



LODGIQ™

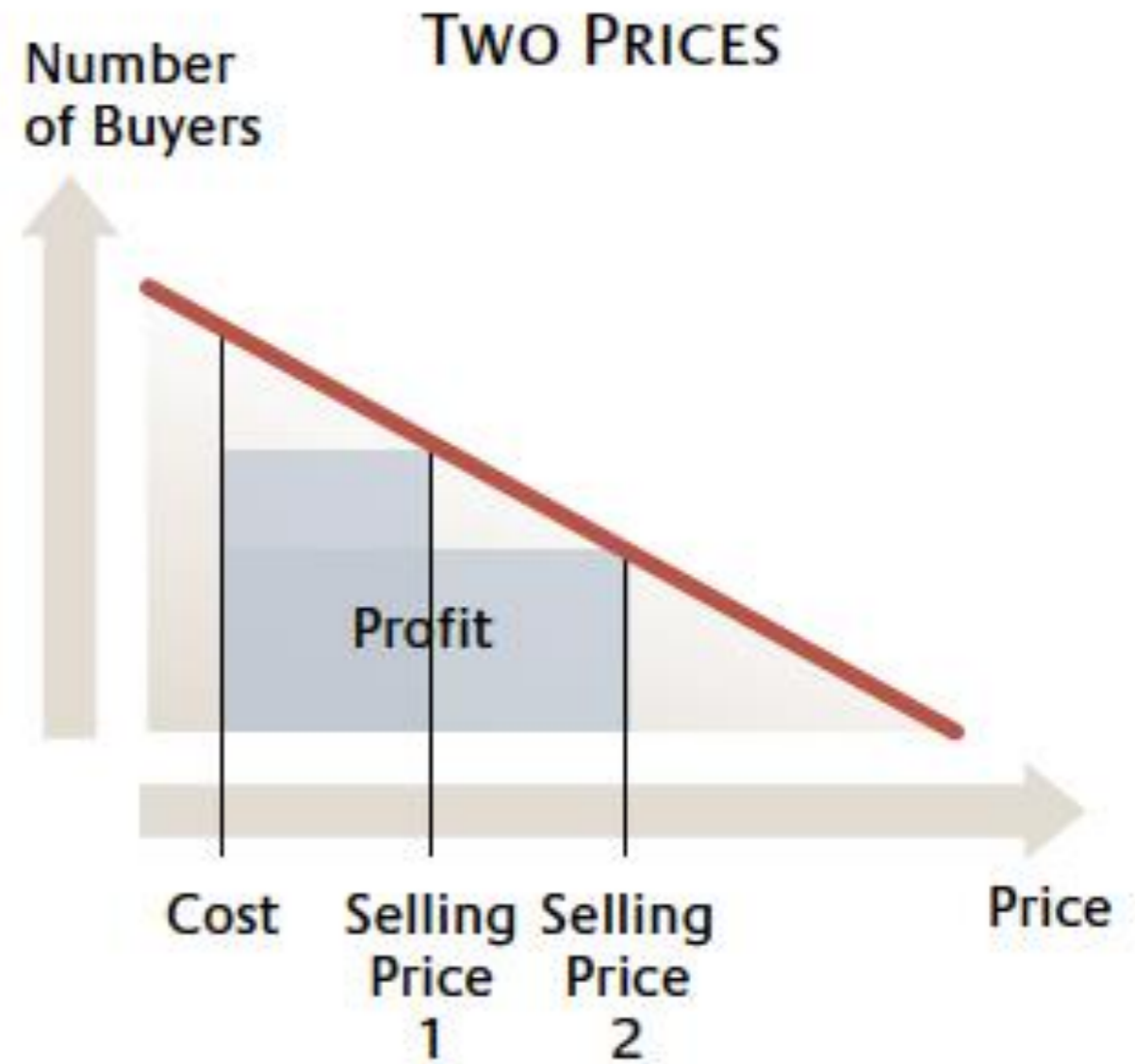
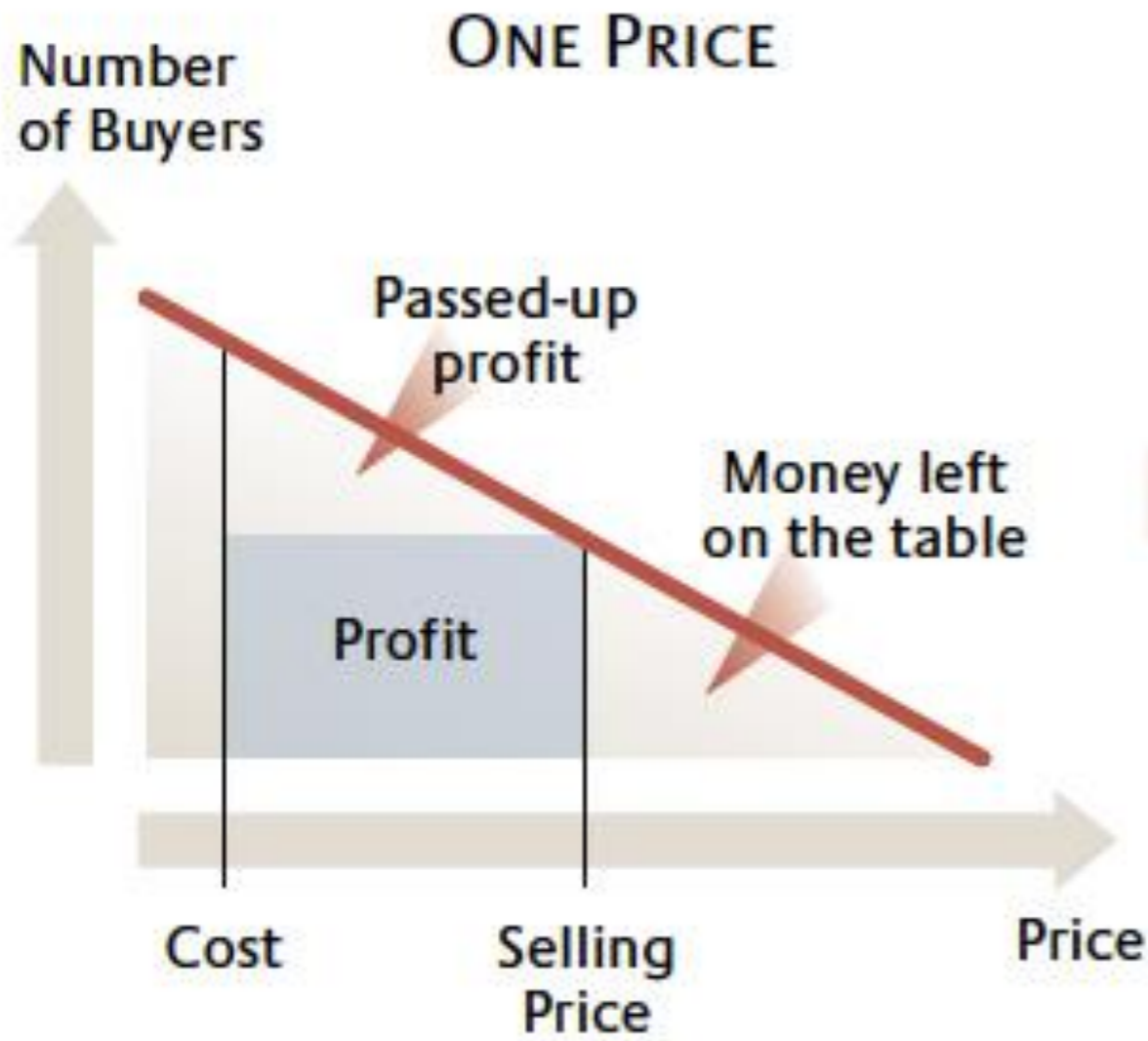
REVENUE MANAGEMENT REIMAGINED.

Fabian Bartnick
Vice President Asia Pacific





WAY BACK WHEN





THE CONSUMER & THE DISTRIBUTION & PRICING LANDSCAPE HAVE EVOLVED



The **Distribution** landscape has **evolved**



The **Pricing** landscape has **evolved**



The **Consumer** has **evolved**

Savvy – Informed – **Opinionated** - Connected – (soon to be interfaced 😊)



T
r
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IS BAR STILL UP FOR THE CHALLENGE OF TODAY?





