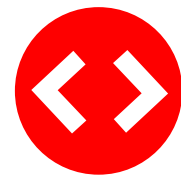


Revenue Management: Putting The “How-To” After The “Why”

Anurag Verma



PriceLabs

Agenda

- What is Revenue Management?
- What **LEVERS** can be used for Revenue Management in VRs?
- What are some common Revenue Management **FRAMEWORKS**?
- How to make the most out of your revenue management strategy

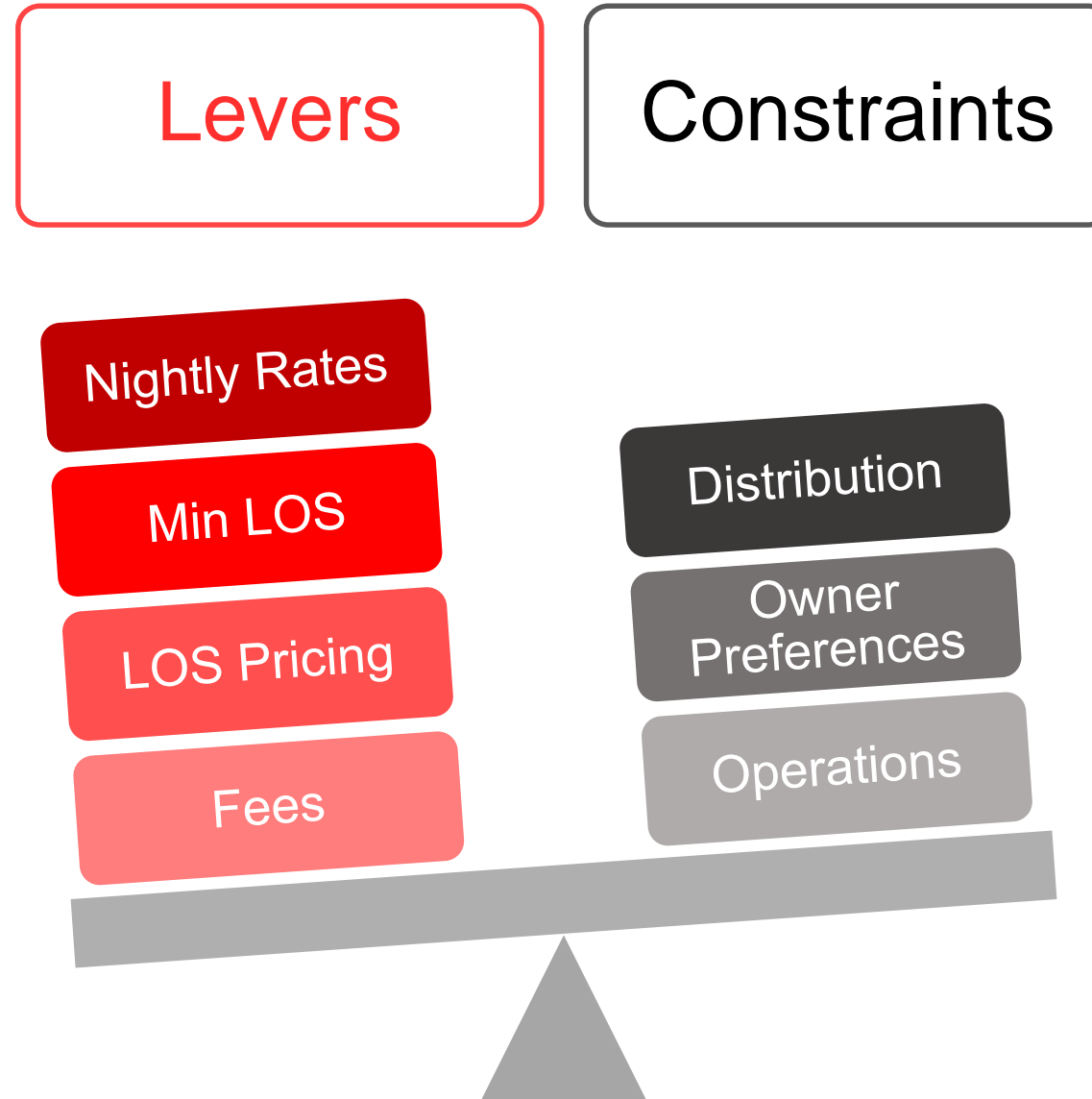
What is Revenue Management?

