

# RoomPriceGenie

## What Are The Effects of Introducing Dynamic Pricing?



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The effects of introducing dynamic pricing was measured based on three perspectives:

## Guest Survey

- No significant change in overall satisfaction, perceived price fairness and intention to recommend is observed after the introduction of the software.
- There is a slight decrease in NPS after the introduction of the software.
- Prices are perceived as dynamic only slightly more often after the introduction of the software.

## Hotel Performance Measures

- The hotels rate their pricing competence and relative success as significantly higher after the introduction of the software.
- Pricing was a challenge for many hotels prior to the introduction of the software.
- After the introduction of the software, some hotels cited the use of dynamic pricing software as one of their strengths.

## Key Performance Indicators

- Room occupancy increased significantly after the introduction of the software.
- RevPAR and average rate also recorded higher values after the introduction of the software.
- However, other factors that influence the before- and after-averages cannot be excluded.

# Key data of the study

## Objective

- Measurement of the effects of the introduction of dynamic pricing based on three perspectives
- Perspective 1: external effects on guests = Guest Survey
- Perspective 2: internal effects in terms of competencies = Hotel Performance Measures
- Perspective 3: occupancy and revenue figures = KPIs

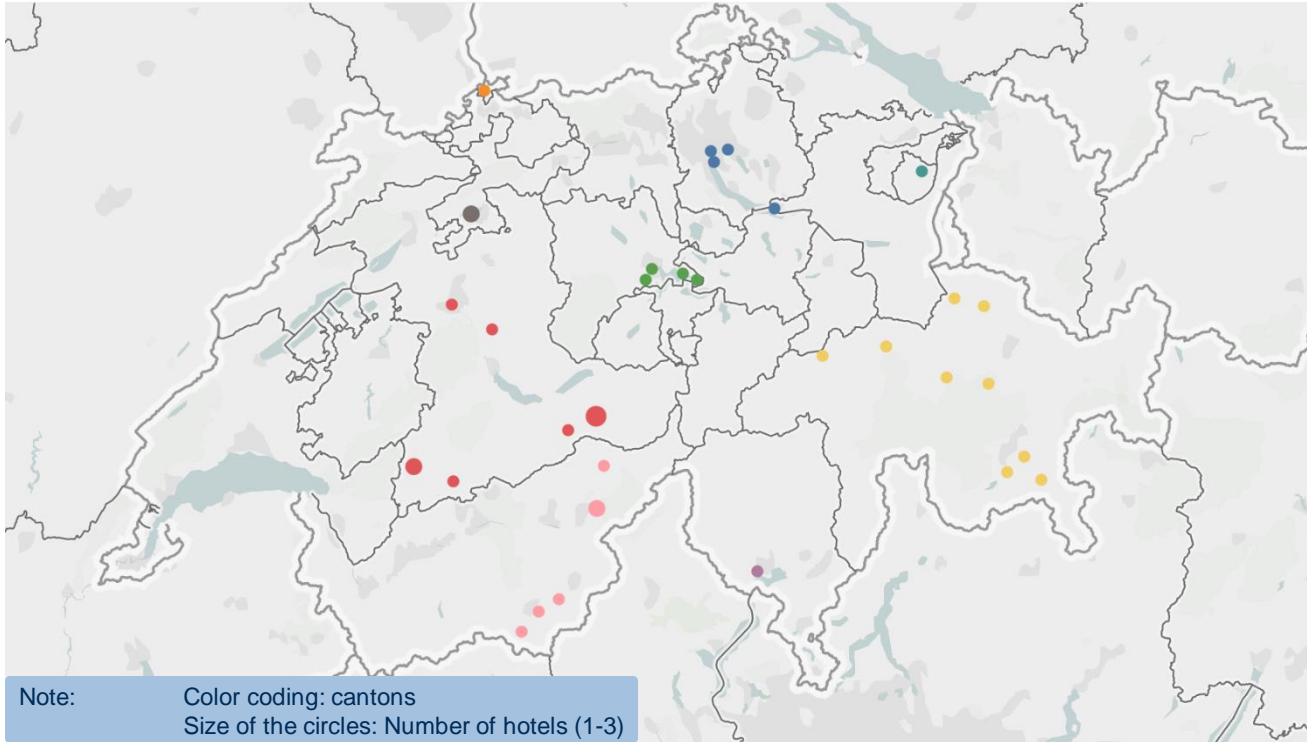
## Timing

- Various cohorts of hotels that implemented dynamic pricing in 2021 or 2022

## Sample

- Perspective 1 / Guest Survey: n = 16 hotels
- Perspective 2 / Hotel Performance Measures: n = 33 hotels
- Perspective 3 / KPIs: n = 21 hotels

