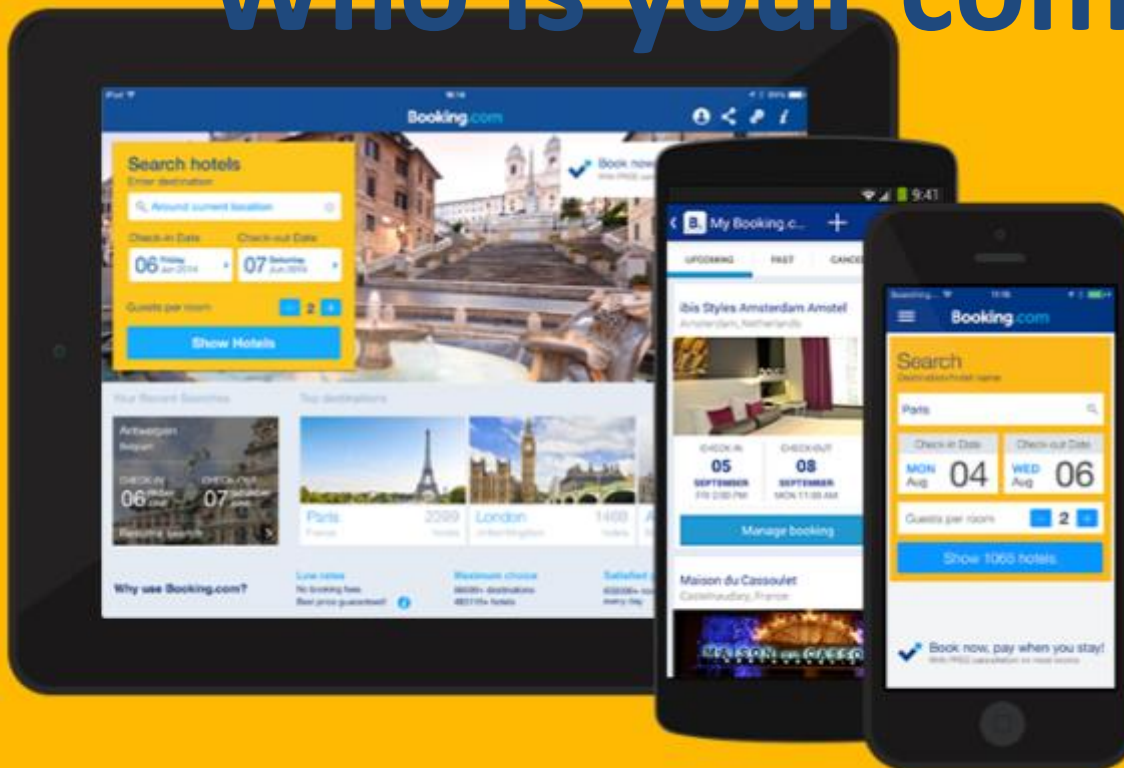
Free apps for iPhone, iPad and Android phones and tablets

Booking.com — anywhere, anytime.

Take our apps with you on your next trip

Who is your competitor?

We'll send a link to you on your mobile to download our app



+ Enter mobile number

Send link via SMS

- OR -

Enter your email address

Send link via email

Available on the
App Store

GET IT ON
Google play

In the last 10+ years, **OTAs lead the hospitality distribution, invested heavily in technology and search marketing and own sophisticated loyalty program**

**RESULT: OTAs hold 1/3 market share of total room booking,
that mean**

MILLION OF DOLLAR OF COMMISSION



Source: *Phoenix Marketing International*

What next for hoteliers – Questions you should answer to gain back control of YOUR GUESTS



Q1: Are hotels at the same starting line with OTA?



OTA indirectly breaking the Rate Parity regime (triple point + bundle price)

Q2a: Are you in line with them?

Q2b: How to break?



Personalize Preferential rate

Give your guests exclusive rate based on their **value**



LUXURY Hotels Rewards

Take part to our loyalty program and enjoy exclusive discounts

LEARN MORE



Book room directly on brand.com and member portal at **SPECIAL MEMBER PRICE** based on **BAR**

ONLINE RESERVATION

HOTEL NAME

All

DATE

14/01/2014

NO. OF NIGHT

1

FIND THE HOTEL

POINT REDEMPTION



Make a room redemption before end of May to receive a 20% discount on points

PROMOTION



Make a room booking before June 1st and receive 500 bonus points

LUXURY HOTELS Loyalty program

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Fusce est velit, hendrerit quis euismod non, cursus sit amet libero. Suspendisse potenti. Proin ut nunc augue. Nulla non velit sed eros sagittis tempus ut vel sapien. Duis a purus et neque scelerisque fermentum in eget quam. Nunc at mauris at ligula tristique pulvinar. Quisque tempor pellentesque augue, in auctor sem imperdiet fringilla.