*“optimize product **availability**
AND **price** to maximize revenue”*

What makes RM in Vacation Rentals challenging

- Each rental is unique, and not “exactly” comparable to the one next door
- Portfolio optimization VS equitable distribution
- Highly fragmented supply
- Even in industries where these are not issues, RM is still one of the more rewarding (both intellectually, and monetarily) problems to solve

Levers and Constraints



Nightly Rates

Frameworks for nightly rates

Fixed Rates

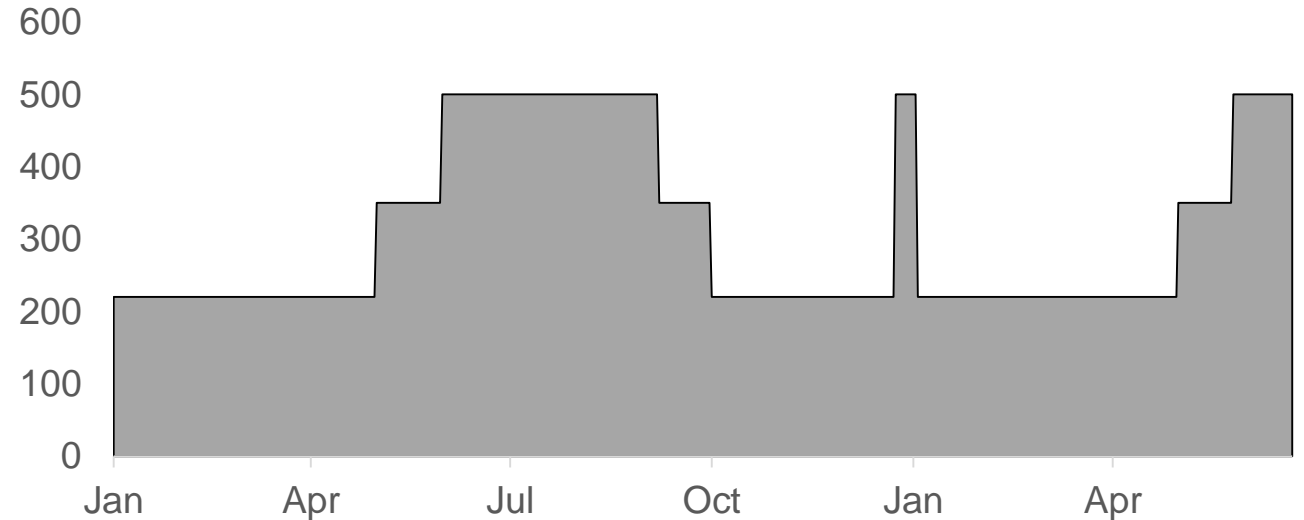
Dynamic Rates

Automated Dynamic Rates

“Supervised” Dynamic Rates

Seasonal and event price structure decided at the beginning of the year

- Plays well with owner and distribution constraints
- What if next year pans out differently from last year?



Frameworks for nightly rates

Fixed Rates

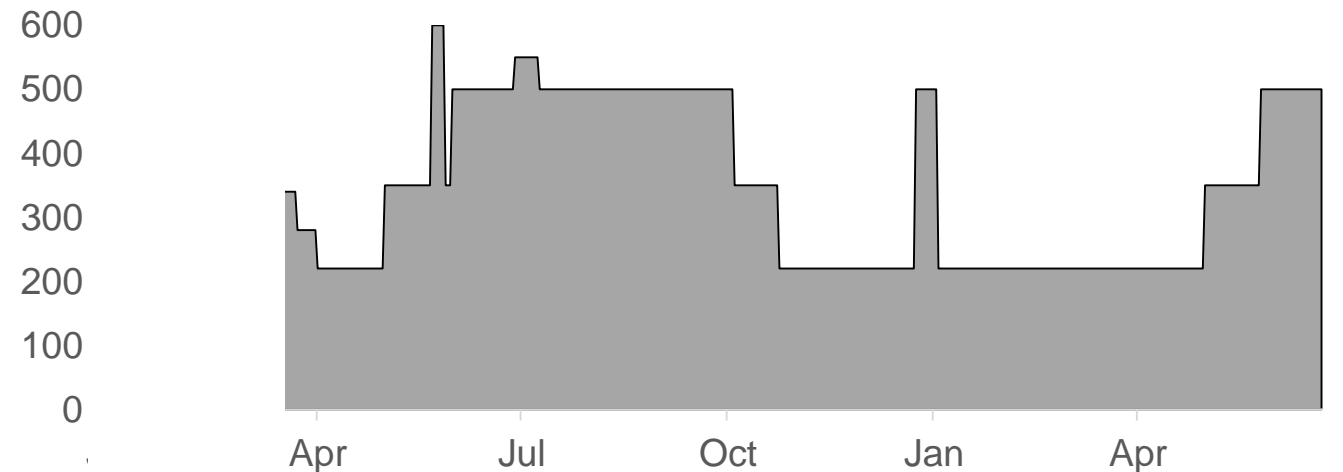
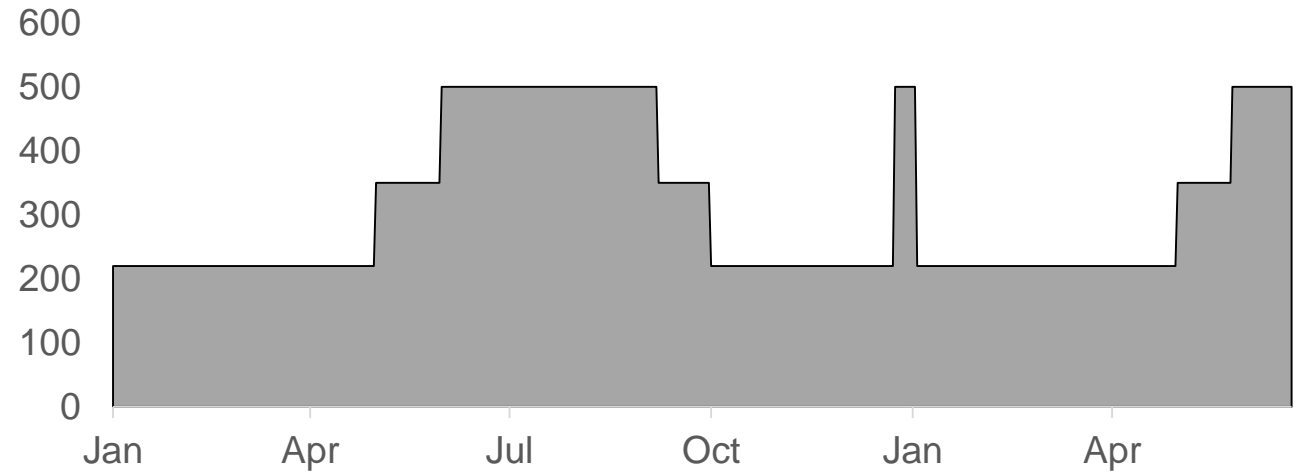
Dynamic Rates