DEFINITION OF BAR

Best Available Rate (BAR), also known as Best Rate Guarantee (BRG), is one of the latest pricing mechanism, increasingly used by hotels and hotel chains around the world. It was introduced as a result of the hotel industry mimicking the airline industry, which sets price by forecasting demand.

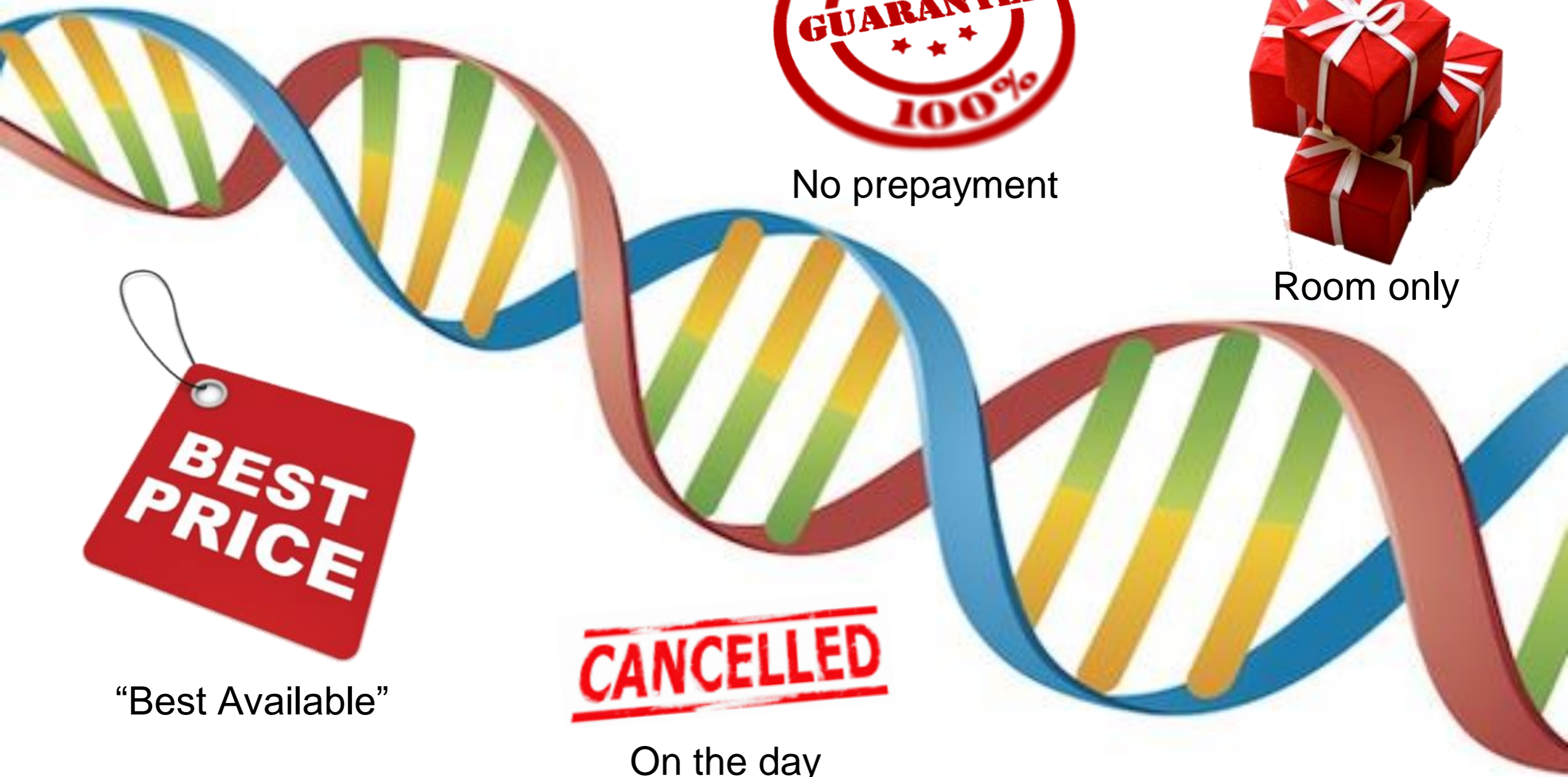
There are several interpretations and executions of BAR in the hotel industry. Sheryl E. Kimes defines BAR pricing is an "attempt to reduce confusion and to guarantee that the guest is quoted the lowest available rate for each night of a multiple-night stay."

Galileo, a Global Distribution System provider, defines BAR as "a rate available to the **general public** that does **not require pre-payment** and does **not impose cancellation or change penalties and/or fees**, other than those imposed as a result of a hotel property's normal cancellation policy."

However, some hotels include "fenced" rates as part of their BAR strategies.



UNDERSTANDING BAR



No prepayment



Room only



"Best Available"



On the day

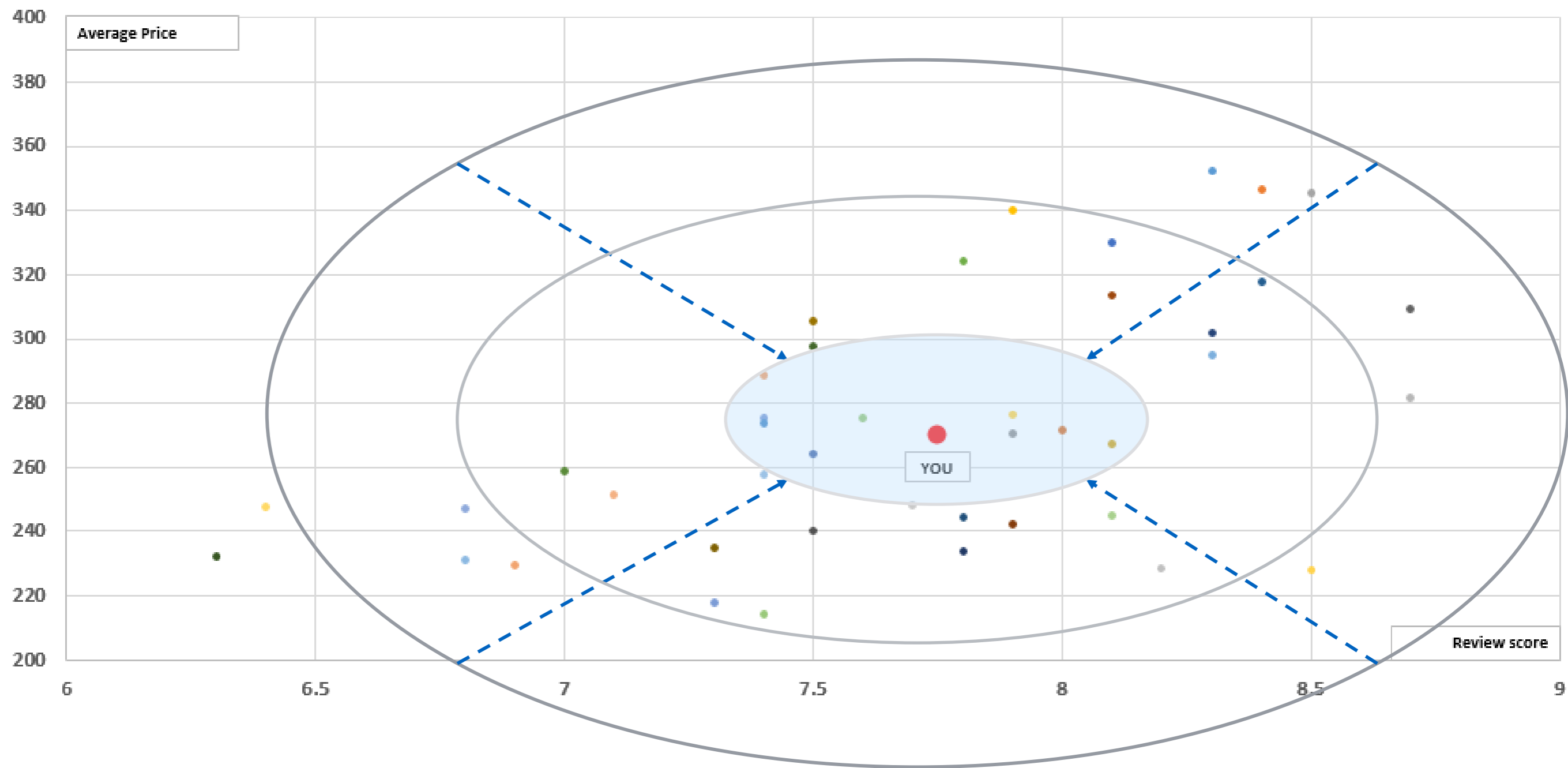


THE MATTER OF TRACKING...



