

Hospitality Sales & Marketing Association International

Revenue Optimisation Forum

Bali - 24th March, 2015

HSMAI Asia Pacific – Indonesia Road Show

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

Keeping channels open gives back control to hotels

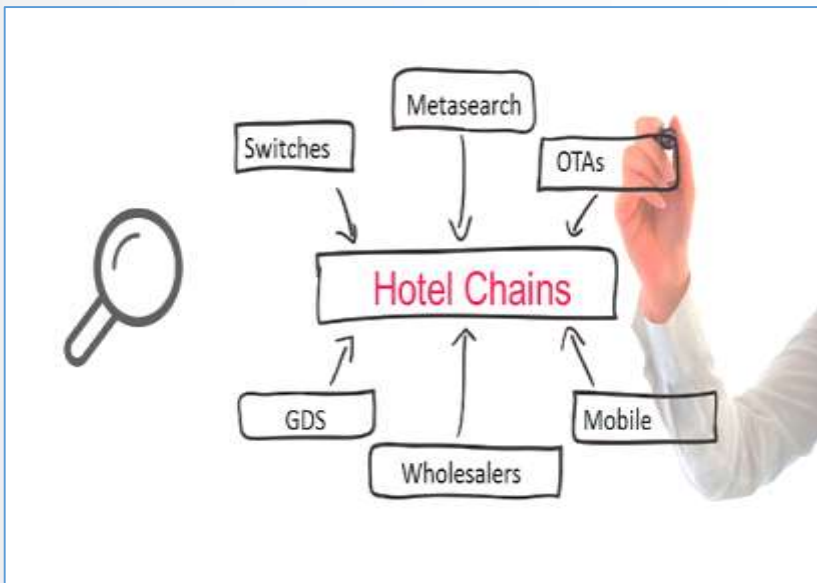
- Priceline & Expedia combined will control 80% of hotel bookings across OTAs in US.

while this may be good for consumers, it may not be good for hoteliers.

Open Pricing vs. Dynamic Pricing

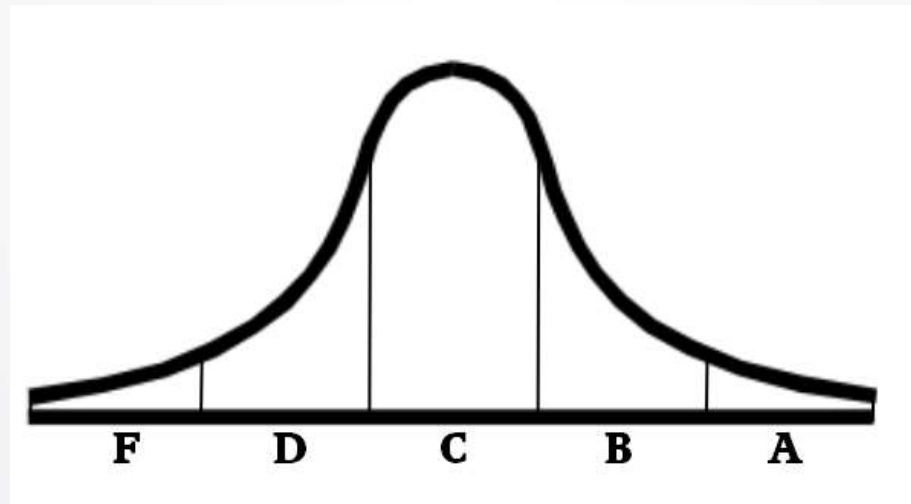
What is it ?

- Dynamic Pricing is where there is a Best Available Rate with supplements or reductions depending on demand.
- 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.



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. However, if the busy dates are in between shoulder periods (D and B) the hotel will potentially lose long stay high value bookings.



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 channels open and priced based on elasticity and not shut them out or apply restrictions.

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 mindset internally, you will really be selling the right product to the right client, at the right time for the right price through the right channel.

Desperate for Sales ?