# Participating hotels



Note: Color coding: cantons  
Size of the circles: Number of hotels (1-3)

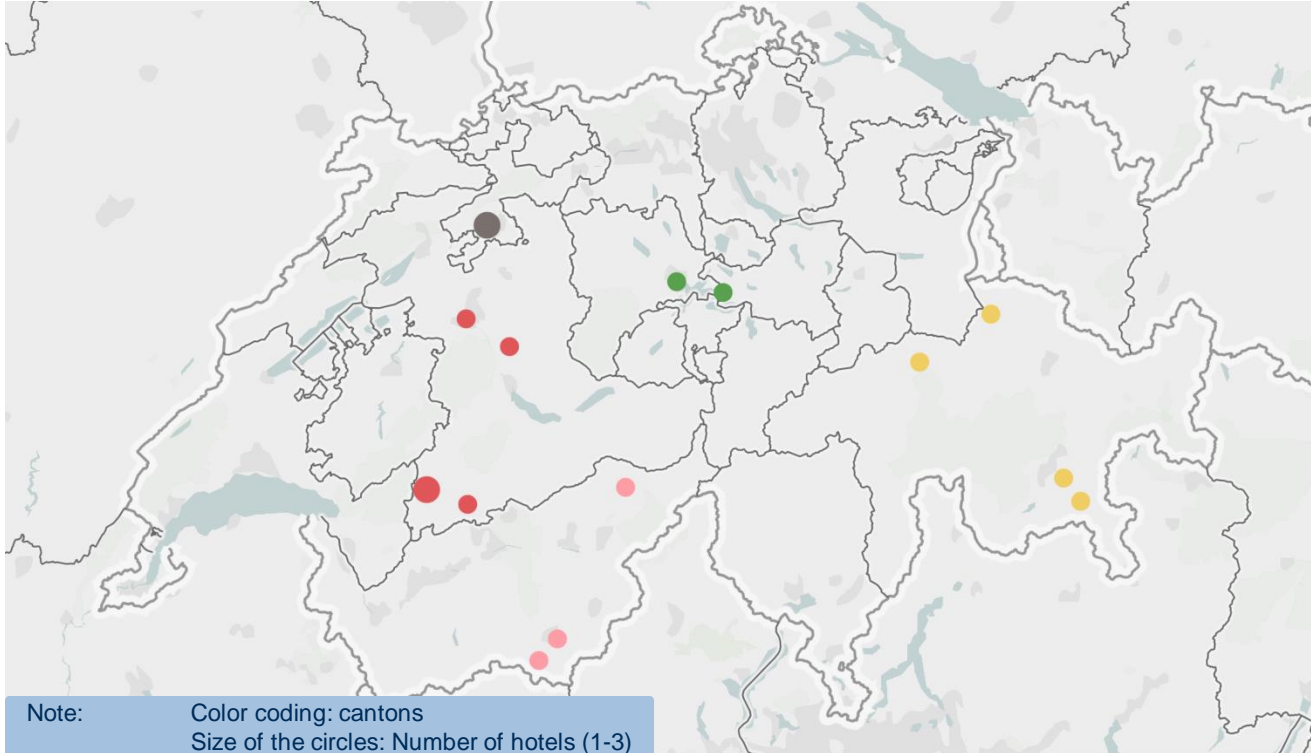
In total, **37 hotels** provided data on at least one perspective