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MEMBERSHIP LEVELS



Currency:

List

Map

View All Details +

CONTINENTAL HOTEL ★★★★★

63, avenue des Champs Élysées, W1J 9EG PARIS, UK



A fabulous location at the heart of the city makes the Continental hotel the ideal place to stay when enjoying London, trips to the theatre, a day at The Spa or some shopping therapy are all easy when you make The Continental hotel your home. Guests will find the Continental hotel's bedrooms amongst the largest in the Capital. Guest rooms reflect classic english style, averaging 55 square metres (592 square feet). Luxurious Suites average 110 square metres and provide exceptional convenience for the most discerning traveller.

Show Details +

From 125 EUR -15% 106.25 EUR

Select this offer

View all offers

LOCATE

ENGAGE

TRANSACTION

REWARD

ANALYSIS

Preferential rate

Give your guests exclusive rate based on their **value**

Hi Ca | Logout EN

LH LOYALTY
LUXURY HOTELS
★★★★★


HOME | LUXURY LOYALTY | MY LUXURY LOYALTY | **REDEMPTION** | BOOK NOW | PROMOTION

LUXURY Hotels Rewards
Take part to our loyalty program and enjoy exclusive discounts

Currency:

List Map View All Details +

CONTINENTAL HOTEL ★★★★★
63, avenue des Champs Élysées, W1J 9EG PARIS, UK

 A fabulous location at the heart of the city makes the Continental hotel the ideal place to stay when enjoying London, trips to the theatre, a day at The Spa or some shopping therapy are all easy when you make The Continental hotel your home. Guests will find the Continental hotel's bedrooms amongst the largest in the Capital. Guest rooms reflect classic english style, averaging 55 square metres (592 square feet). Luxurious Suites average 110 square metres and provide exceptional convenience for the most discerning traveller.

Show Details +

From 1 194 points (87.50 EUR) Select this offer View all offers

Q3. OTA are investing heavily on mobile. How about you?



Hotels

Discover Your Home Away from Home

The Expedia App is a hotel app, too. Sort hotels by deals, price, ratings, *VIP Access®, and more—or find a nearby hotel on the map. Read guest reviews, and save your billing data for instant checkout.

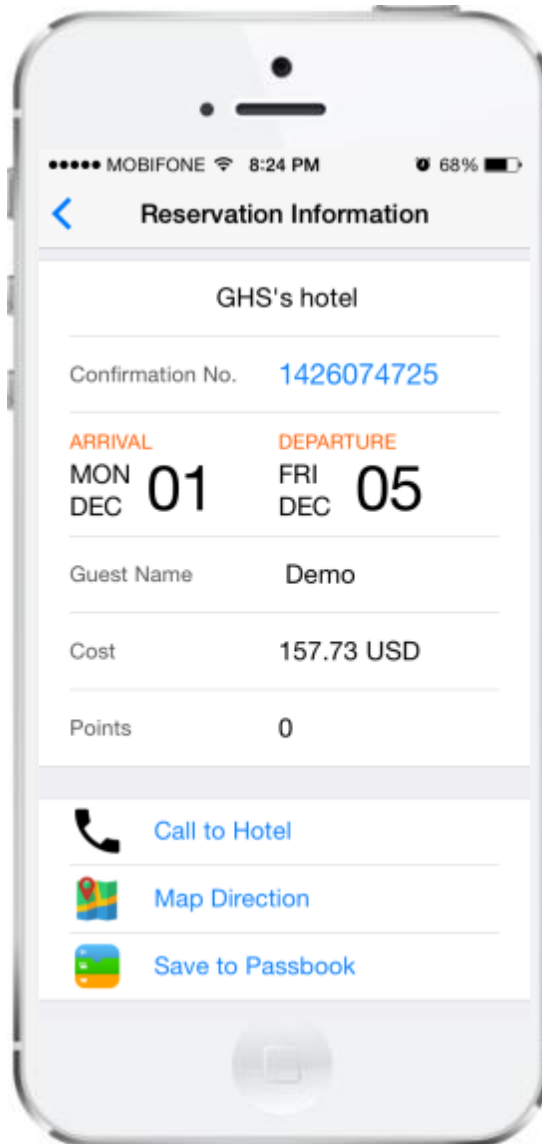


Trips

Manage Your Itinerary

The Expedia App is a vacation app. Access your itinerary immediately. Receive instant trip updates, from gate changes to baggage carousel numbers.