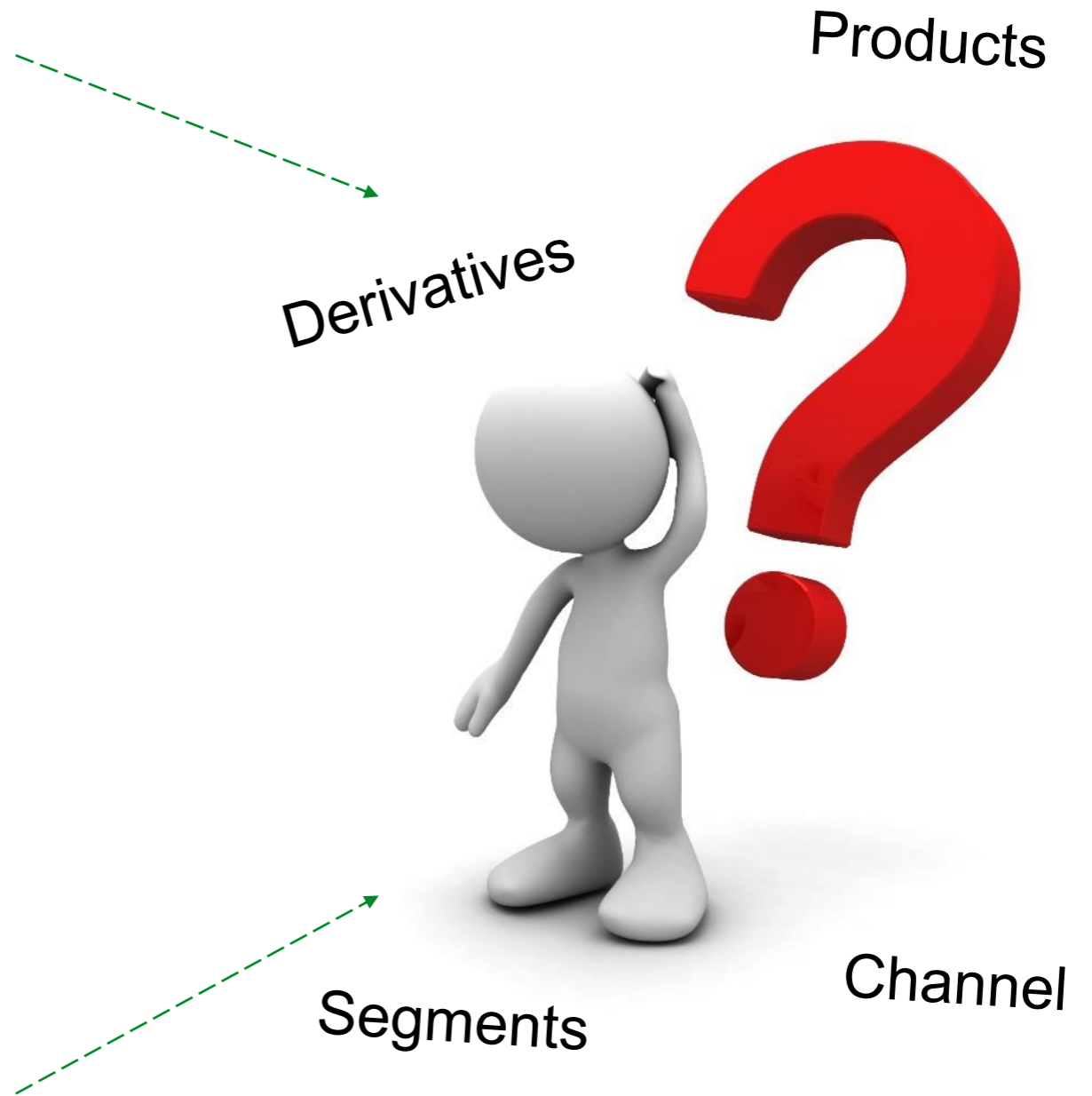
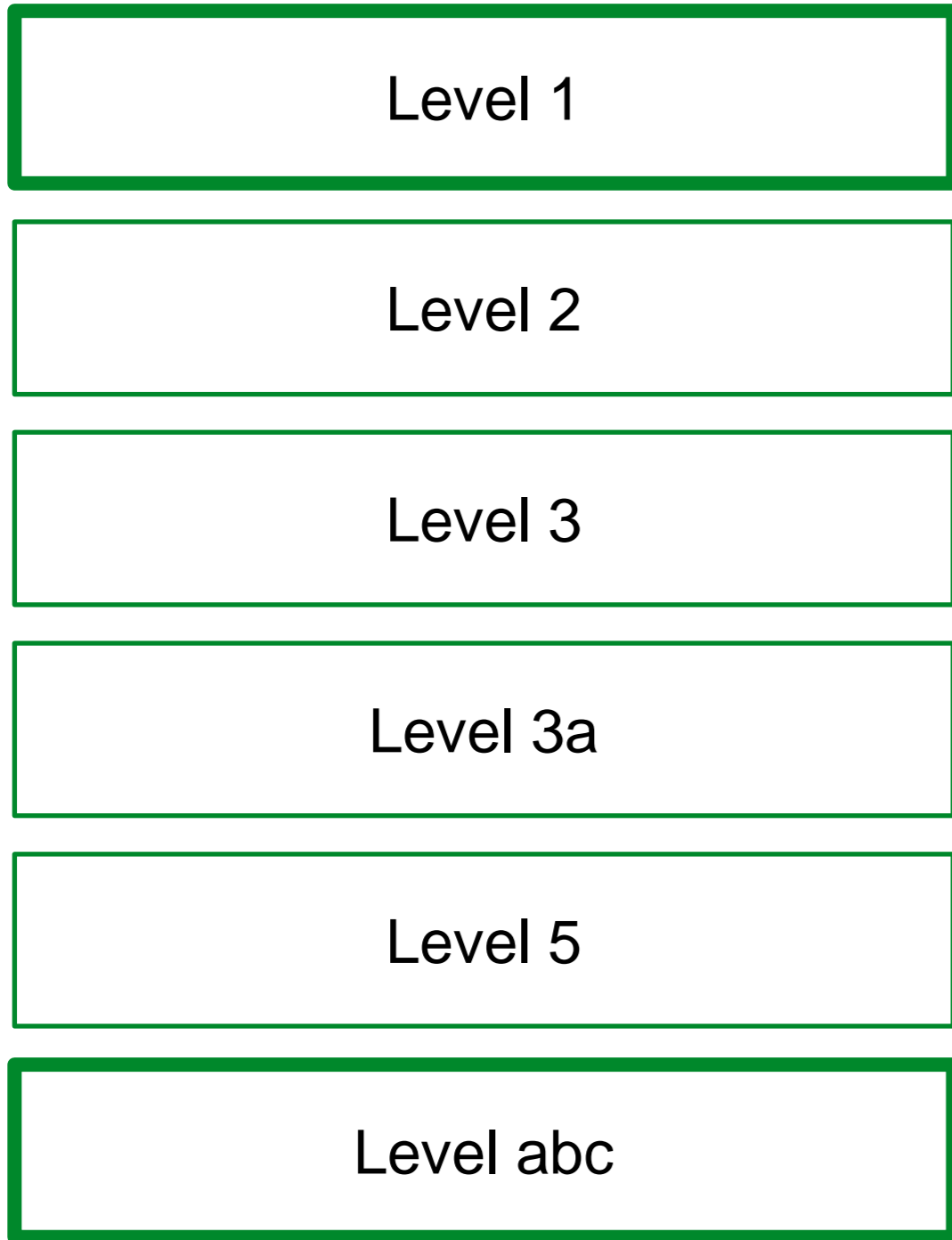