Automated Dynamic Rates

“Supervised” Dynamic Rates

Adjust the seasonal rates based on:

- Internal booking curves (more on this later)
- External data
- Intuition



Frameworks for nightly rates

Fixed Rates

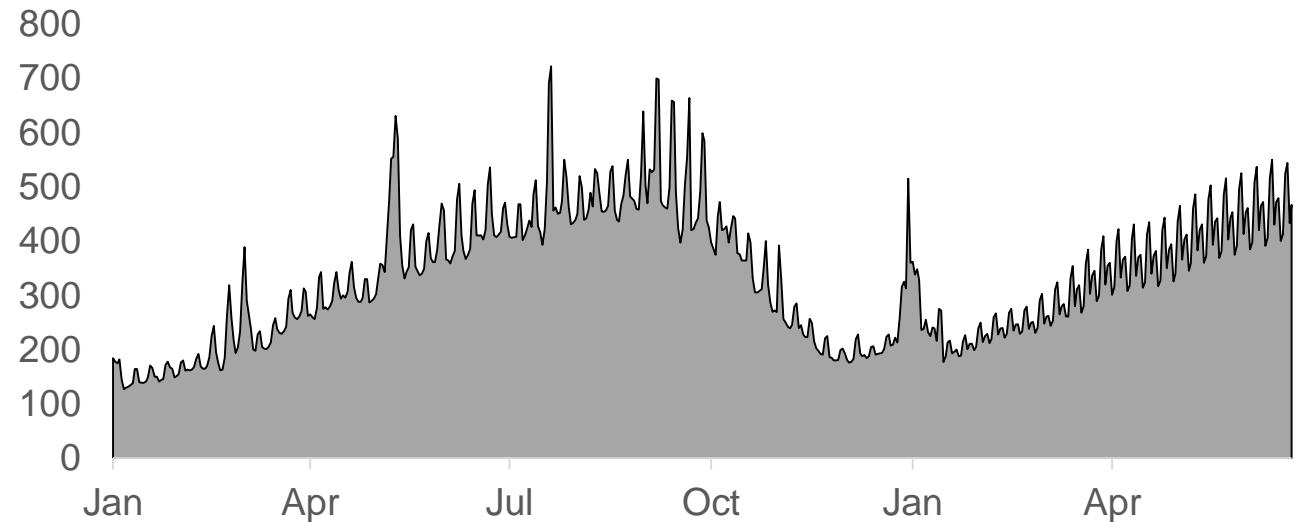
Dynamic Rates

Automated Dynamic Rates

“Supervised” Dynamic Rates

Two popular methods:

- Driven by internal booking curve/occupancy
- Layer in external data to understand trends