Integration with Passbook application for easier travel management

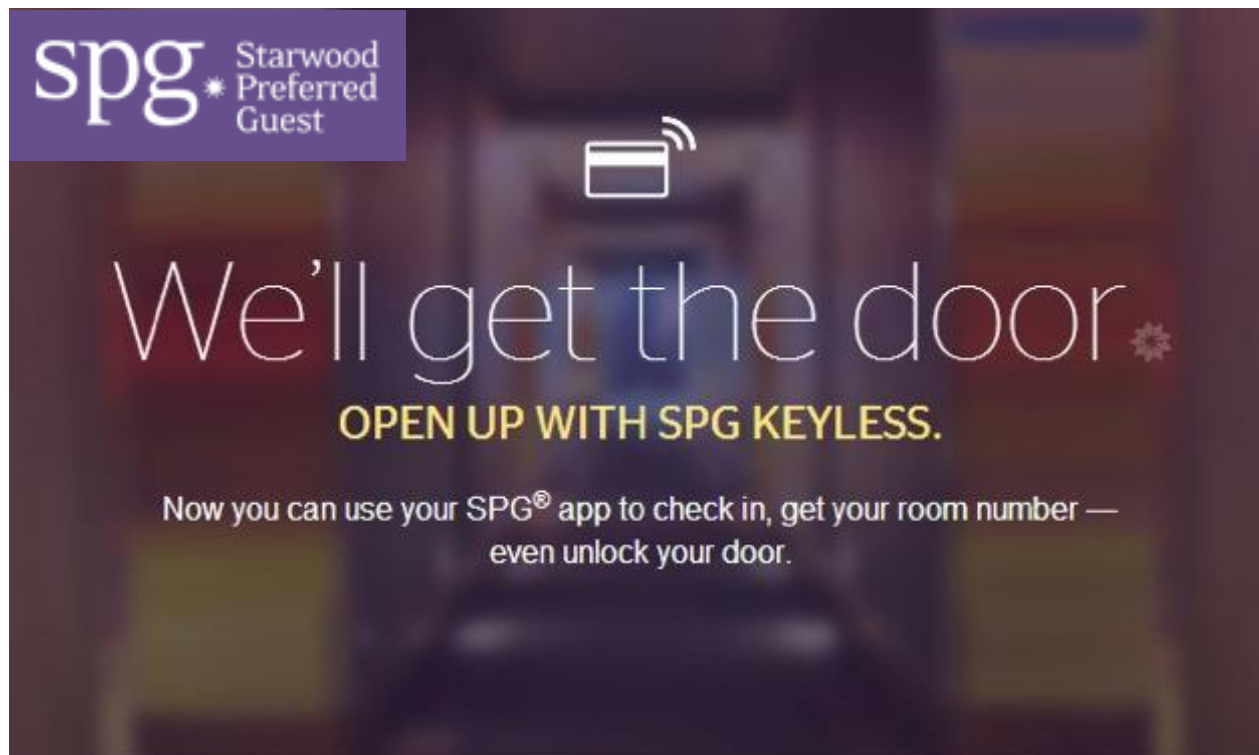


Member is issued with **eco-friendly** mobile loyalty card, no more ~~physical card~~ needed



Use mobile phone to open hotel door, is it a dream?

Starwood and Hilton are pioneering to experiment this innovation



The advertisement features a dark, blurred background of a hotel hallway. In the top left corner, there is a purple rectangular box containing the 'spg' logo in white lowercase letters, followed by 'Starwood Preferred Guest' in a smaller white font. Centered above the main text is a white icon of a smartphone with two curved lines above it, representing a signal or keyless access. The main headline 'We'll get the door' is written in a large, white, sans-serif font, with a small starburst icon at the end. Below this, the phrase 'OPEN UP WITH SPG KEYLESS.' is written in a bold, yellow, sans-serif font. At the bottom, a line of white text reads: 'Now you can use your SPG® app to check in, get your room number — even unlock your door.'

spg Starwood Preferred Guest

We'll get the door

OPEN UP WITH SPG KEYLESS.

