Customer-Centric Revenue Management

How putting the customer at the centre of your Revenue Management strategy will help to maximize profits
26 years experience in the hotel sector

10 years in Operations in UK, the last 5 as General Manager in London.

15 years in distribution and Revenue Management, including 11 years in global positions within NH Hotel Group.

Guest lecturer on RM in various universities throughout Spain

Neville Isaac
Customer Experience Director

Presentation
Contents

1. Traditional Revenue Management
2. Customer Centric Revenue Management
3. What does Customer Centric RM take into account?
4. Behaviour in the purchase process
5. Expectations of each customer segment
6. Customer Centric RM in BEONPRICE
7. Digital Transformation
8. Transform your decision making
9. ROI
The “classic” definition of Revenue Management

Right room
Right price
Right customer
Right time
Right channel

REVENUE MANAGEMENT
Customer Centric Revenue Management will help to align the commercial and development strategy of your product with the needs of the most profitable clients, to maximize your profits in the long term.
Customer Centric Revenue Management

- Adopt the client's point of view
- Analyse their behaviour during the purchase process
- Know the expectations of each type of client
- Know the price elasticity of the market
Decision making process: Compare hotel prices

Know your competitors and review your positioning
Decision making process: Consult opinions

Work with the whole team to improve your reputation
Decision making process: Compare services

Review the information on your hotel and your competitors.
Decision making process: Find the best price for the same product

Control your distribution
Decision making process: Consult the hotel website

Be different, make sure your product shines on your web
Summary of decision making process

- Search by Price
- Compare Services
- Compare reputation
- Price Comparison by channel
- Consult website
Traveller Life Cycle

The Life Cycle of the Traveller

- More than 60% of travelers start researching their trip more than four weeks out from the day of booking

Package Bookers Consume a Lot of Travel Content, Especially the Week of Booking

- Travel content consumption on the week of a package booking more than doubles the prior week's volume

Average Travel Site Visits per Week

Number of visits to travel sites made by package bookers 45 days before booking:

- Week 0: 2.5
- Week 4: 3
- Week 8: 3.4
- Week 12: 5.2
- Week 16: 6.9
- Week of Booking: 15.5

[Source: Converse Consumer Path to Purchase – December 2014]
Expectations for each type of customer

- A previous experience in the category
- Global personal experience
- Requirements in each situation
- Different options available (substitute products)
- Experiences of other customers (Opinions)
- Budget available
- Profitability or pleasure obtained

Expectation of quality

Maximum price range that a customer is prepared to pay

Different for each type of client
BEONPRICE has created BQI®: the only index in the hotel market which measures the all-round quality of a hotel in order to understand the competitive positioning and the price elasticity in the Marketplace.

The BQI® takes into account more than 21 objective parameters such as location, hotel services, restaurants, room size etc, as well as the online reputation.

BQI imitates the customer booking behaviour taking into account the expectations of quality of the property both before and after the reservation.
# Competitive Set A

- **Hotel A**
  - 4 stars
  - City Centre
  - Access to subway
  - Room 20m²
  - 100 €

- **Hotel B**
  - 4 stars
  - City Centre
  - Access to subway
  - Room 20m²
  - 100 €

- **Hotel C**
  - 4 stars
  - City Centre
  - Access to subway
  - Room 20m²
  - 100 €

- **Hotel D**
  - 4 stars
  - City Centre
  - Access to subway
  - Room 20m²
  - 100 €

- **4 hotels with the same quality**
- **Same services**
- **Similar product**
- **Identical Price**

**SAME PROBABILITY OF SALES**
Competitive Set B

- Hotel A
  - City Centre
  - Access to subway
  - Room 20m²
  - Price: 100 €
  - Rating: Muy bien 8,5

- Hotel B
  - City Centre
  - Access to subway
  - Room 20m²
  - Price: 100 €
  - Rating: Fabuloso 8,6

- Hotel C
  - City Centre
  - Access to subway
  - Room 20m²
  - Price: 100 €
  - Rating: Fantástico 9,0

- Hotel D
  - City Centre
  - Access to subway
  - Room 20m²
  - Price: 100 €
  - Rating: Fantástico 9,3

- 4 hotels with the same quality
- Same services
- Similar product with different styles (image)
- Identical Price
- Different reputation

Online reputation will determine the probability of sale.
Competitive Set C

- Hotel A
  - Muy bien 9,0
  - 100 €

- Hotel B
  - Fabuloso 9,0
  - 110 €

- Hotel C
  - Fantástico 9,0
  - 106 €

- Hotel D
  - Fantástico 9,0
  - 120 €

- 4 hotels with the same quality
- Same services
- Similar product with different styles (image)
- Identical Reputation
- Different price

PRICE WILL DETERMINE THE PROBABILITY OF SALE
Competitive Set D

- 4 hotels in the same category
- Same characteristics
- Similar product with different styles (image)
- Different services available
- Identical Price
- Different reputation

PROBABILITY OF SALE WILL BE A MIX OF SERVICES AND REPUTATION
Competitive Set E

4 hotels in the same category
- Same characteristics
- Similar product with different styles (image)
- Different services available
- Different Price
- Different reputation

PROBABILITY OF SALE WILL BE A MIX OF OBJECTIVE QUALITY, REPUTATION AND PRICE
The relationship between Quality & Price is fundamental
The relationship between Quality & Price is fundamental.

The only index in the hotel market which measures the objective quality of your hotel plus the online reputation to determine your competitive position.
Where should Customer Centric RM be applied

- STRATEGY
- PRICE
- DISTRIBUTION
- LOYALTY
Part of a Digital Transformation

BIG DATA

SMART DATA
Technology transforms the way we work

BIG DATA

MACHINE LEARNING

ADAPTABILITY IN EVERY HOTEL

REAL TIME DECISION MAKING

BEONPRICE
REVENUE MANAGEMENT SYSTEM

- Less time spent on extracting data
- Better information
- More time to think about strategy

NET RevPAR
Transform decision making
Transform the decision making process

- Operations
- Sales
- Marketing
- Revenue management
- Hotel Focus

BEONPRICE
Provide all the data to all *stakeholders*

One tool for all departments

All data on the same platform

More efficient meetings
2 TYPES OF ROI

“Financial” ROI
Increase in RevPAR

“Organizational” ROI
+ Agile
+ Efficient
+ Strategic
Do you want more info?

info@beonprice.com
Data-driven RevPAR
People-driven service