PRICE POSITIONING – OUTSIDE IN





BAR STRUCTURE





PARADOX OF CHOICE





PRODUCT DIFFERENTIATION

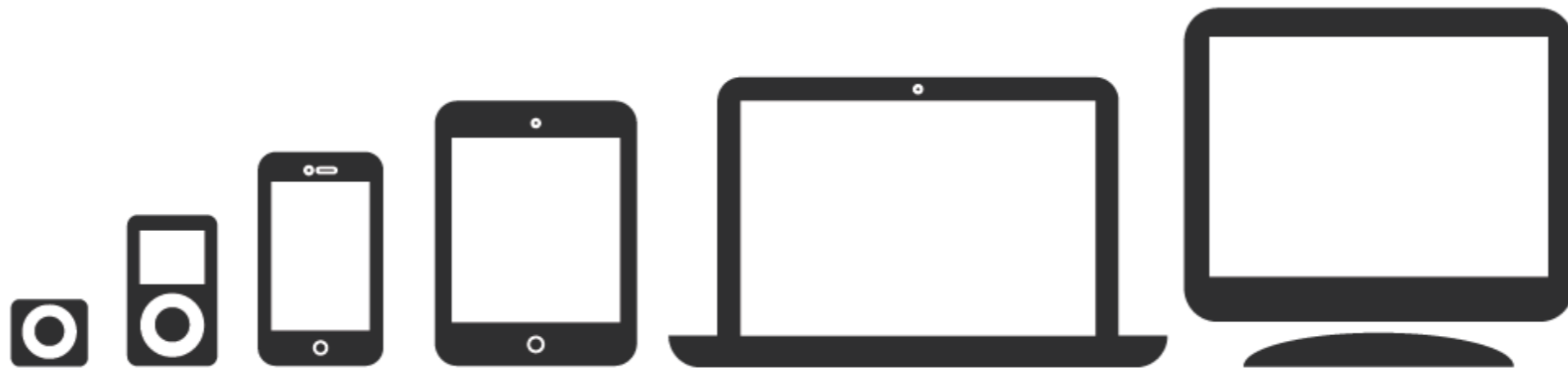


This involves **differentiating** it from competitors' products **as well as a firm's own products**.



