



The Owners view

Dear Hotelier,

Another buzz-word to get excited about. We can't even do pricing properly as an industry and now we are doing real time pricing?

Let me tell you my point of view.

1. My asset has a certain value that I do not want to go below. Yes, it might be my subjective view, but live with it. It's mine! Find a way to sell the value!
2. Let me tell you how I see Revenue Management handle pricing mostly: Demand goes down, we resort to discounts and drop our pants. Demand increases and we increase our rates. There you have it – I am a Revenue Manager.

Lastly, I'll let you in on a secret: It is about cash flow and profit! Here is something to think about:

My asset costs me roughly 160k a month to break even. Your revenue forecast tells me that we will be doing 120k. What use is that to me that you now price real time? I need you to tell me how we can get to 160 and beyond, not to 120! 120 is not going to cover my loan re-payments! And before you ask: I don't accept that there is "not enough demand out there" because how come our comp set is equally running at 70%? There are rooms – start selling differently, stop managing demand, be part of creating the demand, steal demand.

Don't get me wrong, I do believe in optimization, but we must do better than – no demand - drop price, high demand - increase price; even when real time. A \$1 rate increase in my selling price here or there will not dramatically shift my business to new highs.

Whilst we are lacking the speed of decision making, we are more lacking the full picture when making decisions and the right approach to positioning. The understanding that profit is the ultimate king, not just bums in bed. A discount a few days out is not going to make you rich, it just means our approach for the last 365 days leading up to that moment was not optimal.

We both want the same thing: We want to make the best out of my asset. You from a topline perspective, me from bottom line perspective.

I will continue to challenge you and at times we agree, at times we disagree. Do I think pricing is important? Absolutely, but so is driving my direct traffic, my conversion stats, my ranking on OTA's, my content, etc. Do I think that real-time will be the solution to my current problems? Show me the ROI of real-time vs non-real time and we talk!

Regards,

Your Owner

THINK
ABOUT
THINGS
DIFFERENTLY