**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!!**



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



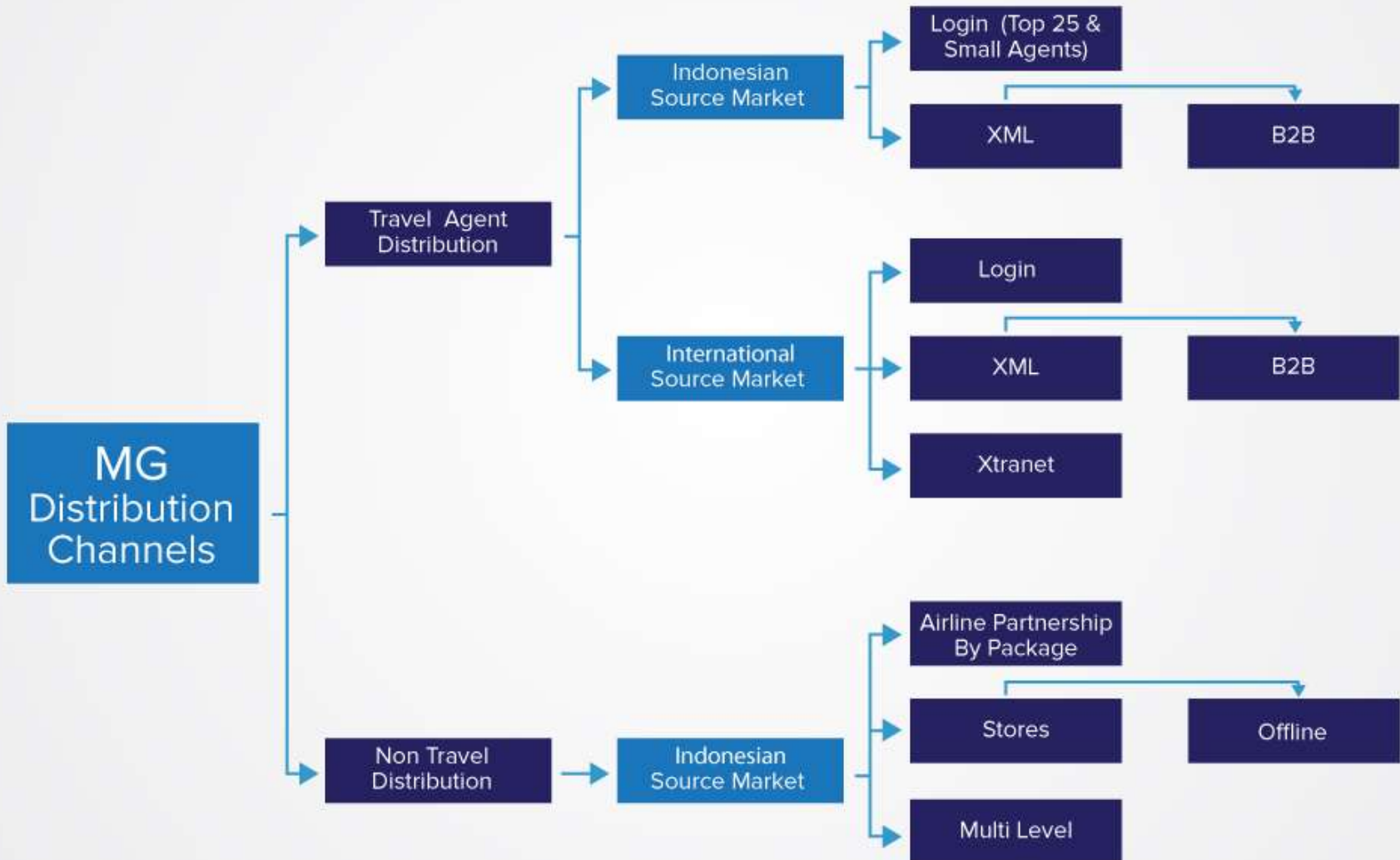
MG believe that with proper effort, hotel bookings should be 15% of your sales