Frameworks for nightly rates

Fixed Rates

Dynamic Rates

Automated Dynamic Rates

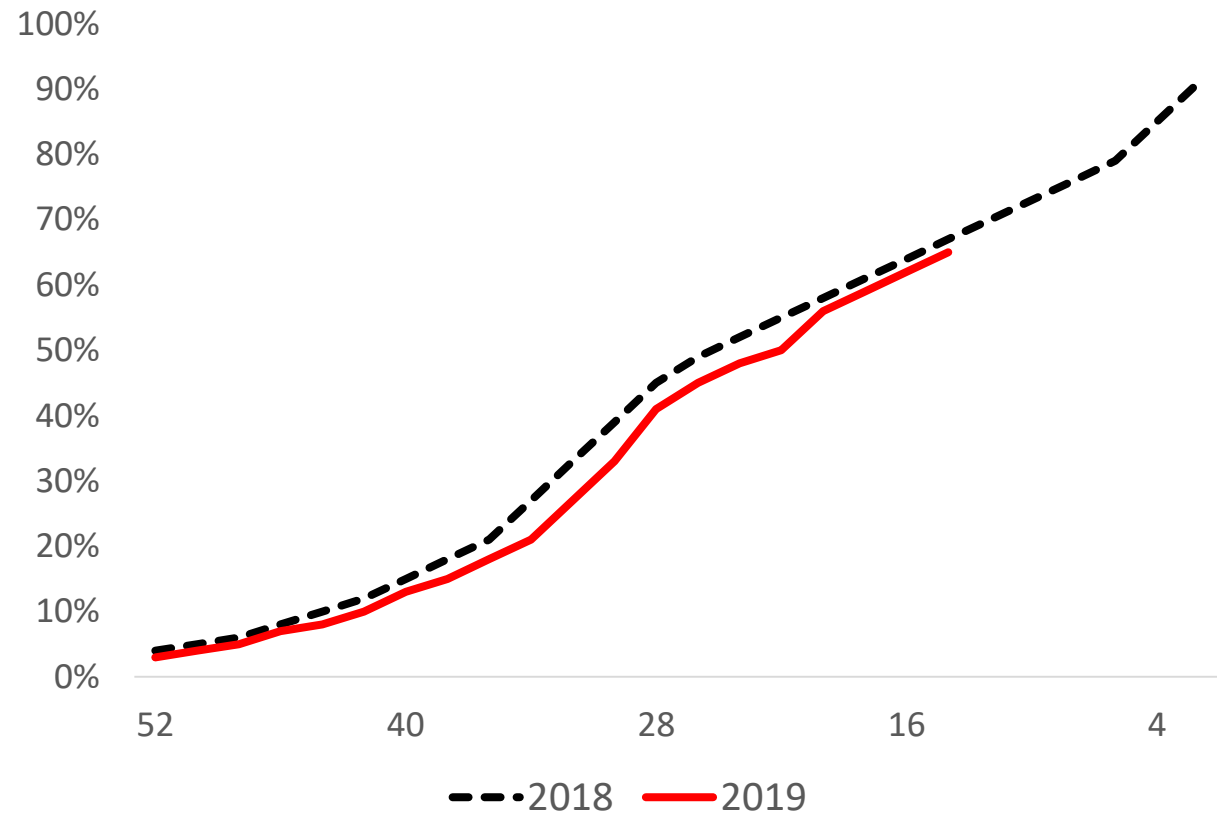
“Supervised” Dynamic Rates

Frequently monitor:

- YOY Booking Curve

YOY curves provide a “safety net” to your business

Booking Curve - Sept YOY



Frameworks for nightly rates

Fixed Rates

Dynamic Rates

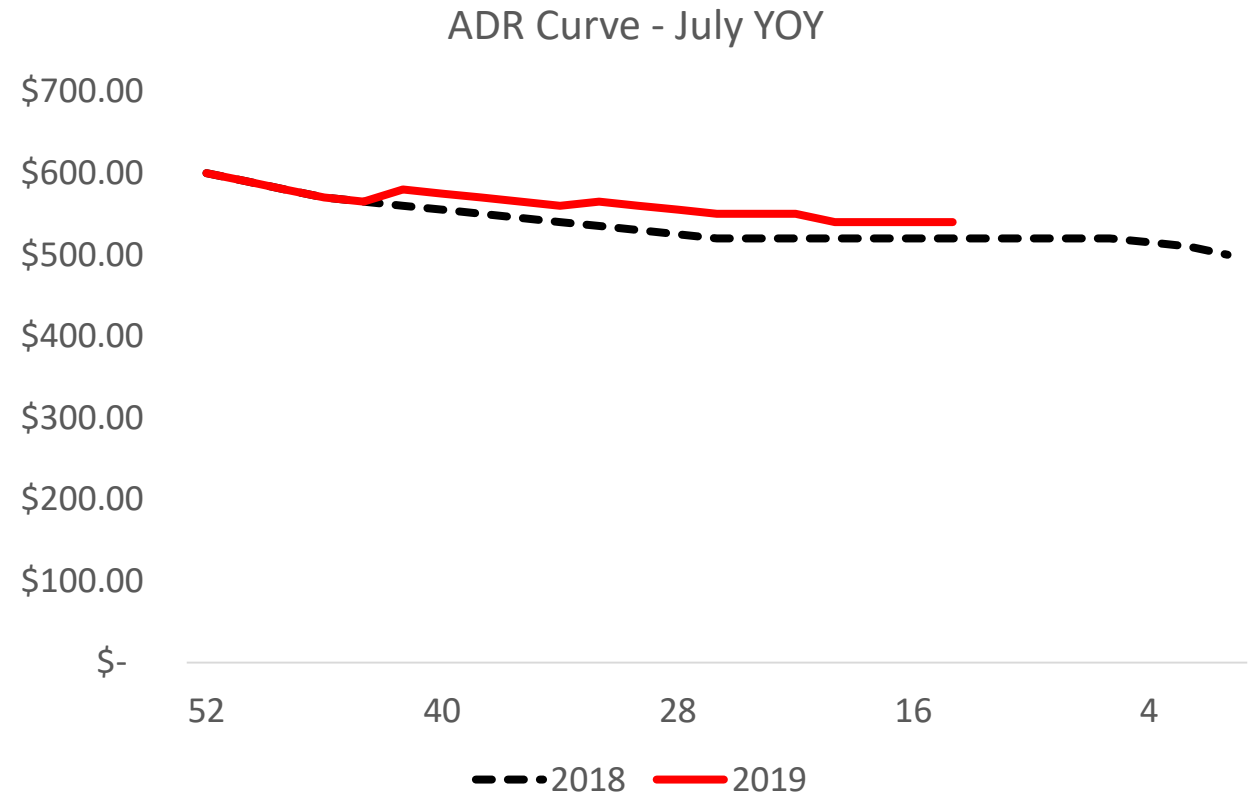
Automated Dynamic Rates

“Supervised” Dynamic Rates

Frequently monitor:

- YOY Booking Curve
- YOY ADR Curve

YOY curves provide a “safety net” to your business



Frameworks for nightly rates

Fixed Rates

Dynamic Rates

Automated Dynamic Rates

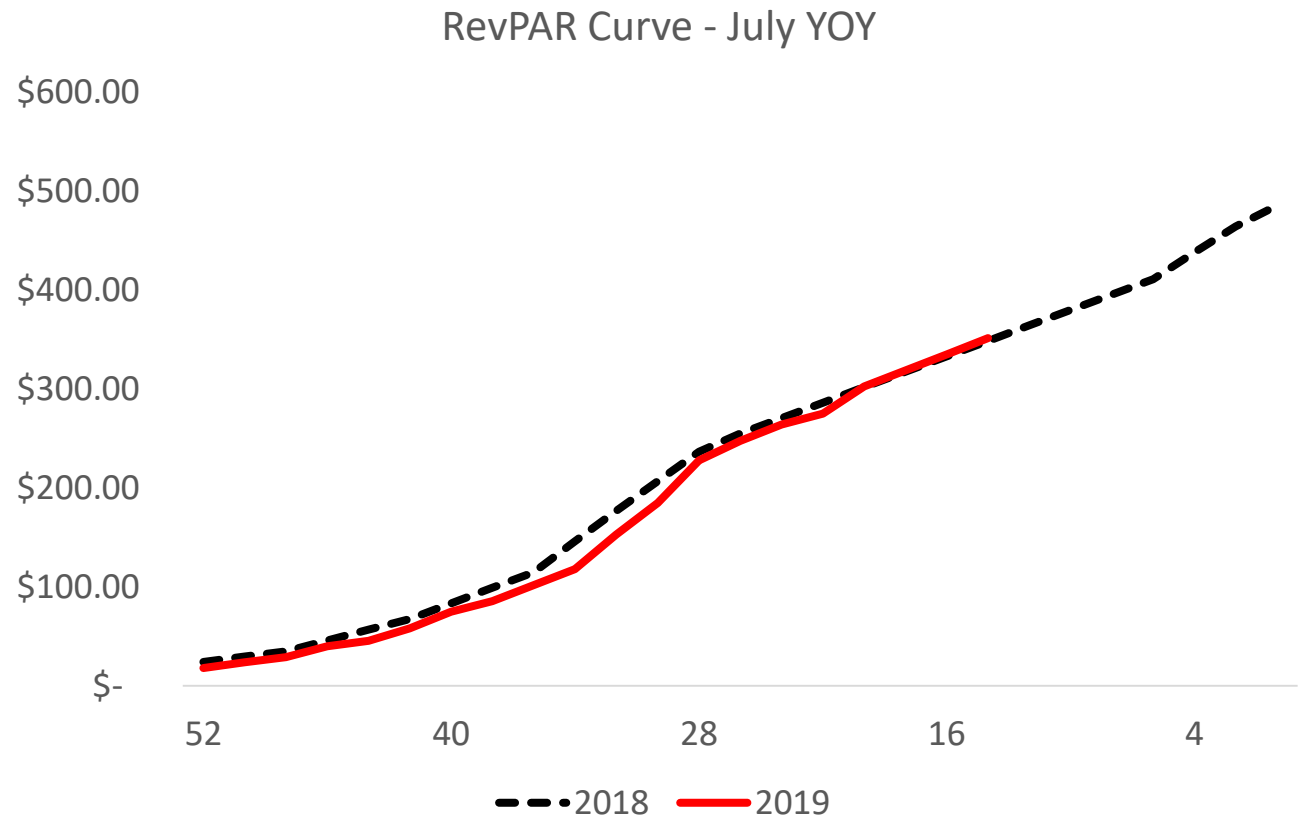
“Supervised” Dynamic Rates

Frequently monitor:

- YOY Booking Curve
- YOY ADR Curve
- YOY RevPAR Curve

YOY curves provide a “safety net” to your business

Remember to **measure revenue**, not occupancy



Frameworks for nightly rates

Fixed Rates

Dynamic Rates

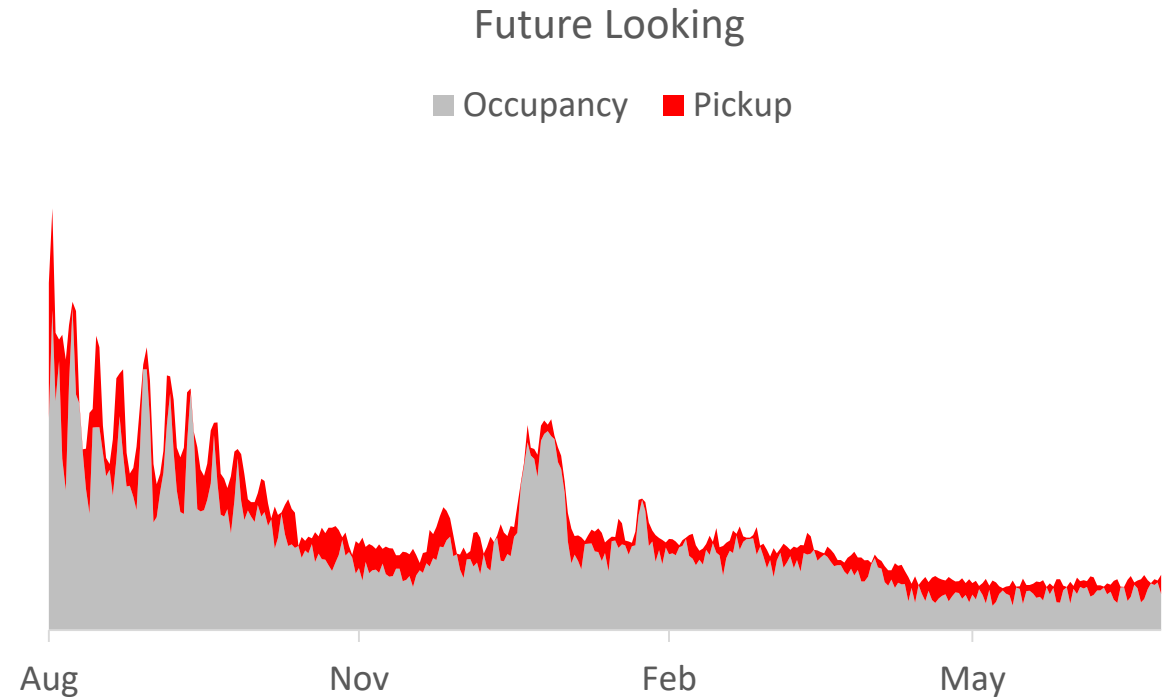
Automated Dynamic Rates

“Supervised” Dynamic Rates

Frequently monitor:

- YOY Booking Curve
- YOY ADR Curve
- YOY RevPAR Curve
- Date-level pickup reports

Date level reports allow you to make tactical changes for certain dates to drive more revenue