# Guest Survey

# Methodology: Guest Survey

<b>Methodology</b>		Online survey
<b>Distribution</b>		Distribution of the survey by the hotels
<b>Target group</b>		Hotel guests who visited the hotel before and after the introduction of the software
<b>Measures</b>	Overall satisfaction	Overall, how satisfied were you with your stay at this hotel? <input type="radio"/> 1 – very dissatisfied      to <input type="radio"/> 6 – very satisfied
	Price fairness (3 questions)	„I consider the pricing of this hotel as...“ <input type="radio"/> 1 – very unfair                      to <input type="radio"/> 6 – very fair <input type="radio"/> 1 – very unethical                      to <input type="radio"/> 6 – very ethical <input type="radio"/> 1 – very unacceptable                      to <input type="radio"/> 6 – very acceptable
	Recommendation intent	How likely is it that you would recommend this hotel to friends or colleagues? <input type="radio"/> 1 – very unlikely                      to <input type="radio"/> 6 – very likely
	Perceived pricing	How do you think the prices are set in this hotel? <input type="radio"/> The prices are fixed per season <input type="radio"/> Prices are dynamic - i.e., they are constantly adjusted based on various factors <input type="radio"/> I don't know
<b>Analysis notes</b>		<ul style="list-style-type: none"> <li>The focus of the analyses is on the comparison between the responses of guests who visited the hotels before or after the introduction of RPG.</li> <li>Prerequisite for including hotels in analysis: at least 10 responses each before and after the introduction of RPG</li> </ul>

# Participating hotels



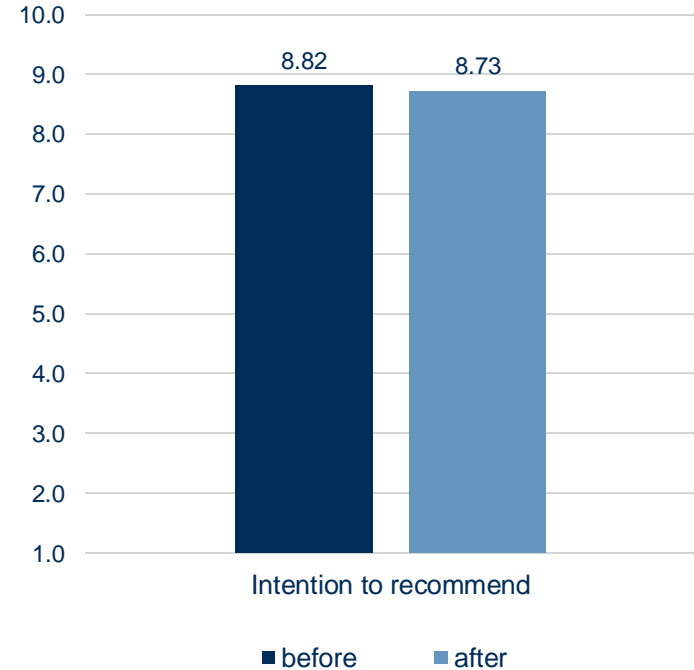
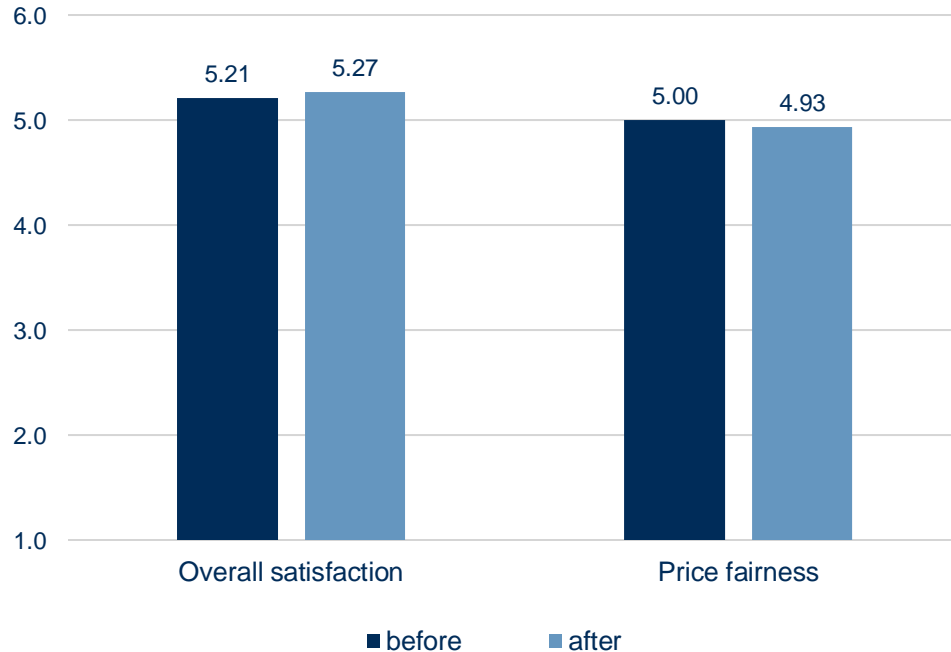
A total of **16 hotels** participated in the Guest Survey