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



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





2013




2014



2015

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

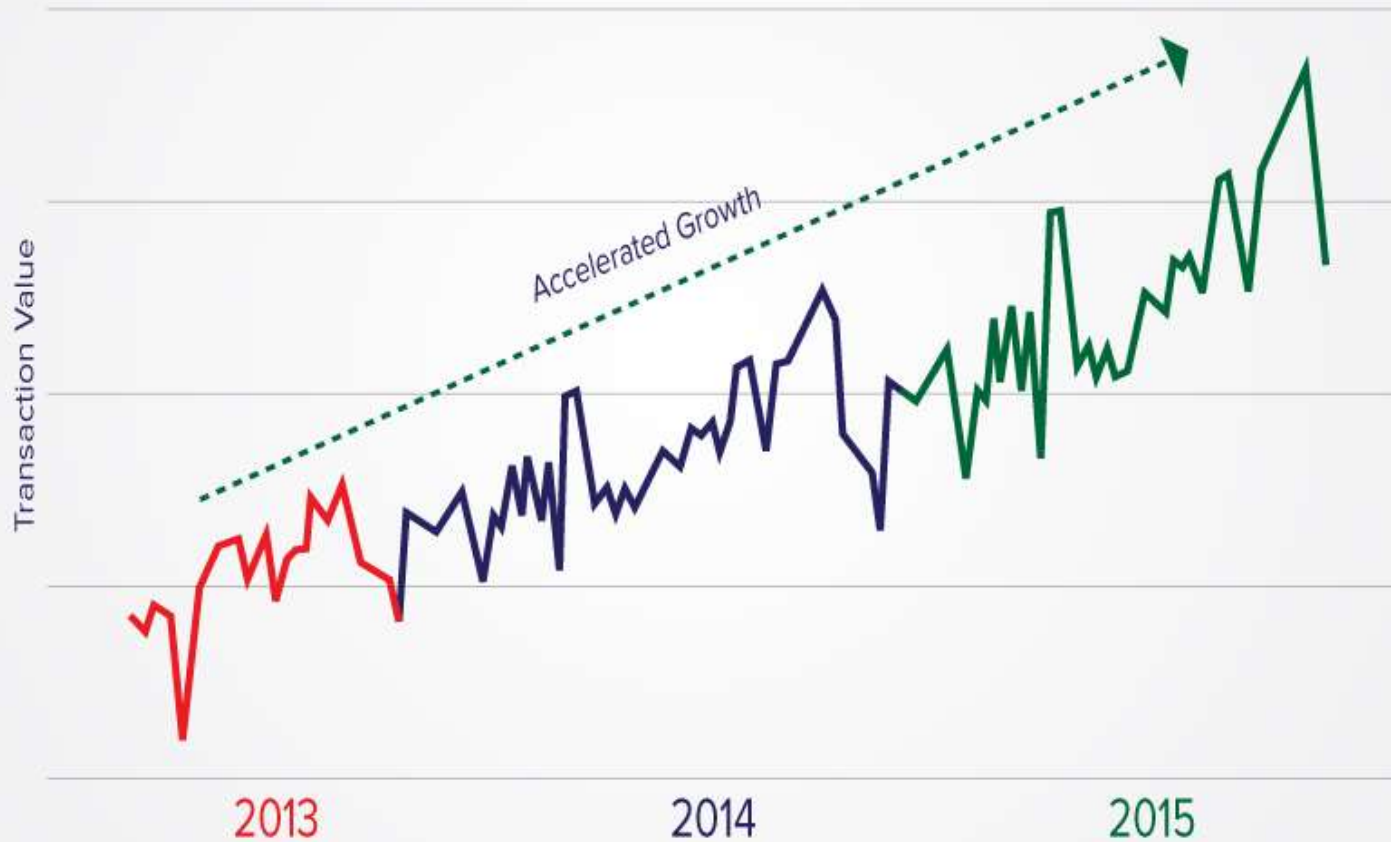
Dynamic

Wholesale

Top Up

Proven Trend for 2015

2013 / 2014 / 2015 Weekly Creations (Confirmed)



July 2013 - December 2015

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 bullied?
Too much COMMISSION!!