Minimum Length-Of-Stay

A Problem Unique to Vacation Rentals

Frameworks for minimum LOS

Weekly Rentals –
Sat to Sat

Fixed Min-Stay

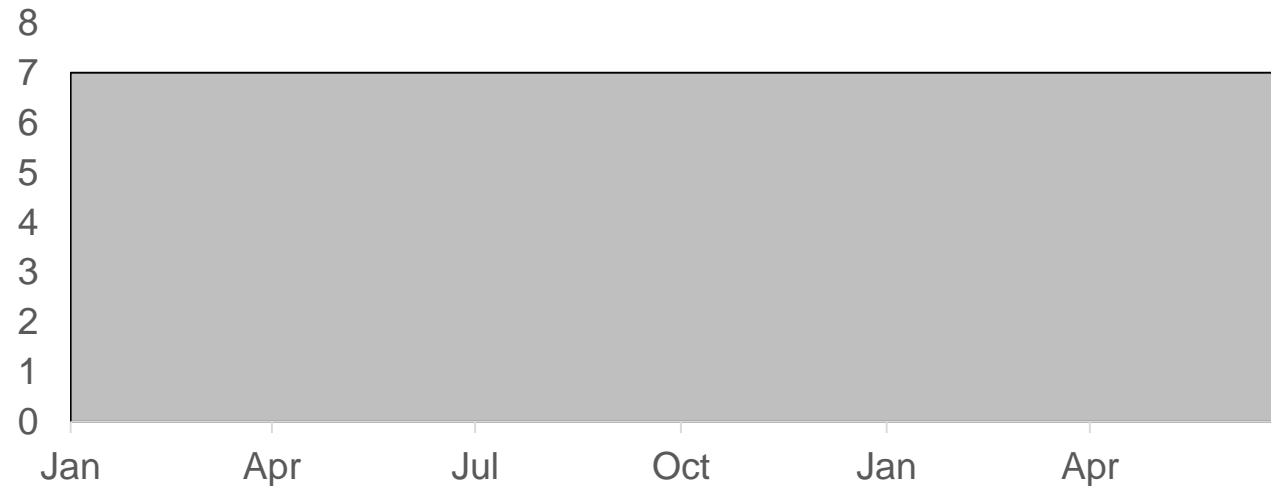
Dynamic Min-Stay

Dynamic Min-Stay +

These can work well to:

- Minimize gaps
- Easier on your resources
(except on Saturdays?)