Now you can use your SPG® app to check in, get your room number — even unlock your door.

REMEMBER: MOBILE ISN'T A TREND,
IT'S **EVERYWHERE!**



Q4: If you know your customer better,
what will you do

DIFFERENTLY?

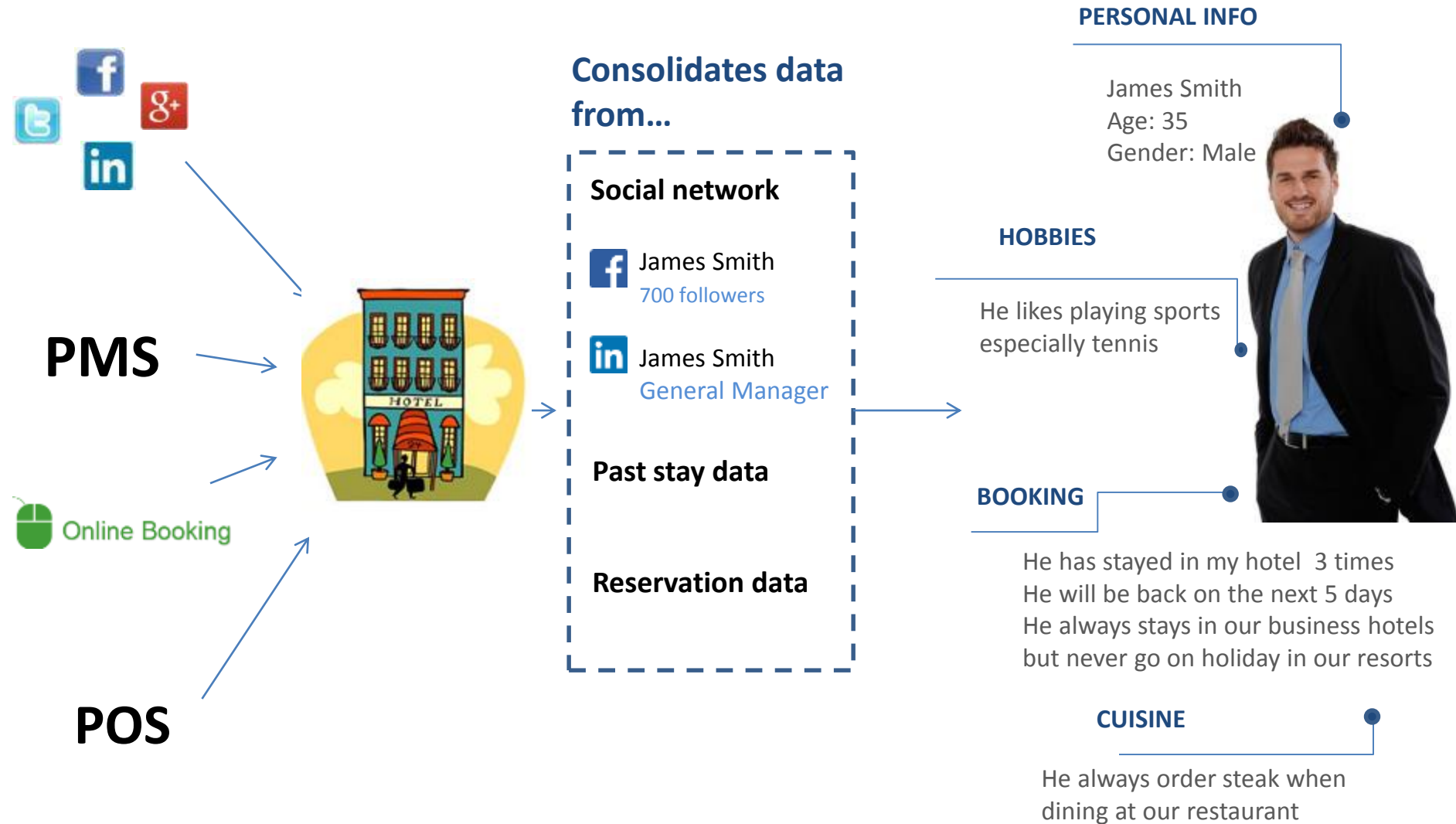


Who will you update when you change your job?