HSMAI Asia Pacific – Indonesia Road Show

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

Next Generation Guest Satisfaction



MISSION: TO BETTER CONNECT HOTELS AND GUESTS

24,000+ Hotels in 143 Countries

SaaS Tech Company

Offices in San Francisco, Singapore, Sydney, Dubai, Amsterdam, New York

100+ Full-time Employees

\$33 Million in Funding



ROSEWOOD
HOTELS & RESORTS

WHITELODGING



Montage
HOTELS & RESORTS

ORIENT-EXPRESS

ROCCO
FORTE
HOTELS

ASIA PACIFIC CLIENTS



MINOR
INTERNATIONAL



THE PENINSULA
HOTELS



TAJ
Hotels Resorts
and Palaces



ARCHIPELAGO
INTERNATIONAL
HOTELS, RESORTS & RESIDENCES



Authentic Spence
HOTELS & RESORTS



NEW WORLD
HOTELS



ITC HOTELS
RESPONSIBLE LUXURY



ROSEWOOD
HOTELS & RESORTS



HOW DO YOU MEASURE GUEST SATISFACTION?

Post-Stay Surveys?

Comment Cards?

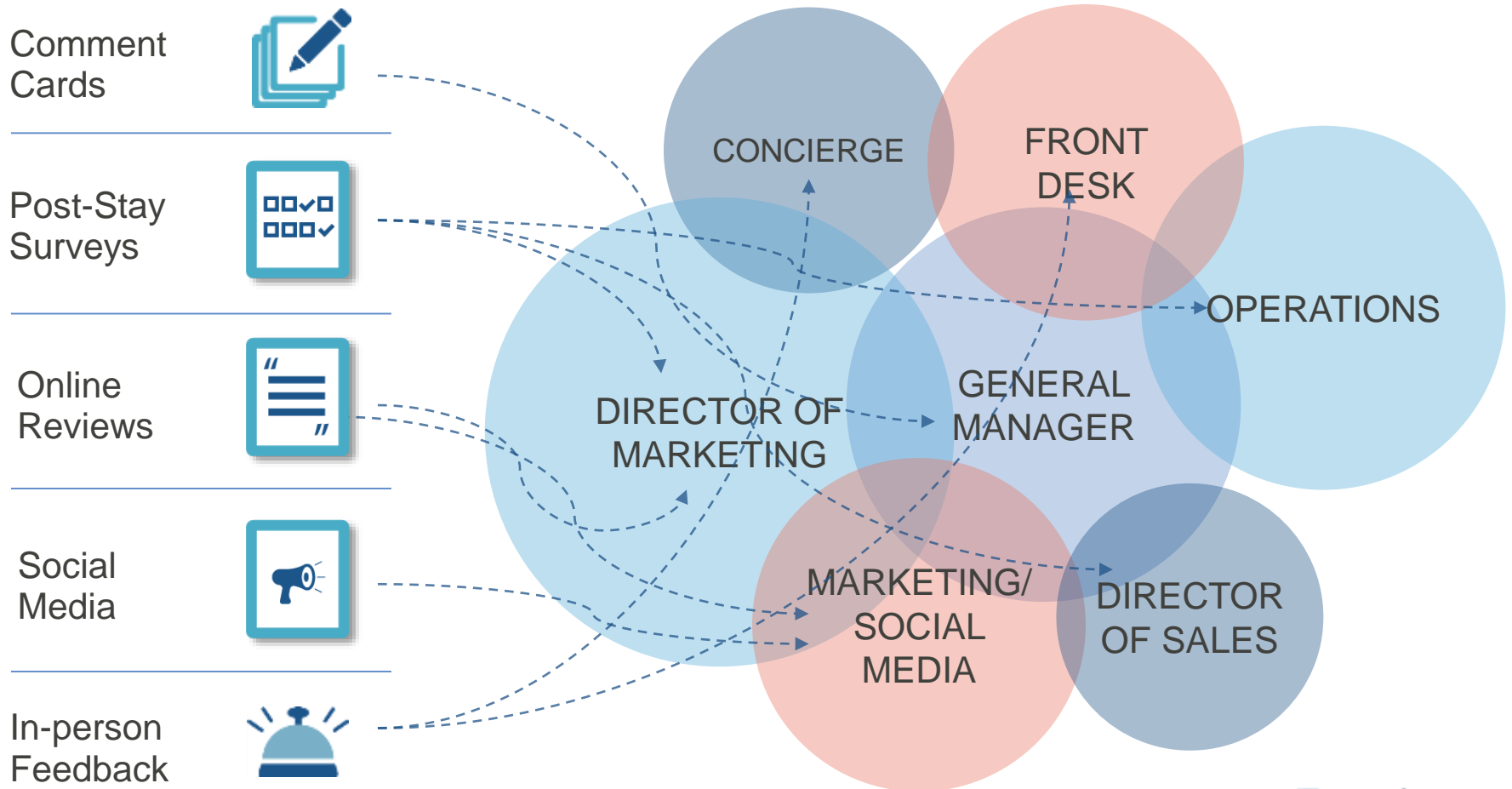
Online Reviews?