You forego the demand for
shorter LOS



Frameworks for minimum LOS

Weekly Rentals –
Sat to Sat

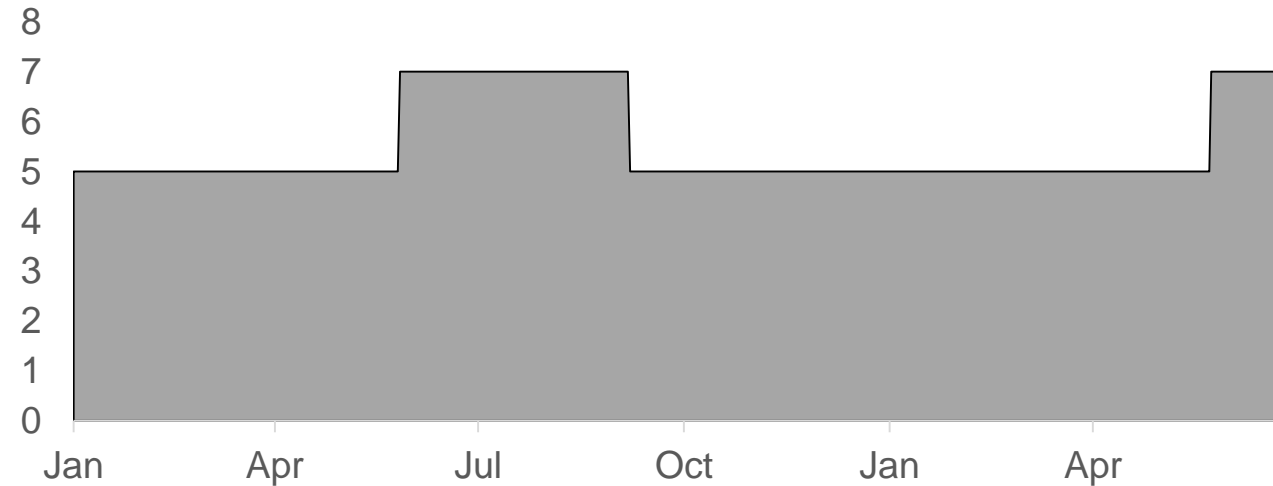
Fixed Min-Stay

Dynamic Min-Stay

Dynamic Min-Stay +

Segmentation by season

- Only allow 7+ night stays in high seasons
- book low season with shorter stays



Frameworks for minimum LOS

Weekly Rentals –
Sat to Sat

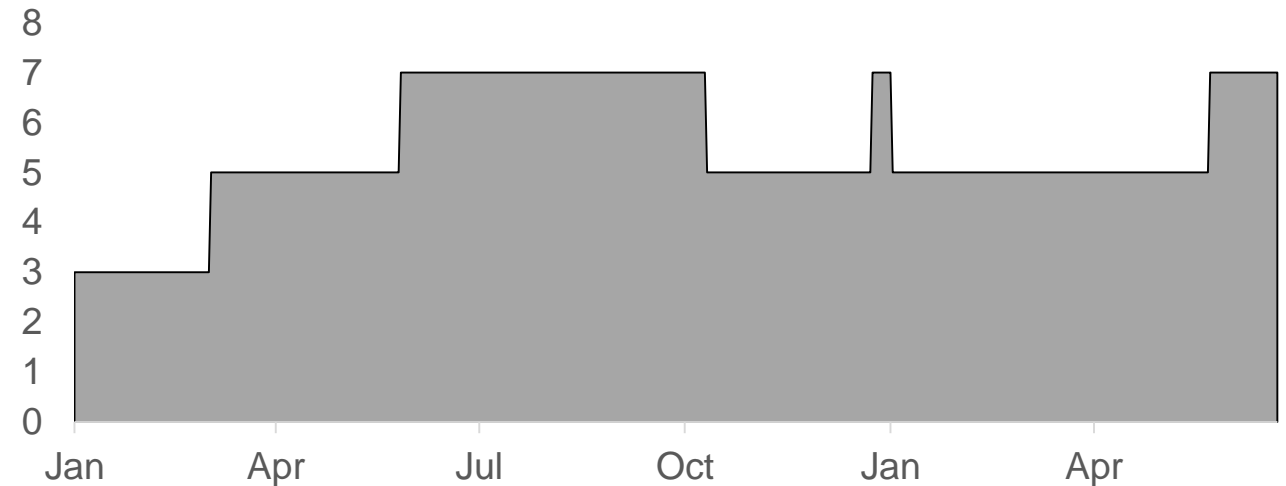
Fixed Min-Stay

Dynamic Min-Stay

Dynamic Min-Stay +

Segmentation by booking window

- If a listing is vacant, further reduce min-stay to attract last-min travellers



Frameworks for minimum LOS

Weekly Rentals –
Sat to Sat

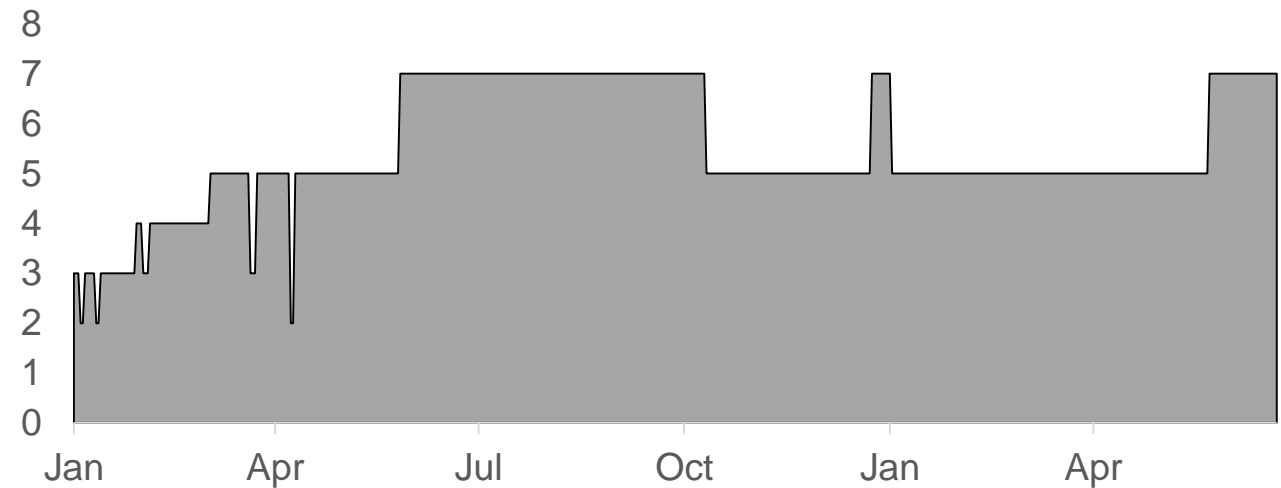
Fixed Min-Stay

Dynamic Min-Stay

Dynamic Min-Stay +

Segmentation by booking window

- Progressively reduce min-stay as dates get closer
- If there are gaps between bookings, reduce min-stay (and increase price if needed)



Length-Of-Stay Pricing

Distribution capabilities still catching up

Frameworks for LOS pricing

Weekly and Monthly Discounts	“Short-break” pricing	Complete LOS Pricing/ Discounts + Premiums
Most commonly used to encourage longer stays	Common in UK – “people can book 1 or 2 nights as long as they pay price for 3 nights”	Coming up next when the distribution channels standardize

Fewer long bookings – get
the full rate more often;
operationally expensive

Incentivizes longer
“discounted” bookings:
operationally cheaper



Practicing Revenue Management in Vacation Rentals

Practicing Revenue Management

Demand & Supply

Demand: volume
& segmentation

Choice set
available

Levers

Nightly rates

Minimum LOS

Preferences

Operational

Risk preferences

Use the right levers, and experiment with some of your properties!

Questions?

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