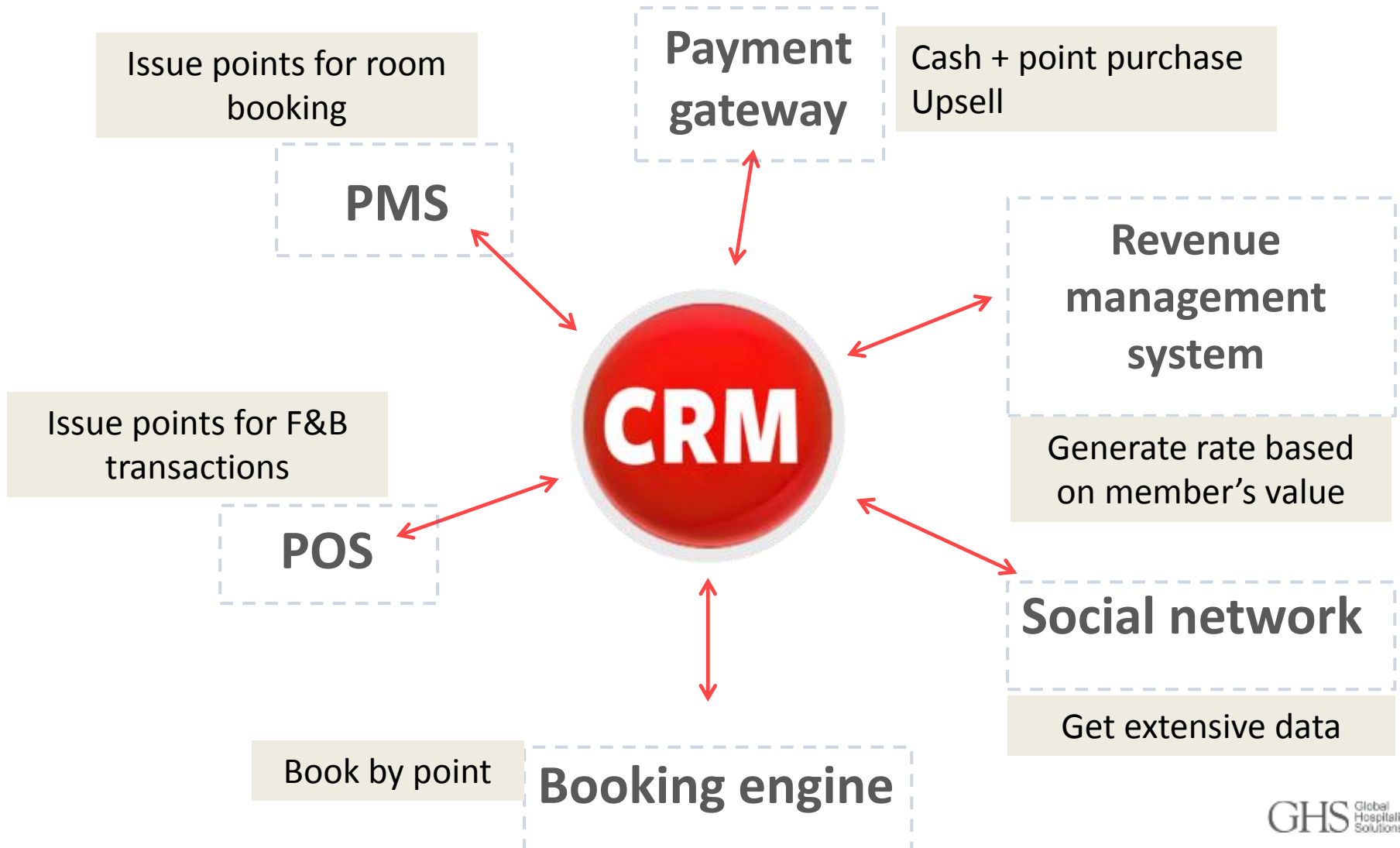
#1. Social data profiling:

A way to understand your customer better to offer them the right thing



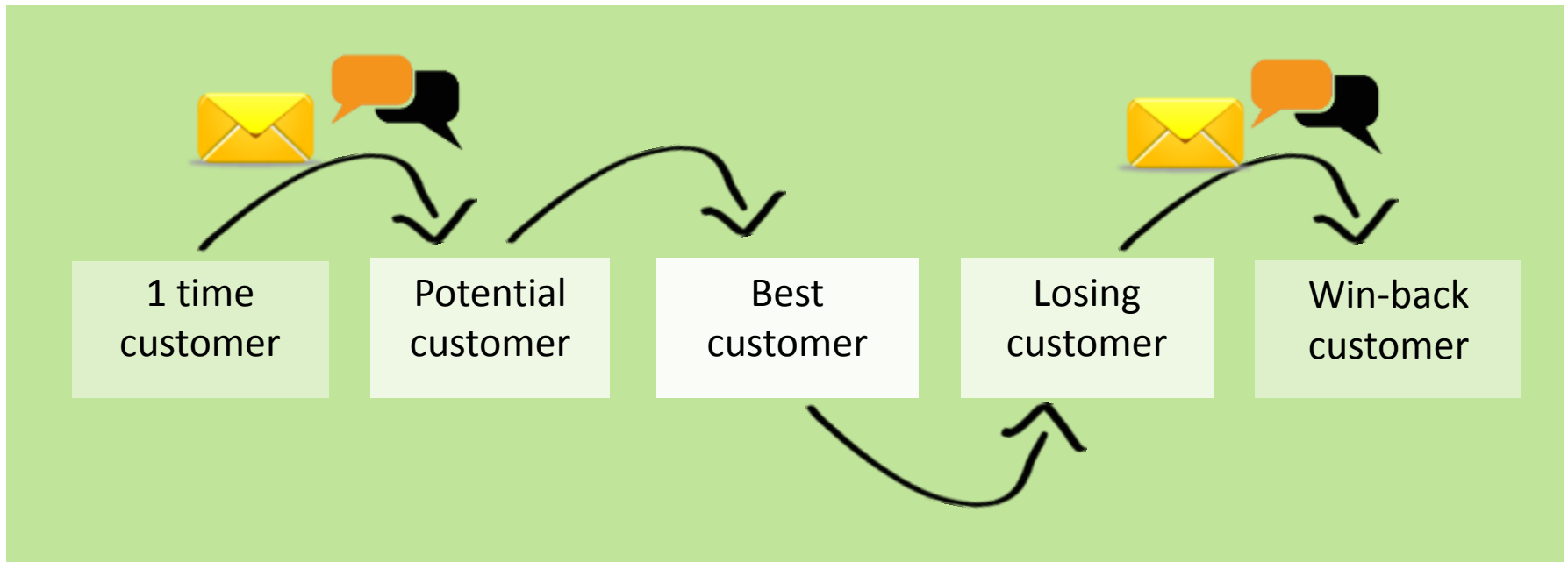
#2. Better system integration

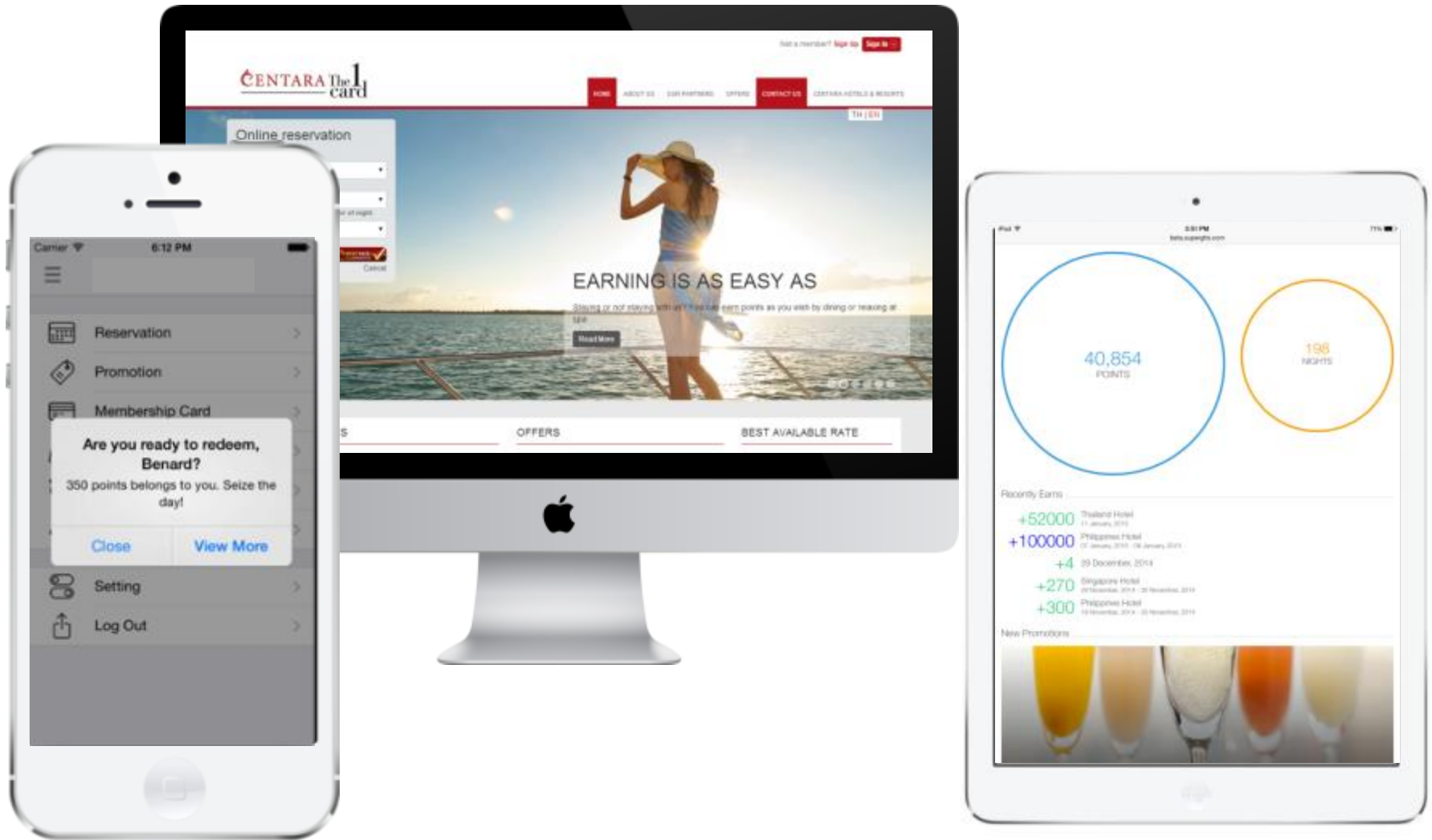
Get a deeper and more holistic image about your