Social Media?

1:1 Conversations On Site?

THE CHALLENGE

How do you take control of feedback to make it work for you?



THE POWER OF EVERYTHING TOGETHER

On-Site
Surveys



Post-Stay
Surveys,
GSS



Online
Reviews



Social
Media



Revinat



TRADITIONAL GSS

100% START FINISH

How satisfied were you with the GUEST ROOM experience?

	Extremely Satisfied	Satisfied	Neither	Dissatisfied	Extremely Dissatisfied	N/A					
	10	9	8	7	6	5	4	3	2	1	
Quality of GUEST ROOM overall (Comfort, temperature, lighting, fresh smell, atmosphere, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bedroom was impeccably clean	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Comfort of bed	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Quality of in-room amenities (Iron, mini-bar, safe, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Operations of in-room equipment (internet connection, television, remote, alarm clock, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Quietness of room	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bathroom was impeccably clean	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Quality of bathroom amenities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bath/shower pressure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

[NEXT >>](#)

WHY WE LOVE TRADITIONAL GSS

Uniform responses

You can require answers

Private and safe

Already integrated in bonus structures

WHERE TRADITIONAL GSS FAILS

**Doesn't get at the heart of guest
feedback**

Doesn't take into account how booking
decisions are made today

Doesn't drive new bookings

COMPARE

How would you rate your breakfast experience?

0 0 X 0 0 0 0 0 0 0

COMPARE

“Bit disappointing”

NEW

●●○○○ Reviewed 3 days ago

Stayed for 2 nights. Good location and friendly front desk staff. Hotel in my opinion overrated though. It misses a nice area to sit and have a drink. The breakfast area looks uninspiring and even a bit unclean. The staff at breakfast apart from the security man who multitasks as waiter is grumpy. We had a faulty towers type breakfast experience: no coffee was available because 'the beans had not arrived' and the hard boiled egg we asked for was almost raw but was blamed on the mad cook by the waitress! When I suggested they buy coffee beans in some of the shops around they actually came back with a coffee bought in the shops nearby. They apologised. Breakfast is nothing special and I wonder why the bread needs to be of such bad quality and squeezed (coming out of squeezed plastic bags?). This hotel can be much nicer with just a little bit more effort and initiative. Rooms are good.

