



Conclusion Myth vs. Reality

Having read all three chapters: are you any wiser now? a believer or have more and more doubts grown in your mind?

One study says 16.5% of the world uses revenue / pricing systems. Urban legends say 20%-30% of hotels use (i actually tried to prove that urban legend and was not able to find a single study to support). Other studies say that only 15% change pricing daily and 70% change prices less than every 2 weeks (TwoSMARTfellas / booking.com). That puts thoughts in my head...mostly around the "why is that?":

1. Do most of us have no idea of what we are doing?
2. Did we do a really bad job at educating the industry over the last 20 years?
3. Is the tech we are given fighter pilot material?
4. Is it simple physics - the law of motion? (Inertia?).
5. Are we too busy with other things and pricing is a want not a need?
6. Any other points that come to your mind?

In addition, just before writing this manifesto an article was released that shows the following (thanks Skift for impeccable timing):

Current optimization rates of select players

Company	Optimization frequency
Atomize	Three times per day.
Climber RMS	Three times per day.
Duetto	Four times daily, with client indicating when these take place. On-demand optimization available.
Expedia	Unlimited on-demand optimization.
EzRMS	Once daily, with unlimited on-demand optimization available.
IDeaS	Four times daily, although this can altered as per client need. Unlimited on-demand optimizations.
Outperform	Once daily as standard, more often possible as per client needs.
Pace	Bi-hourly.
Rainmaker	Once daily, although this can altered as per client need. Unlimited on-demand optimization available.
RevControl	Depending on PMS connection, up to 96 times per day.
RoomPriceGenie	Four times per day.

Source: Skift Research as of April 2019



Hang on one second, isn't everyone screaming from the roof-top about their real-time pricing capabilities? Is it the good old game of how you interpret "real-time"? And to be clear: before we fall back on "on-demand"...on-demand is not real time as when no-one does "on-demand" then no pricing will be done.

If real time pricing means:

1. we get a data upload,
2. followed by we run calculations,
3. followed by we instantly send those back to the distribution landscape on autopilot.

Yes you are right - you are sending prices in real time. But you are not pricing real-time, are you?!? You are the: whenever-I-get-data-(mostly at the same time)-during-the-day-real-time kinda guy. No new data, no pricing...and the world moves on.

If real time pricing means:

1. we get a reservation,
2. followed by we directly optimize (no change or change in price),
3. followed by we instantly automatically update (no human intervention).

Hands down, congratulations: you are pricing real-time as every time a new reservations arrives, you 're-calculate / optimize (optimize can also include not changing the price). In this scenario do you truly optimize though? Do you truly take in all new data required?

If you are in the camp that says: Internal Data only matters! Then yes, you achieved your goal. If you believe that outside data matters then you say: Hang on!

Let me explain:

1. we get a new reservation,
2. followed by we instantly rate shop that particular reservation day to get real time price data,
3. followed by we instantly get the latest market information for that day,
4. followed by we optimize and update instantly without human intervention.