customer using integrated CRM system



#3. Customer segmentation –

Analyze to know the **typical behaviors** of each segmentation to provide more **personalized experiences**



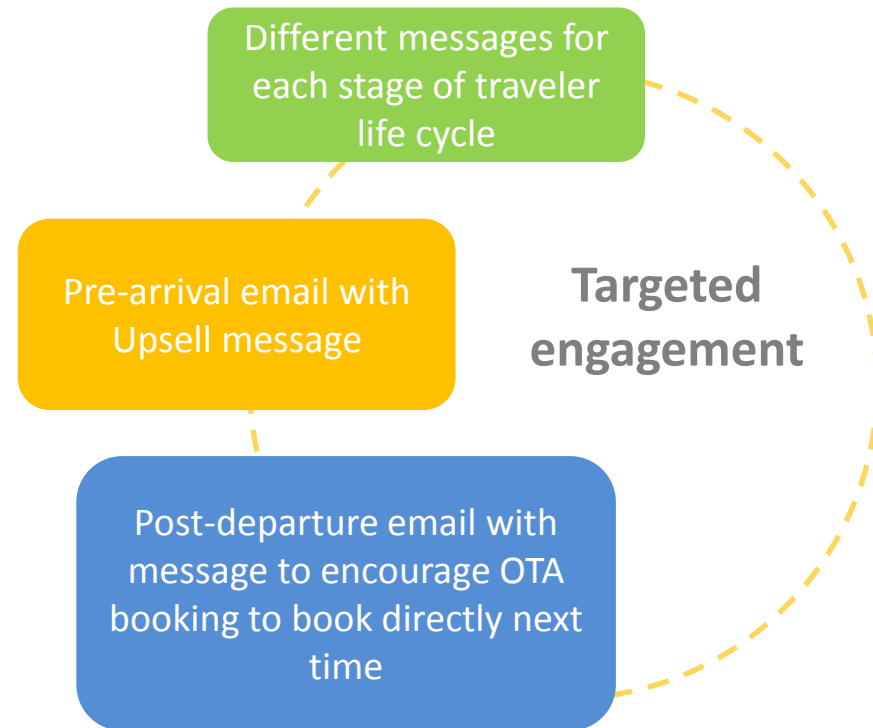


LET DO IT !

