

The 36 chambers

Karate for Revenue

Managers

Your Teachers:

Taktikon Consultancy AB

Katarina Svensson, black belt

Oliver Geldner, White Sock



But first you must unlearn what you have learned

Deconstructing Revenue Management

Ch 1: Forecasting

Ch 4: Analysis

Ch 2: Strategy

CH 3: Implementation



Chamber 5: **Fully Manual** Revenue Management

Forecasting: History, Demand & Events, Pace

Strategy: Booking Curve and price points

Implementation: Balance Volume vs all Rates

Analysis: Performance against market

Data resources: PMS data, historic data, rate shopping, benchmarking

Chamber 6: **Semi-Automated** Revenue Management

Forecasting: by day / all year, revenue target by day

Strategy: pricing assistance from RM system

Implementation: rate overrides

open/close inventory

Analysis: Performance against market

Data resources: PMS data, historic data, rate shopping

Chamber 7: **Fully Automated** Revenue Management

Forecasting: by day / all year, revenue target by day,
history, demand, booking pace

Strategy: multiple booking curves, matching days (from
history)

Implementation: RM system runs all rate decisions and
inventory control, restrictions, **last room value**

Data resources: PMS data, historic data, rate shopping
(as indicator) applied against algorithms

Chamber 8: What does a **revenue system** do ?

Market Segmentation

Historical Demand & Booking Patterns

Demand Forecast & Displacement

Pricing & Inventory

Overbooking

Information systems / secondary data (benchmarks)

Chamber 9: What **differentiates** the systems ?

Weight of

Market Segmentation

Historical Demand & Booking Patterns

Demand Forecast & Displacement

Pricing & Inventory

Overbooking

Information systems / secondary data (benchmarks)

Chamber 16 : Basic Algorithms

$$\sum_{i=1}^{90} p_i \times o_i$$

= period(days)
= Price of room/segment
= Projected demand at price p
= REV/OCC index from previous/similar nights



$$o = o_{\text{nominal}} \times \left(\frac{p}{p_{\text{nominal}}} \right)^{e}$$

(=forecasted occupancy)
(=forecasted rate)
(=elasticity)



Chamber 19: **phylosophy**

PMS rate ladders and RM systems don't mix !

= Quantity based rate decisions misinterpret demand

RM systems apply "open pricing" based on
"last rooms value"

RM systems optimize inventory at best rate
(overbooking on room category in relation to demand

Chamber 20: **phylosophy**

Systems with higher weight on historic data and matching days:

IDEAS, EZRMS, Duetto, Xotel

Systems with higher emphasis on booking pace:

Atomize, PriceMyHotelRoom, Pace

Chamber 21: Advantages with **RM solutions**

RevPAR increase following installation of any RM often due to:

- better availability / inventory management
- frequent rate updates
- quicker decision process
- no limitations, no product/value perception

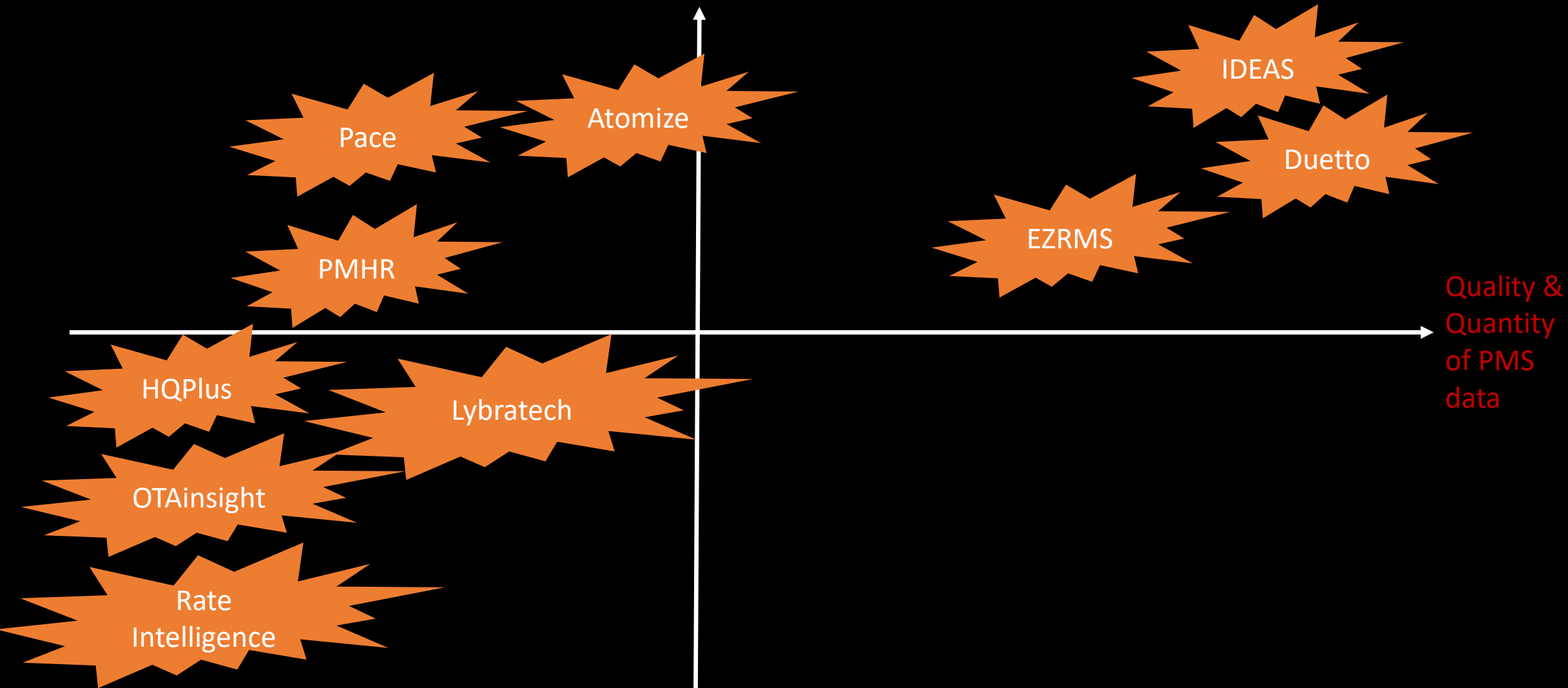
Chamber 22: Advantage with **Manual Process**