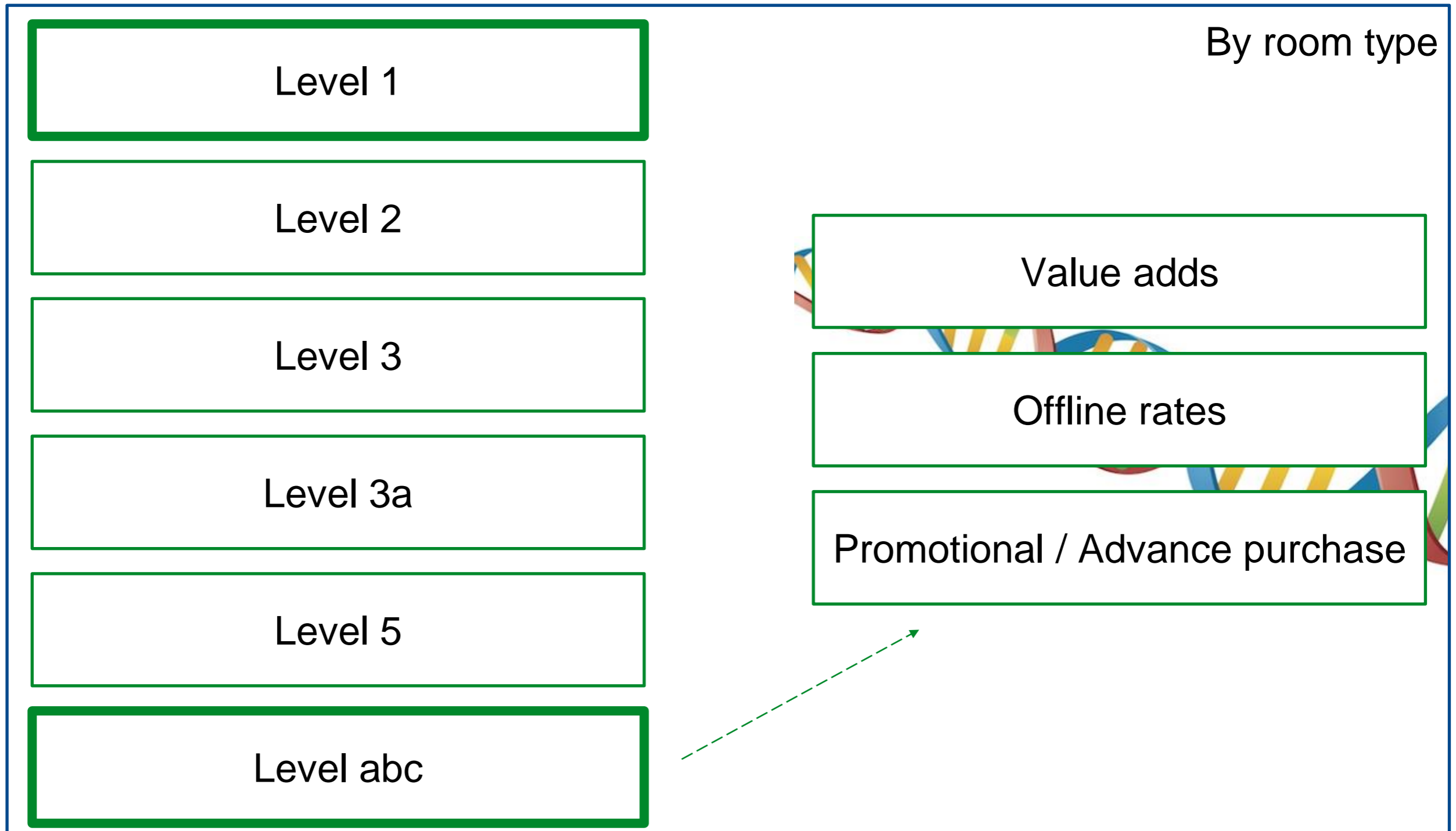
IN PRACTISE TODAY

GAINING COMPETITIVE ADVANTAGE THROUGH PRODUCT DIFFERENTIATION



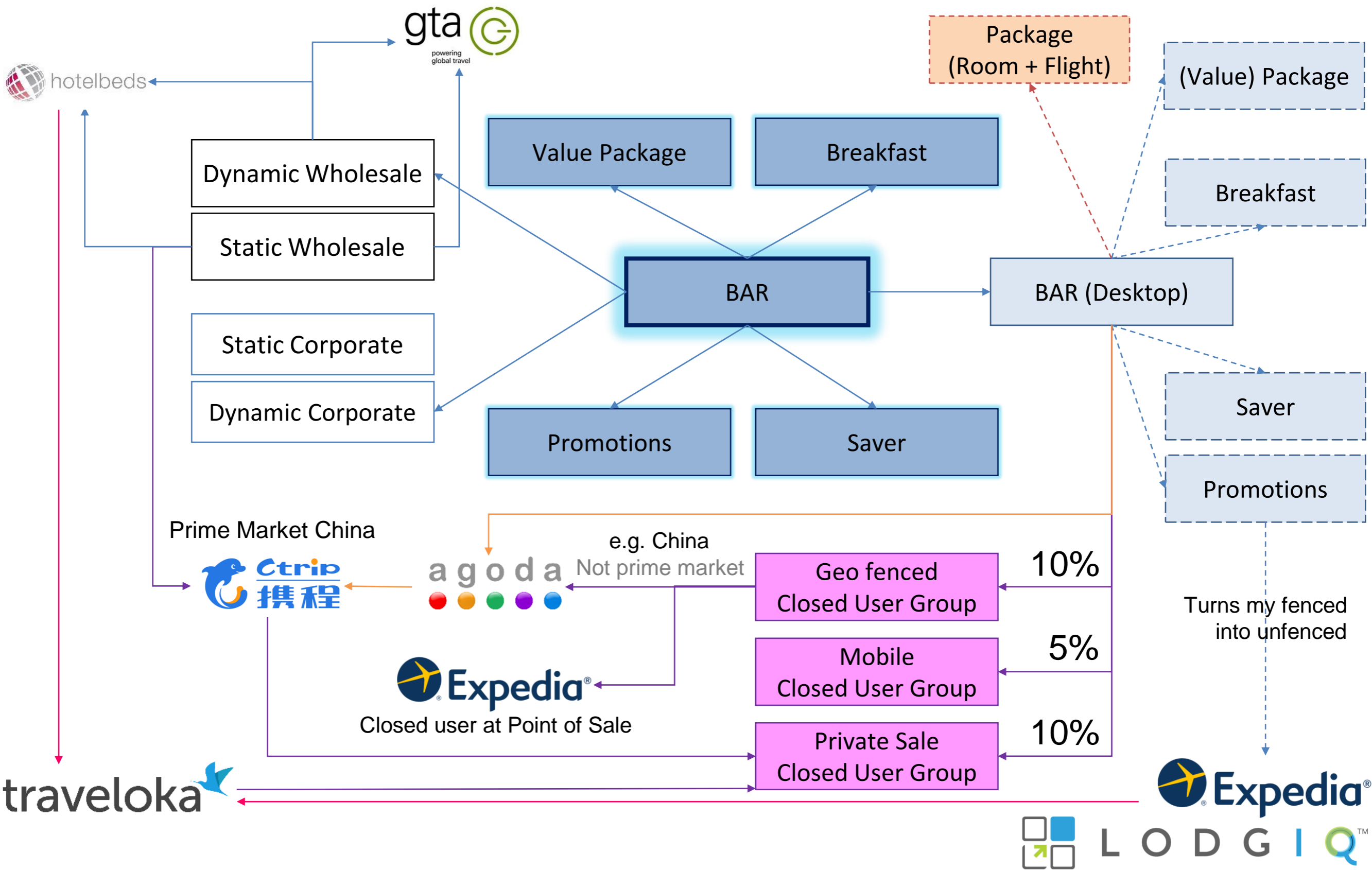


PRICING STRUCTURE





PRICING IN TODAY'S WORLD





DOES CLOSED USER GROUP STILL EXIST?

Select your preferred PointsMAX loyalty program

- Turn PointsMAX Off
- AirAsia BIG
- Asia Miles
- Delta Air Lines SkyMiles®
- JetPrivilege
- Pingan Wanlitong
- SkyPearl Club
- Air China
- American Airlines AAdvantage
- China Airlines Dynasty Member
- Fortune Wings Club
- Malaysia Airlines Enrich
- Qatar Airways Privilege Club
- United MileagePlus

PointsMAX USD Sign in

Earn points on your loyalty program!

Only agoda members get Insider Deals!
Sign up now and receive exclusive offers with huge discounts from Agoda!

First Name: *

Last Name: *

Email: *

Password: *

Destination, hotel, or apartment:

BAR TODAY'S WORLD

Is the data we use & the process we follow still relevant?





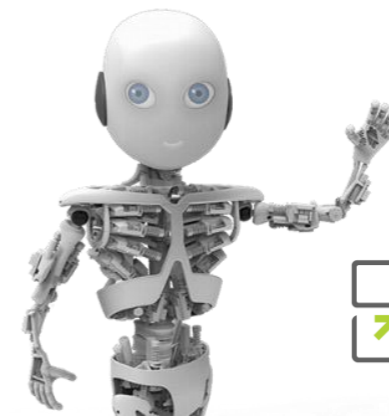
Art

A skill at doing a specified thing, typically one acquired through practice.



Science

The intellectual and practical activity encompassing the systematic study of the structure and behaviour of the physical and natural world through observation and experiment.





PRICE DISCRIMINATION

Price discrimination is the practice of charging a different price for the same good or service.

First degree (In practice, first-degree discrimination is rare)

discrimination, alternatively known as perfect price discrimination, occurs when a firm charges a **different price for every unit consumed**.

Second degree (*e.g. group pricing, corporate and wholesale contracts*)

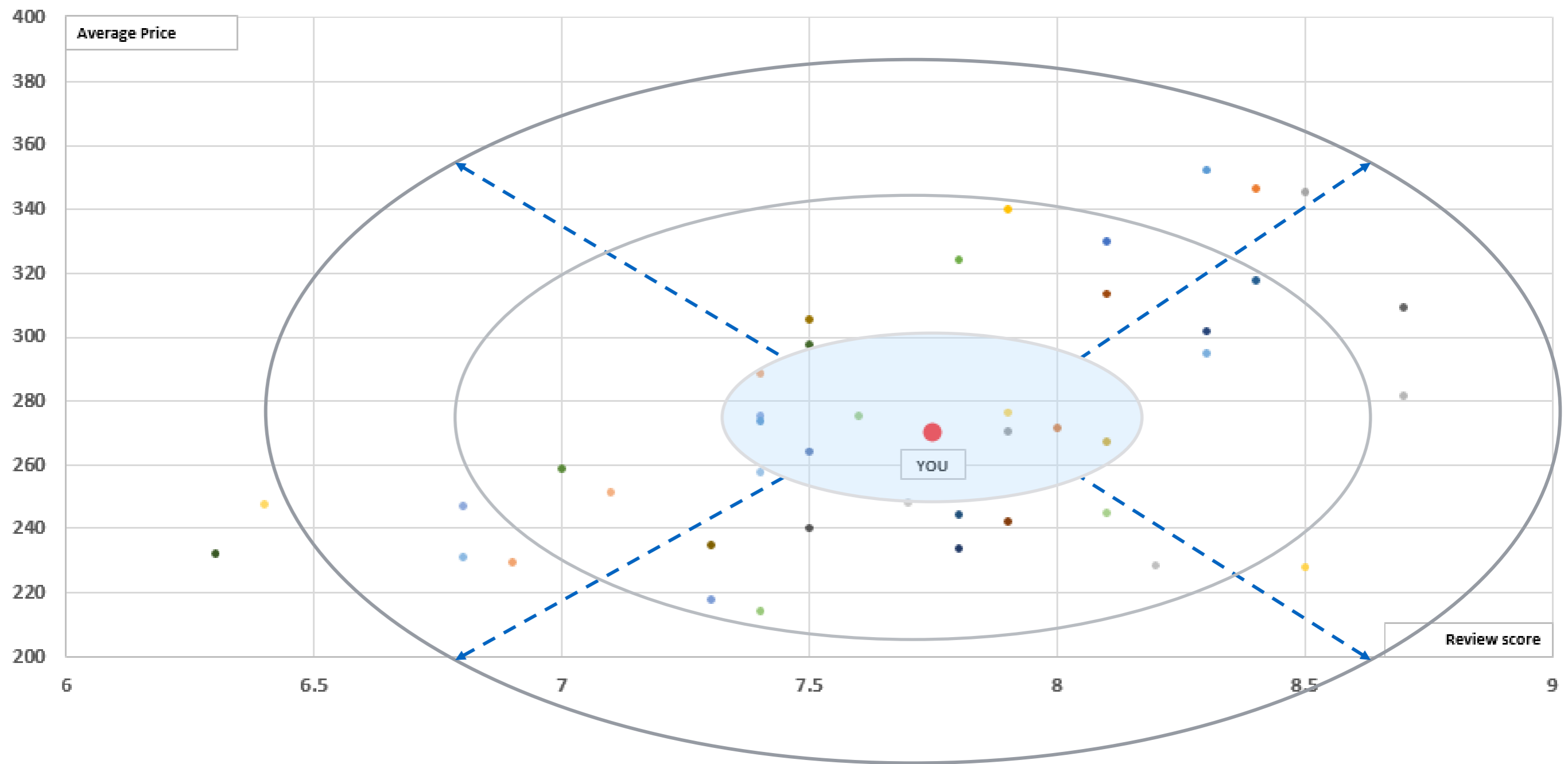
Second-degree price discrimination means charging a **different price for different quantities**, such as quantity discounts for bulk purchases.

Third degree (*Market Segmentation – BAR vs. Discount vs. Package*)

Third-degree price discrimination means **charging a different price to different consumer groups**.