#4. Do you meet guests in platform they want to meet you?

#5. Don't forget to communicate with your guest

If a hotel have 10,000 contacts in their database, ADR of \$100. Through effective communication, 10% of these contacts make a booking, hotel will already make \$100,000 only by efficient engagement with guests.



Q5. How to keep your guest loyal?

Upgrading guests' loyalty in hotels

High-frequency travelers participate in multiple hotel loyalty programs, waiting to see which generates the most value before focusing on one. Once past this tipping point, guests will go out of their way to build equity with their brand of preference. As Millennials become a more dominant spending segment, it will be especially important for hotel companies and brands to understand their purchasing and loyalty behavior.



Customer enrollment alone does not translate into loyalty

Average loyalty program participation:
Total population is...



Millennials are...



Existing status and points are the biggest drivers of customer loyalty and brand preference

The majority of travelers (68%) declare themselves loyal to a specific hotel rewards program because that is where they have accumulated the most points.



Business travelers...

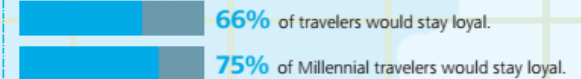
...claim loyalty to their preferred program because it is where they have the most points.



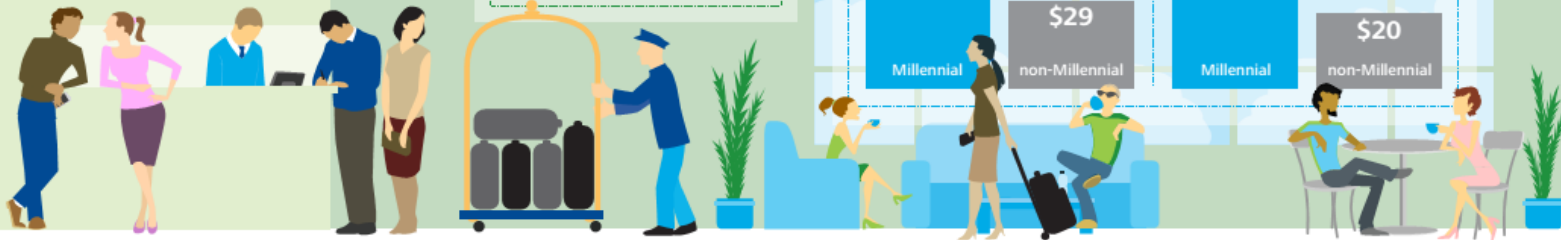
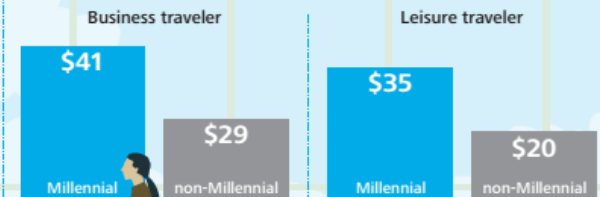
Millennials...

Once established, this loyalty is powerful and sticky, and transcends individual rewards

Even if they lost their points with their current program...



Once customers have identified a preferred loyalty program, they indicate willingness to go out of their way to enhance their participation. Additional dollars they are willing to pay to stay at a hotel covered by their program:



* Data reflects responses of high frequency travelers, defined as those who have stayed more than 25 nights in a hotel in the past 12 months.

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Make your loyalty program more meaningful – Give the present of choice to your members



8 in10

“travelers said more choices of rewards would help improve their experiences”

300.000 hotels
around the world



60.000 attractions
to explore



Rich reward
catalog from
iReward Mall™

Flight rewards include
full service and
budget airlines



LOCATE

ENGAGE

TRANSACT

REWARD

ANALYSIS

Are hotels at the same starting line with OTA?

If you are not, is never too late to start



THANK YOU

Let get started!

Bernard Quek

Email: bernard@myghs.com

Skype: bernardquek

Website: www.myghs.com