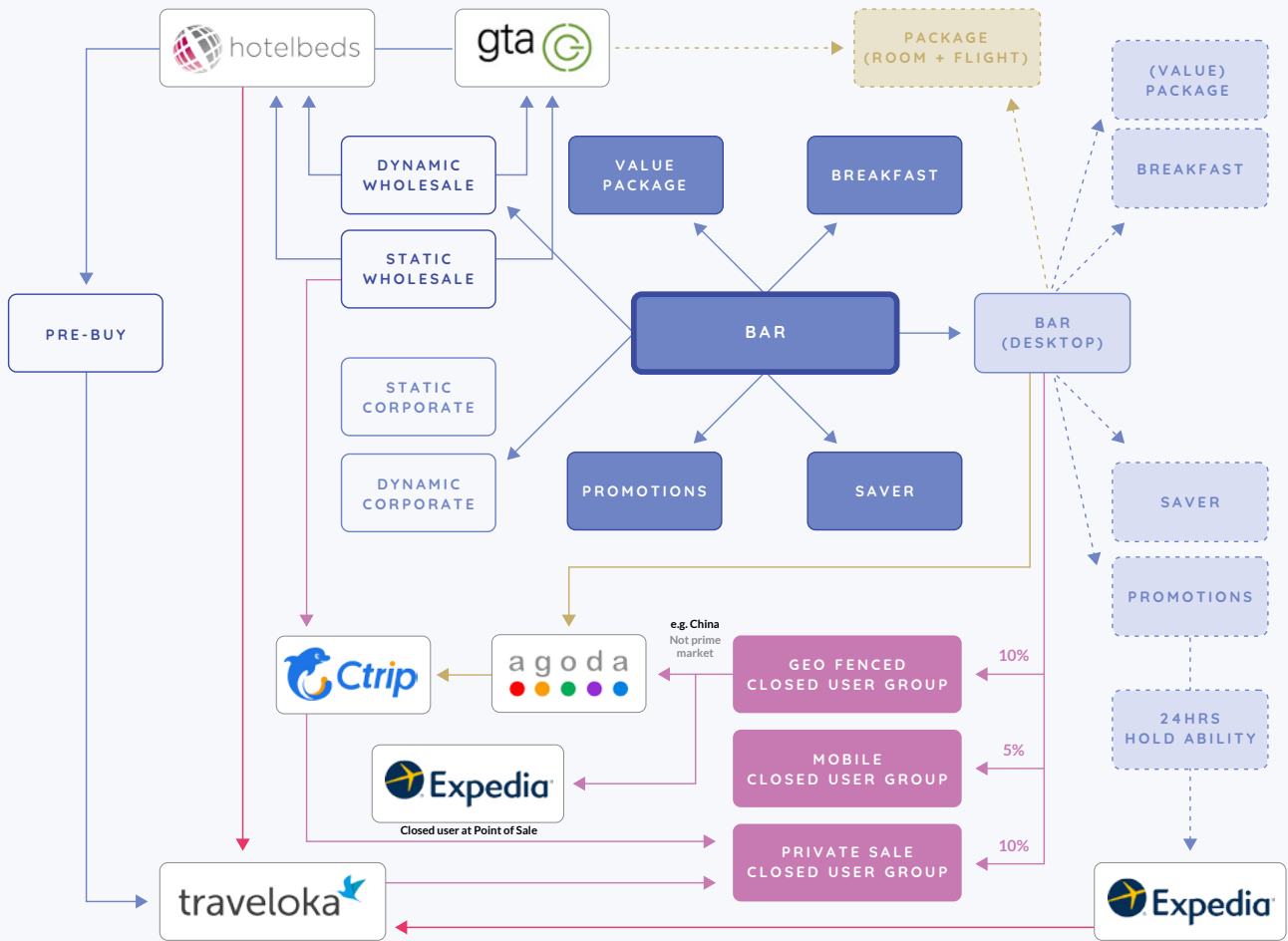
Done! Not really happening though! and if so, how many of the 16.5% are doing this without intervention? I believe we have a long way to go! You couple that with the complexities of how pricing is distributed in the industry and you must ask: What price are we optimizing? all of them, some of them, just one (the base)?

Real time pricing is still flawed today as either not all data is coming in at the same time, we are not 100% connected, rates popping up where we don't want them, we like the human intervention, etc. It might be instant the moment you get data, and at times automated, but not real-time all the time.

Does this mean we are wrong and it is all for nothing? **Absolutely not!** The theory is strong and benefits are more prominent and the believe is growing in the community. Automation, algorithms and technology are a must in this day and age!

We have to be mindful about how we stretch the words pricing and real-time as of today when we have conversations - and I mean honest conversations; as vendors, as hoteliers, as owners, as students. It doesn't mean we are wrong - it just means that we are working towards a grand finale!

And looking at it more closely. do we really have to worry about (real time) pricing or do we have a more underlying business process problem to (real time) pricing that we need to solve? The Black and White TV problem: every week the same programs: 8am run pick up reports, 9am go morning meeting, 10am run reservations entered on report, price, run again, 11am meeting...remind me again why the entire world has to price at 9am in the morning considering our business comes from a 24hr world?



A final word: Think Netflix!

Let’s park the real-time for the moment (thinking back to the 80%+ that don’t use sophistication).

Instead of debating if you should or shouldn’t adopt a more sophisticated approach to pricing: Just do it!

If someone back in the “Black and White TV days” gave you a tablet with Netflix. Would you have said: Nah thanks, I wait for another 7 days to watch the next episode. If someone in the 1980s/ early 90s offered you the ability to not sit in front of the radio waiting for the charts to come on so you could press the red and black button together (you are showing your age my dear) to record that special song for someone (with the moderators voice in beginning and end); but instead offered you a streaming service that can hold unlimited songs anytime and anywhere. Would you have taken up spotify?

Automated real time pricing, as clunky or perfect as someone might think, is there for the taking. Even if you want the human in control, don’t believe in all of

it: take the automation, take the analytics and reap the incremental benefits.

Think of it like you are finally netfixing your black-and-white-TV pricing and embark on a journey to spotify all those love-songs-cassette-tapes-excel-sheets you made back in the day! It truly is time because guess what...the new workforce never experienced it as new, just as the norm!

Final Final word:

When technology reaches that level of invisibility in our lives, that’s our ultimate goal. It vanishes into our lives. It says, ‘You don’t have to do the work; I’ll do the work’ - Astro Teller

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