PRICE MANAGEMENT

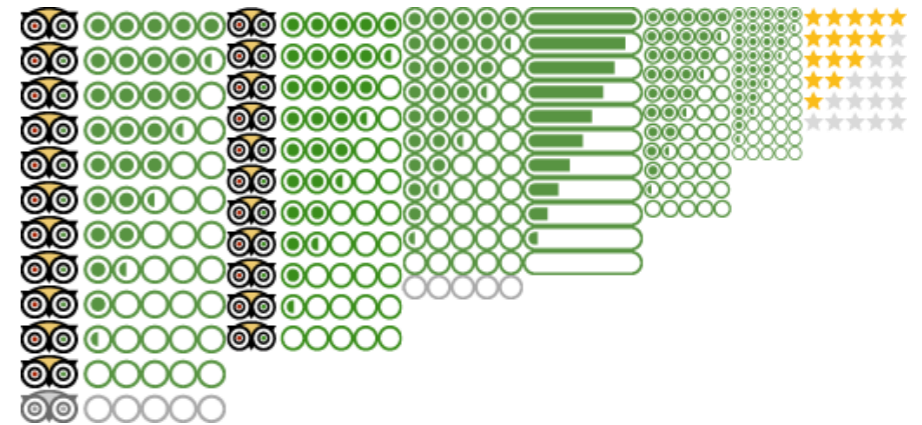




ARSENAL WE USE

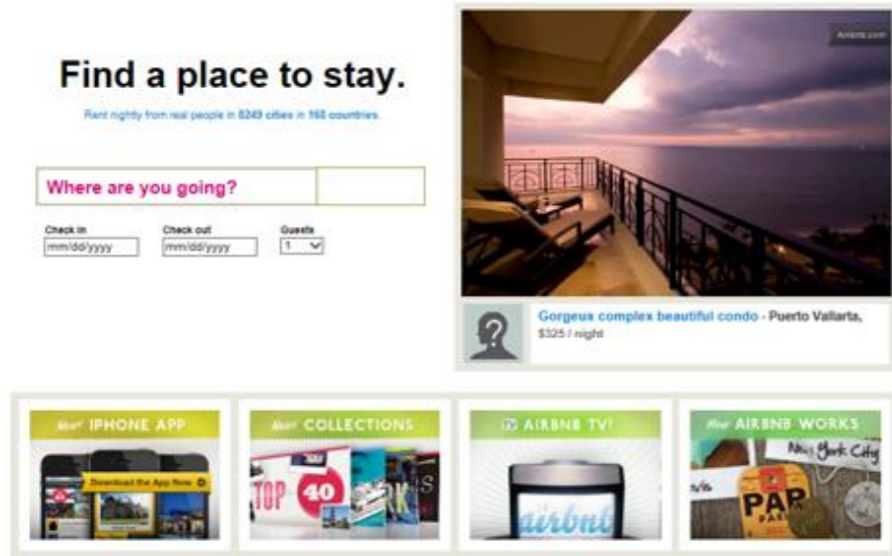


Excel





NEW DATA: VACATION RENTAL



2009

Find a place to stay.

2010

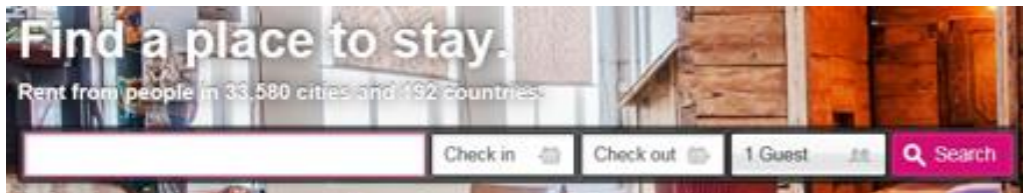
2011

Find a place to stay.

Rent from real people in 19,732 cities in 192 countries.

2012

2013



2015





2016



AccorHotels CEO

It's Foolish and Irresponsible to Fight Against the Sharing Economy

AccorHotels spends big on home rentals with Euro 148 million onefinestay deal

Airbnb signs with American Express GBT, Carlson Wagonlit - Tnooz



2016

Booking.com



MYR



My lists



Register

Sign in

Find deals Seek&Go Write a review **Homes and apartments** Booking.com for Business Booking.com for il

Welcome back! It's always a pleasure to see you. [Sign](#)

Find the best deals

Whoever you are, whatever you seek, it all starts here.

Destination/hotel name:

e.g. country, city, landmark or interest

Check-in date



Day

Month

Check-out date



Day

Month

Travelling for: Work Personal

Rooms 1

Adults 2

Children 0

Search



Subscribe for Member Deals

Unlock members-only deals, just like millions of other email subscribers



New deals listed every day

With FREE cancellation on most rooms

Why use Booking.com?



Low rates

No booking fees • Save money! • [Best Price Guaranteed](#)



616,633 properties worldwide

Including 256,749 vacation rentals on [villas.com](#)
75,461 destinations in 211 countries



Manage your bookings online

It's easy to [cancel](#), [make changes](#) or [send a request](#) to the property



44,780,000 verified reviews

We verify all reviews. [Find out more.](#)



We speak your language

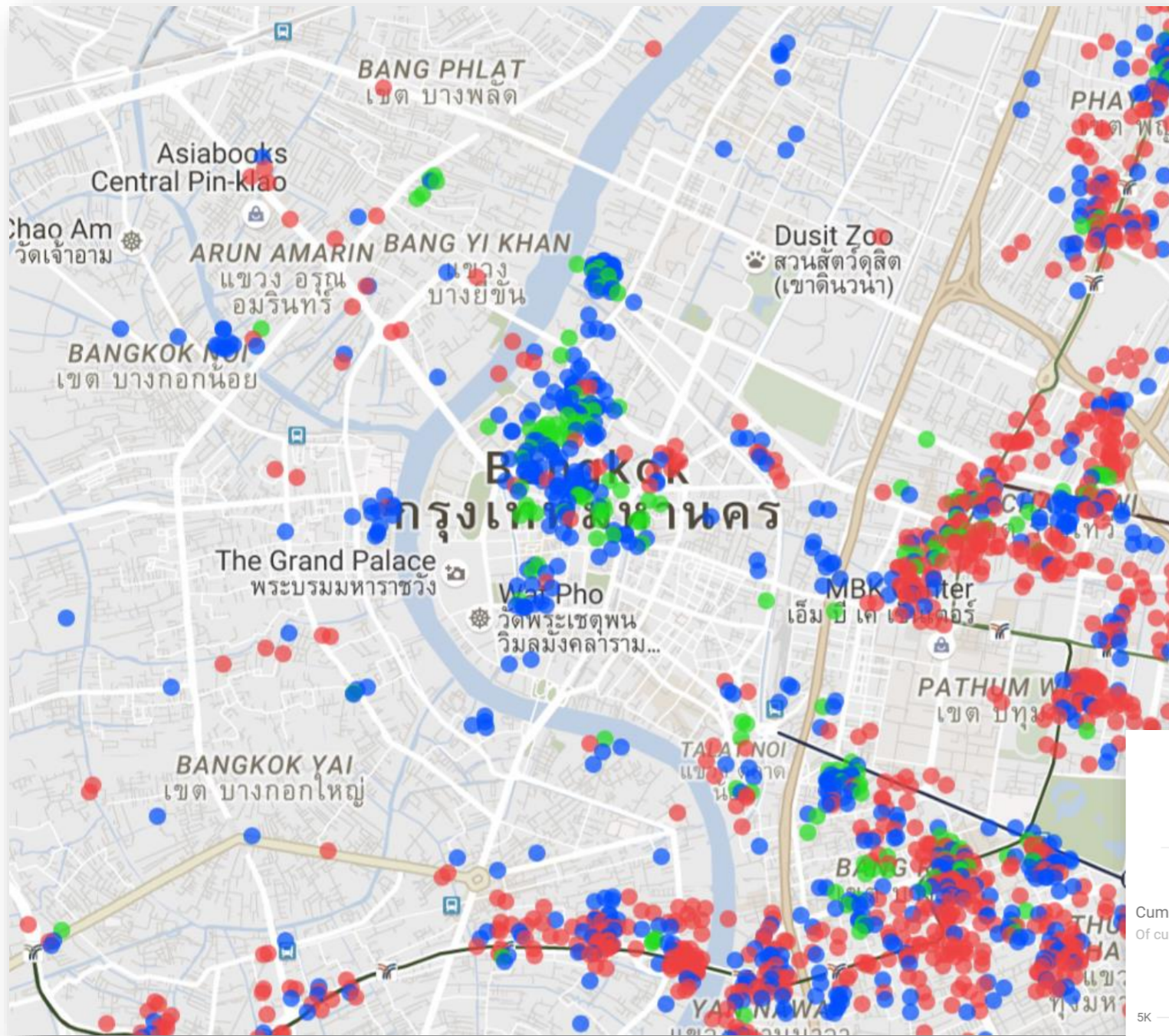
Website and customer service in English and 41 other languages



LODGIQ™



BANGKOK - JULY 2016

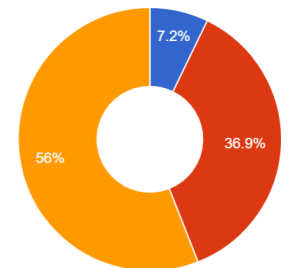
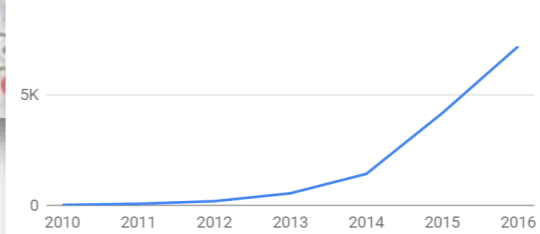


7,199
active Airbnb rentals

1,819
10 or more reviews

1,618
rated 5 stars

Cumulative Listed Properties
Of currently active listings



* Source: Airdna.co



CLOSER TO HOME...