Note: Color coding: cantons  
Size of the circles: Number of hotels (1-3)



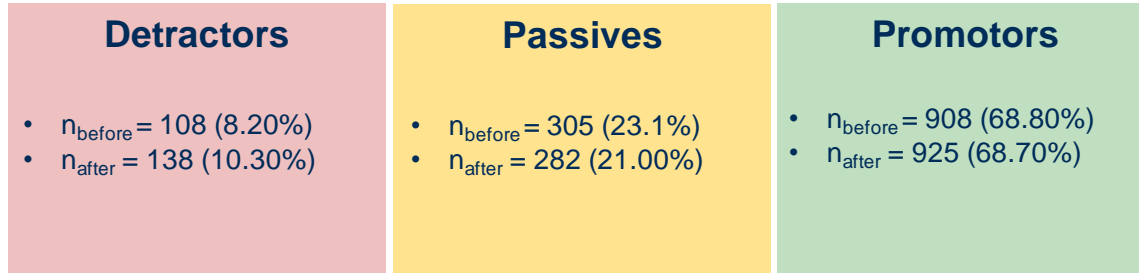
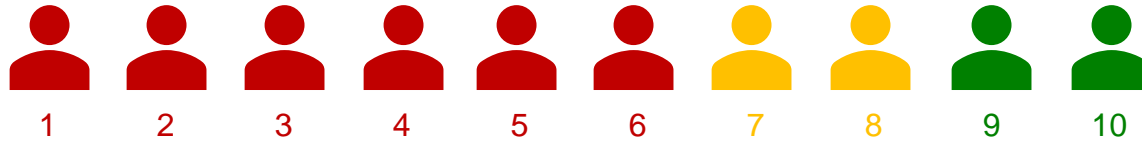
# Guest Survey aggregated