WHERE TRADITIONAL GSS FAILS

Doesn't get at the heart of guest
feedback

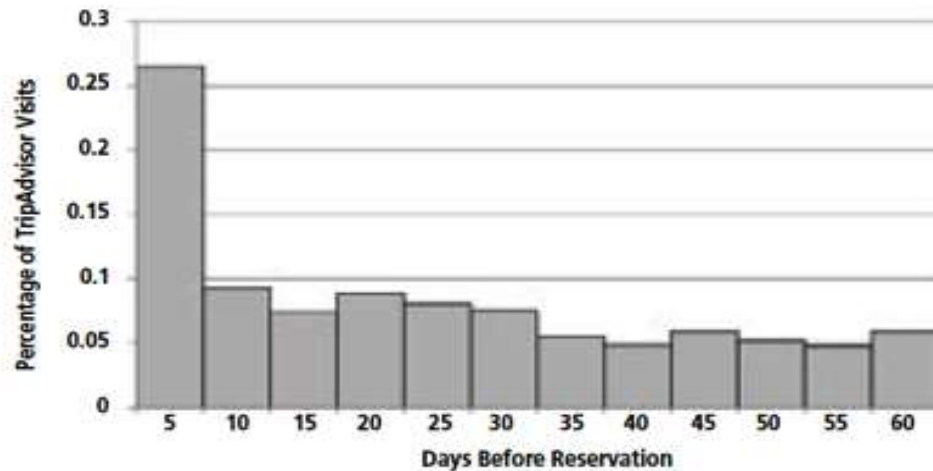
**Doesn't take into account how
booking decisions are made today**

Doesn't drive new bookings

USER REVIEWS INFLUENCE BOOKINGS

EXHIBIT 3

Distribution of when guests visit TripAdvisor.com



- 26.5% of TripAdvisor visits occur in the last five days prior to the reservation.
- The proximity of visits to TripAdvisor to purchase indicates that user reviews are some of the final and pivotal criteria in the hotel selection process.

* Source - Cornell University "Impact of Social Media on the Hospitality Industry"



WHERE TRADITIONAL GSS FAILS

Doesn't get at the heart of guest
feedback

Doesn't take into account how booking
decisions are made today

Doesn't drive new bookings

WHERE TRADITIONAL GSS FAILS

Guest reviews have a significant impact on hotel conversion rates as well as the rates that travelers are willing to pay.

- Given equal prices, travelers are 3.9 times more likely to choose a hotel with higher review scores
- When hotel prices are increased for hotels with better review scores, 76% travelers are more likely to book the hotel with the higher score despite the higher rate.

THE OPPORTUNITY

Valuable feedback is underutilized and locked away



Opportunity is lost

Feedback needs to be amplified to maximize revenue

OPERATIONS IMPROVEMENTS



ONLINE REVIEWS



IMPROVED RATINGS



SOCIAL MARKETING



More bookings, more \$\$\$

POST-STAY SURVEYS



Sofie_Vergucht
Gent
1 review

“Excellent stay - great rooms - friendly staff”

NEW

★★★★★ Reviewed yesterday

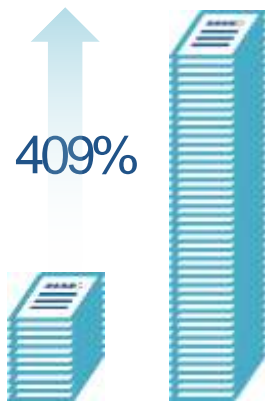
I had an excellent stay! Great rooms with a great view, friendly staff (bilingual which is rare in Brussels!), chic restaurant. The sauna is highly recommended - never relaxed in a sauna with such a great view!

Review collected in partnership with this hotel [i](#)

Was this review helpful?



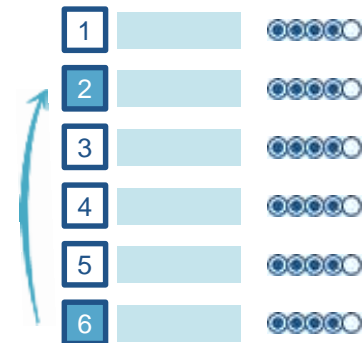
POST-STAY SURVEYS WITH TRIPADVISOR SUBMISSION



Review Frequency
409% increase
in volume



Review Origin
3 out of 4 come from
Revinate platform



Popularity Index
15% average increase
(up to 70% or 60 spots)