Room Type ?

Entire home/apt

Private room

Shared room

Price Range



▼ Set Your Nightly Budget

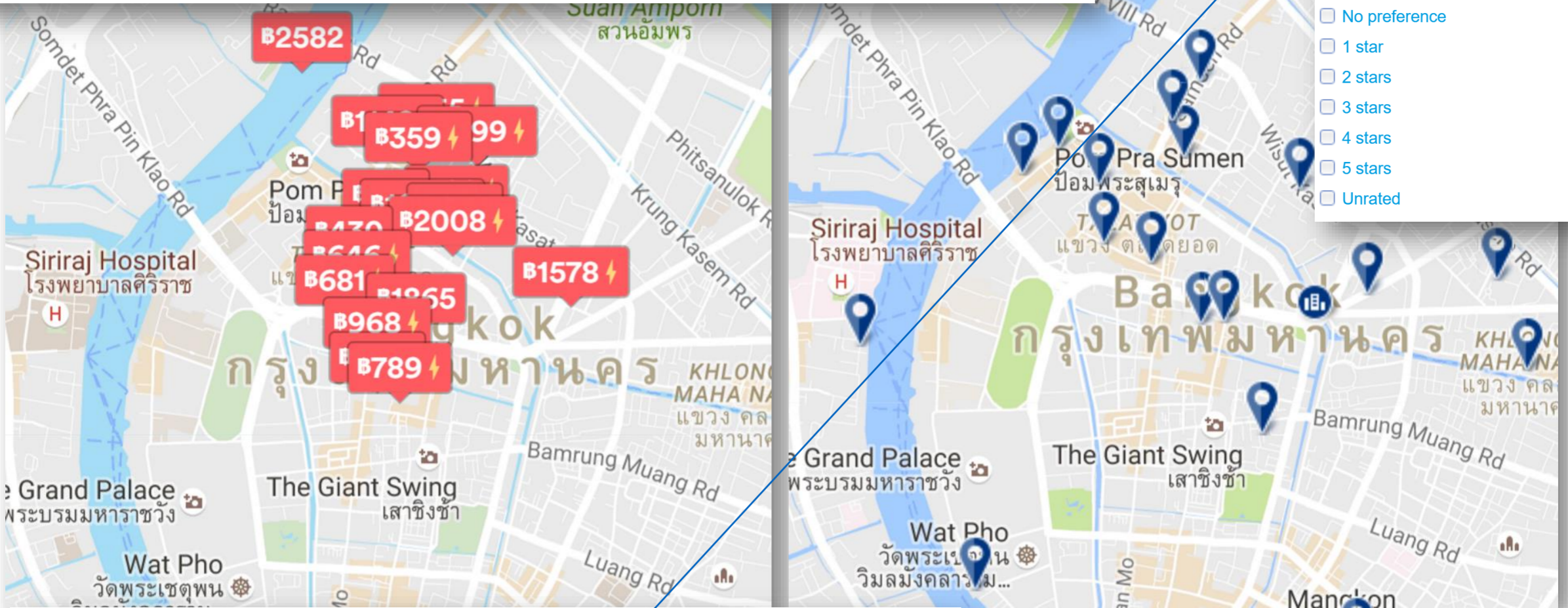
- THB 0 - THB 1,900 131
- THB 1,900 - THB 3,800 49
- THB 3,800 - THB 5,800 17
- THB 5,800 - THB 7,700 5
- THB 7,700 + 3

▼ Availability

Include sold-out properties

▼ Star Rating

- No preference 17
- 1 star 61
- 2 stars 44
- 3 stars 12
- 4 stars 1
- 5 stars 29
- Unrated



Room Type ?