More creative in achieving ADR

- less static handling
- better product/value perspective
- quicker to pick up on deviations in market
- more detailed focus on single room

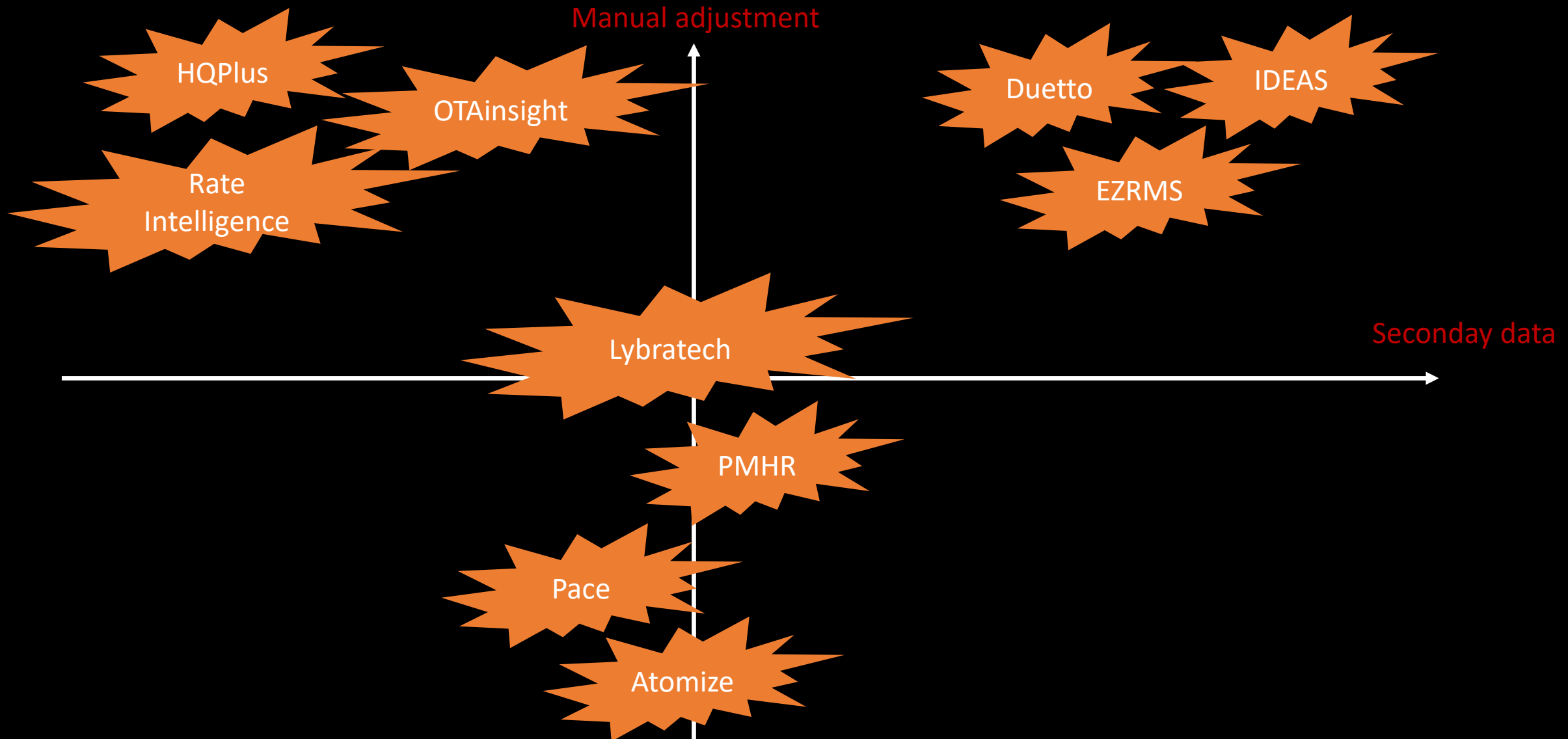
Chamber 23 : Position of Revenue Solutions

of Rooms



Quality & Quantity of PMS data

Chamber 24 : Position of Revenue Solutions



Chamber 25: Dashboards

- Don't get blindsighted by the fact they exist
- Dashboards build on data and KPIs
- Look & Feel is secondary to Data & Source

Chamber 29: **Speed of punch**

- Requirement based on market dynamics
- Frequency of data exchange
- Frequency of calculations
- Frequency/Speed of output
- In relation to your pace/pickup

Chamber 34 to 36 : Pricing & Distribution layers

Who runs your show?

- Is the PMS **Master** of your domain ?
- Or is the **Channel Manager** ?
- Which entity provides data and which distributes ?