REVINATE PROMOTION: ROI



Cornell
University
School of Hotel
Administration

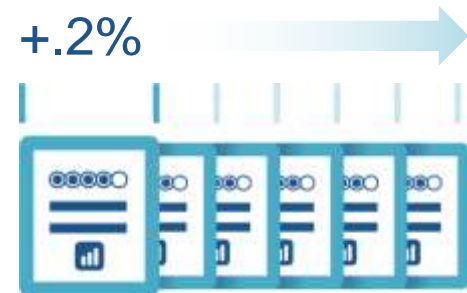
Ratings impact

For every 1 point increase in rating, the odds of being selected increase by 14.2%



Reviews impact

For every new review a hotel receives, its odds of being selected increases by .2%



LAS SUITES: A SUCCESS STORY

Review Rating

INCREASED REVIEW SCORE 21% FROM 3.7 TO

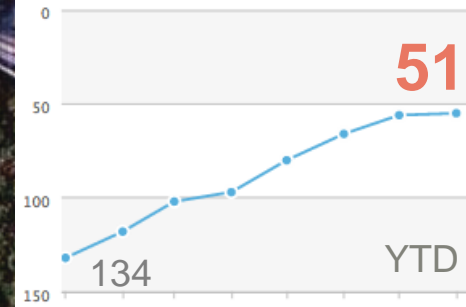
4.5

Reviews Pace, Total Reviews

INCREASED GUEST FEEDBACK BY

710%

TripAdvisor Popularity Index



HOTEL.BRUSSELS: A SUCCESS STORY

Review Rating

RECEIVED

41%

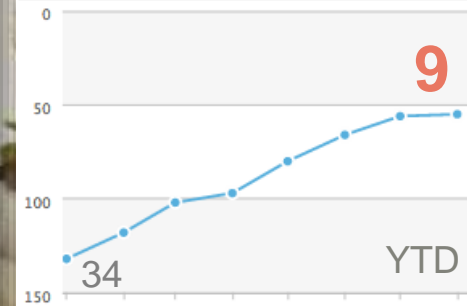
MORE POSITIVE REVIEWS THAN WITHOUT SURVEYS

Reviews Pace, Total Reviews

INCREASED GUEST FEEDBACK BY

350%

TripAdvisor Popularity Index



MORNING STAR EXPRESS: A SUCCESS STORY

Review Rating

INCREASED REVIEW RATING FROM 3.8 TO

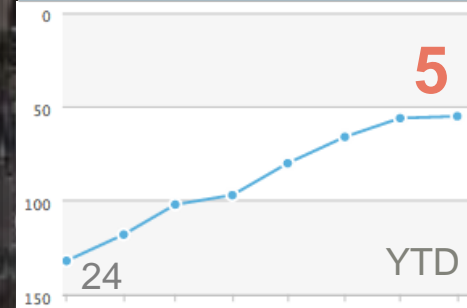
4.1

Reviews Pace, Total Reviews

INCREASED GUEST FEEDBACK BY

200%

TripAdvisor Popularity Index



A night view of a resort pool area. In the foreground, several wooden lounge chairs with light-colored cushions and blue towels are arranged on a tiled deck. A swimming pool is visible in the middle ground, reflecting the ambient light. In the background, a building with warm interior lighting is visible, along with a large tree and a dark sky. The overall atmosphere is serene and luxurious.

Peter Yap

peter@revinate.com



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**®
TM

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™

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Join our LinkedIn group named “HSMAl Asia Pacific”
(<http://www.linkedin.com/groups?home=&gid=1977138>)



Facebook Group & Page:

www.facebook.com/groups/74333984493/



INSPIRE
you
MARKETING
NEWS
BENEFIT
KNOWLEDGE
SUCCESS
CERTIFICATION
OPTIMIZE
REVENUE
YOU
FUEL
SALES
NETWORKS
RESEARCH
CONTACTS
RESOURCES
PARTNERSHIP
IDEAS
INSIGHT
TRENDS
EDUCATION
CONNECTION