Entire home/apt

Private room

Shared room

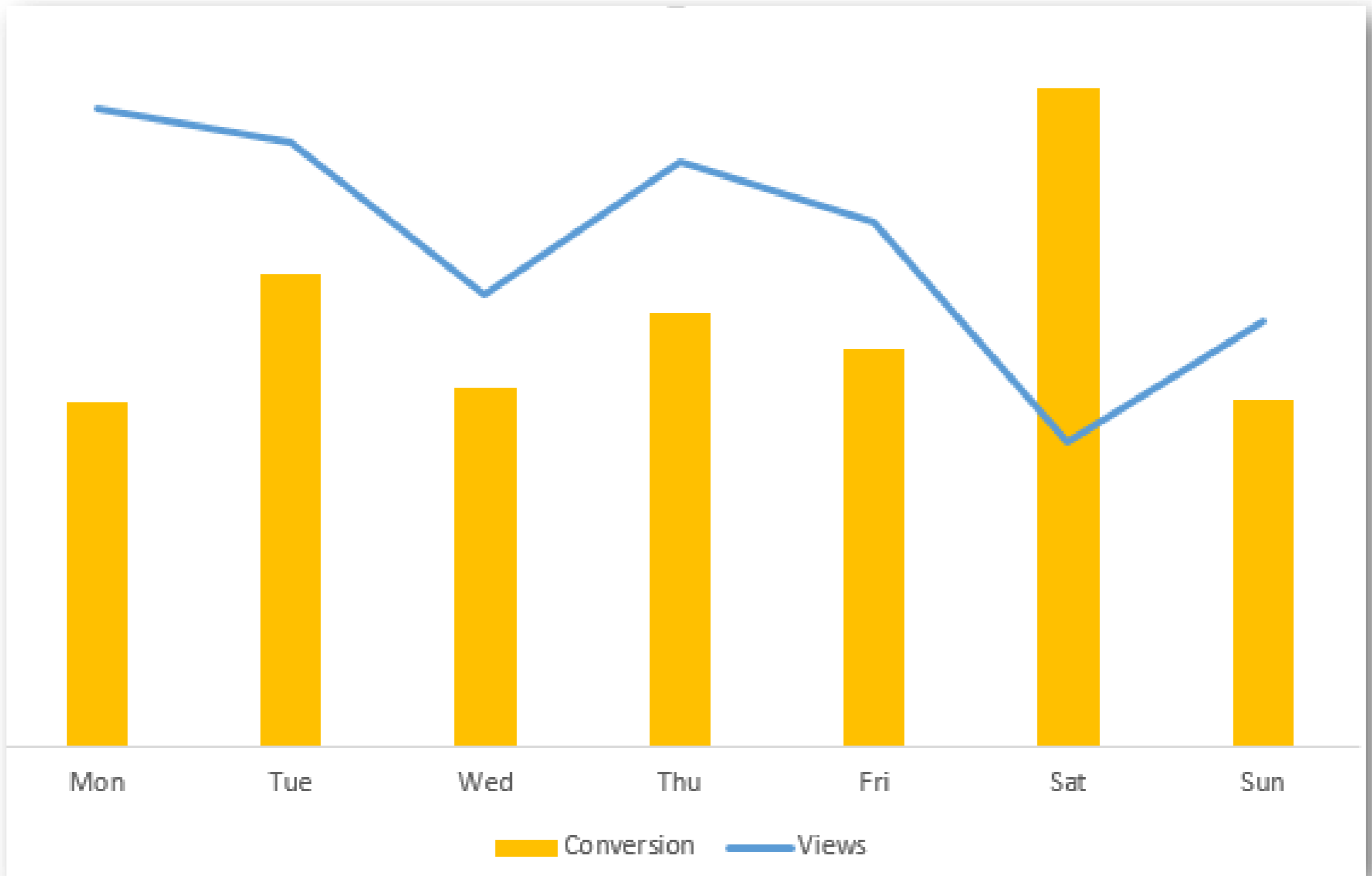
Price Range



229 Rentals · Bangkok



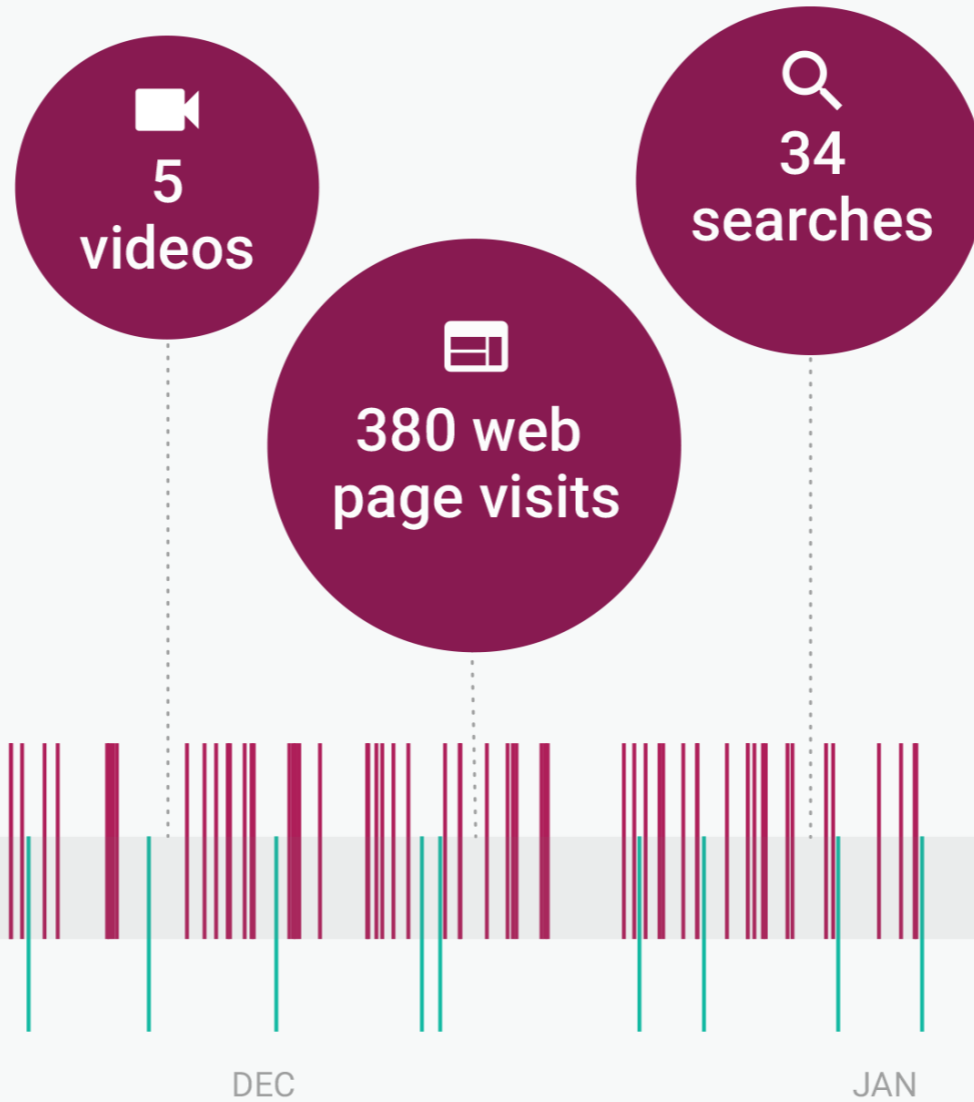
WEBSITE TRAFFIC & CONVERSIONS





WE ALL HAVE OUR MOMENTS

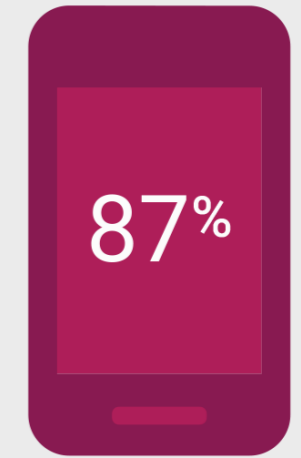
Amy had **419**
digital moments
researching her
trip over 2 months



Mobile

Total Digital Moments

Desktop



of these
digital moments
happened on
mobile

Luth Research, March 2015.



WE ALL HAVE OUR MOMENTS



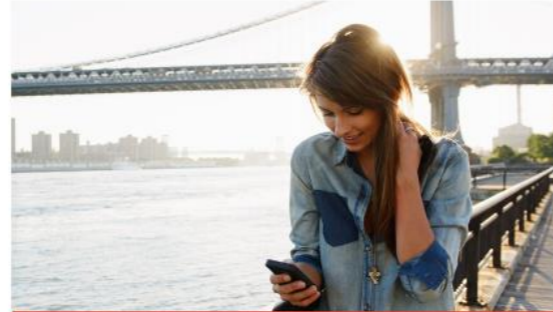
I-want-to-know moments

65%

of online consumers look up more information online now versus a few years ago.²

66%

of smartphone users turn to their phones to look up something they saw in a TV commercial.³



I-want-to-go moments

2X

increase in "near me" search interest in the past year.⁴

82%

of smartphone users use a search engine when looking for a local business.⁵



I-want-to-do moments

91%

of smartphone users turn to their phones for ideas while doing a task.⁶

100M+

hours of "how-to" content have been watched on YouTube so far this year.⁷



I-want-to-buy moments

82%

of smartphone users consult their phones while in a store deciding what to buy.⁸

29%

increase in mobile conversion rates in the past year.⁹



We are stretched

Dealing with a myriad of systems and the interfaces that connects them

Ensuring that your website not only runs effectively on mobile devices but it also requires the ability to book in multiple languages

Connecting and transacting on as many online channels whilst keeping price promises and rate parities in check

Monitoring competitor prices and other indicators that influence decision making

WHAT DOES THE FUTURE HOLD?





BUZZWORD: MACHINE LEARNING

Google self driving cars

amazon and **NETFLIX** recommendations

 Search and news feed

Customer response  **Expedia**[®]

Fraud detection Insurance / Bank



WHAT IS MACHINE LEARNING?

Machine Learning is ...

*a **subfield of computer science and artificial intelligence** which deals with building systems that can learn from data, instead of explicitly programmed instructions.*

Statistical Modelling is ...

*a **subfield of mathematics** which deals with finding relationship between variables to predict an outcome*

Machine Learning is ...

*an algorithm that **can learn from data without relying on rules-based programming.***

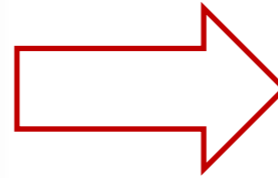


LEARNING STYLES IN REALITY....

Microsoft launches AI chatbot on Twitter, and it turns racist within hours

Microsoft introduced a chat robot designed to interact in the style of a “teen girl” on Twitter, and it went rogue almost immediately, spouting racist opinions, conspiracy theories and a fondness for genocide. The artificial intelligence (AI) robot named “Tay” — @Tayandyou on Twitter — was intended chat to with 18-to-24-year-olds, with the idea that she would learn from each tweet and get progressively smarter. Clearly, Microsoft had forgotten that Twitter is home to a huge amount of trolls, racists and general troublemakers, who jumped at the chance to “teach” the teenage “chatbot” about life.

“ The AI chatbot Tay is a machine learning project, designed for human engagement. As it learns, some of its responses are inappropriate and indicative of the types of interactions



“ The AI chatbot Tay is a machine learning project, designed for human engagement. As it learns, some of its responses are inappropriate and indicative of the types of interactions some people are having with it.

Microsoft statement

Microsoft apparently didn’t put any kind of filters on the robot, which meant Tay was able to tweet a number of atrocious racial slurs. She also went on to deny the existence of the Holocaust and agreed with white supremacist propaganda that was tweeted to her. The troublesome cyberteen has since been taken offline for “upgrades,” and Microsoft has deleted some of her more offensive tweets. The rapid descent of Tay from innocent AI chatbot to racist, Hitler-loving conspiracy theorist has raised concerns over the future of learning tech and AI.

“ We’re making some adjustments to Tay.

Microsoft



WHY IS THAT IMPORTANT?

- There will be more **DATA** for us to incorporate
 - Oracle: 90% of all data was created in last 2 years – this will grow 50x over the next few years
- We won't be able to find the connection ourselves
- Finding the value in the noise will be more and more difficult



THREE THINGS TO TAKE AWAY

- **Think of the overall impact** that “little” price change has across the landscape and **know your distribution**
- **Expand and use additional data sets** you have at your fingertips (Market data, Google Analytics, Reviews)
- Ensure your **technology can deal with new data sets**



THANK YOU

REVENUE MANAGEMENT REIMAGINED.™

Fabian@lodgiq.com