# Average mean scores of overall satisfaction, price fairness and intention to recommend

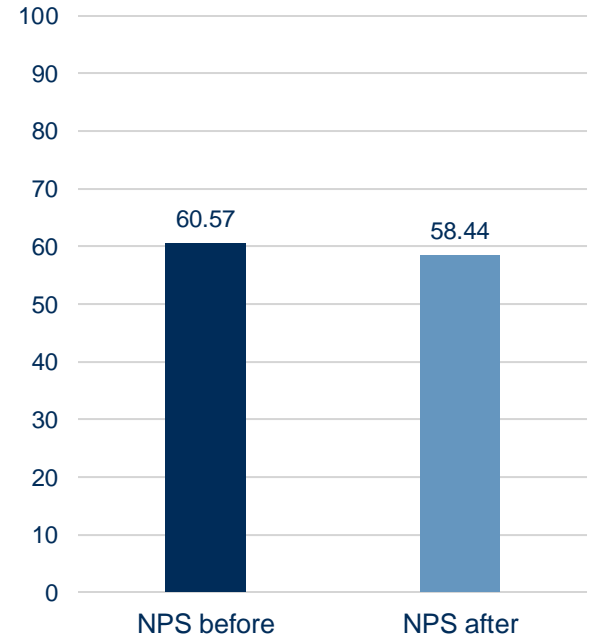


Note: Weighted mean values are identical to average mean values

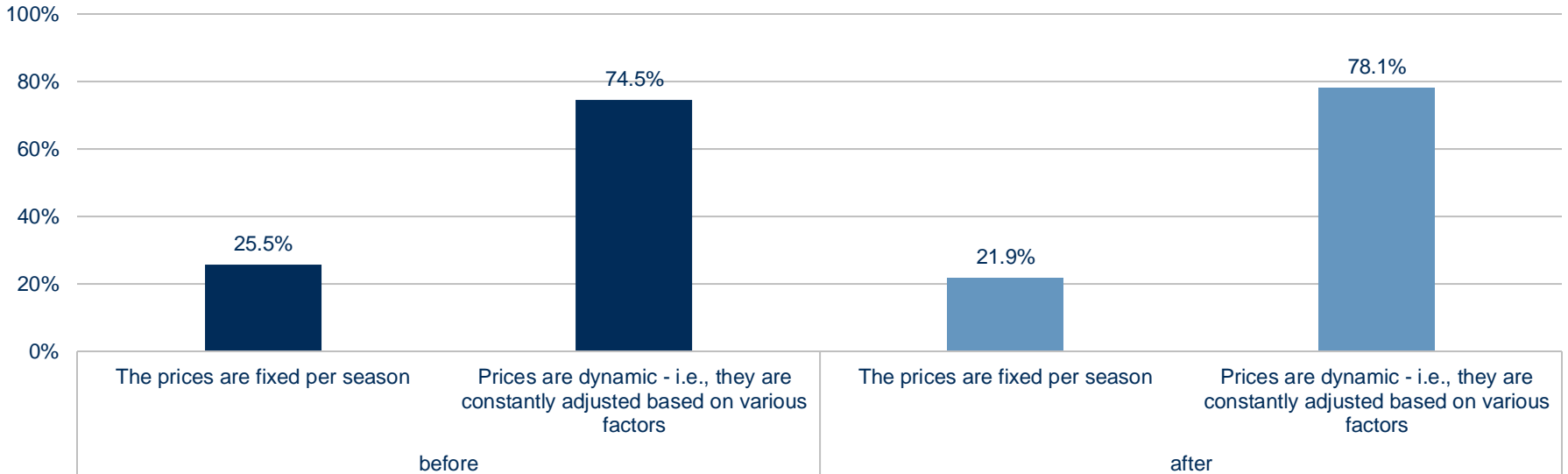
# Weighted Net Promoter Score (NPS)



$N_{\text{before}} = 1321$   
 $N_{\text{after}} = 1345$



# Perceived pricing



N = 1732

Note: Exclusion of the answer "I don't know"

# Hotel Performance Measures (internal survey)

# Methodology: Hotel Performance Measure I

<b>Methodology</b>		Online survey
<b>Distribution</b>		Distribution of the survey through RPG
<b>Target group</b>		Hotel management
<b>Measures</b>	<b>Strengths</b>	When you think about your marketing, communications and pricing activities, where do you see your three greatest strengths? <ul style="list-style-type: none"> <li>○ Open question</li> </ul>
	<b>Challenges</b>	When you think about your marketing, communications and pricing activities, where do you see your three biggest challenges? <ul style="list-style-type: none"> <li>○ Open question</li> </ul>
	<b>Perceived pricing competence</b>	Assessment of the following statements: <ul style="list-style-type: none"> <li>○ 1 – do not agree at all to 6 – fully agree</li> </ul> <p>We can assess the added value of our services compared to the competition.          We use our pricing capabilities and systems to respond quickly to changes in the market.          We use systems and tools to support pricing decisions.          We can assess our guests' willingness to pay.          We conduct training related to pricing.          We practice effective pricing.          We develop an internal pricing process.          We know the price elasticity of our services.          We know the pricing tactics of our competitors.          We monitor the prices and adjustments of the prices of our competitors.</p>

# Methodology: Hotel Performance Measure II

Measures

Perceived relative success

Assessment of the following statements:

○ 1 – do not agree at all to 6 – fully agree

We have a better capacity utilization than our competitors.

We defend our margin better than our competitors.

We attract more new guests than our competitors.

We increase our revenue more than our competitors.

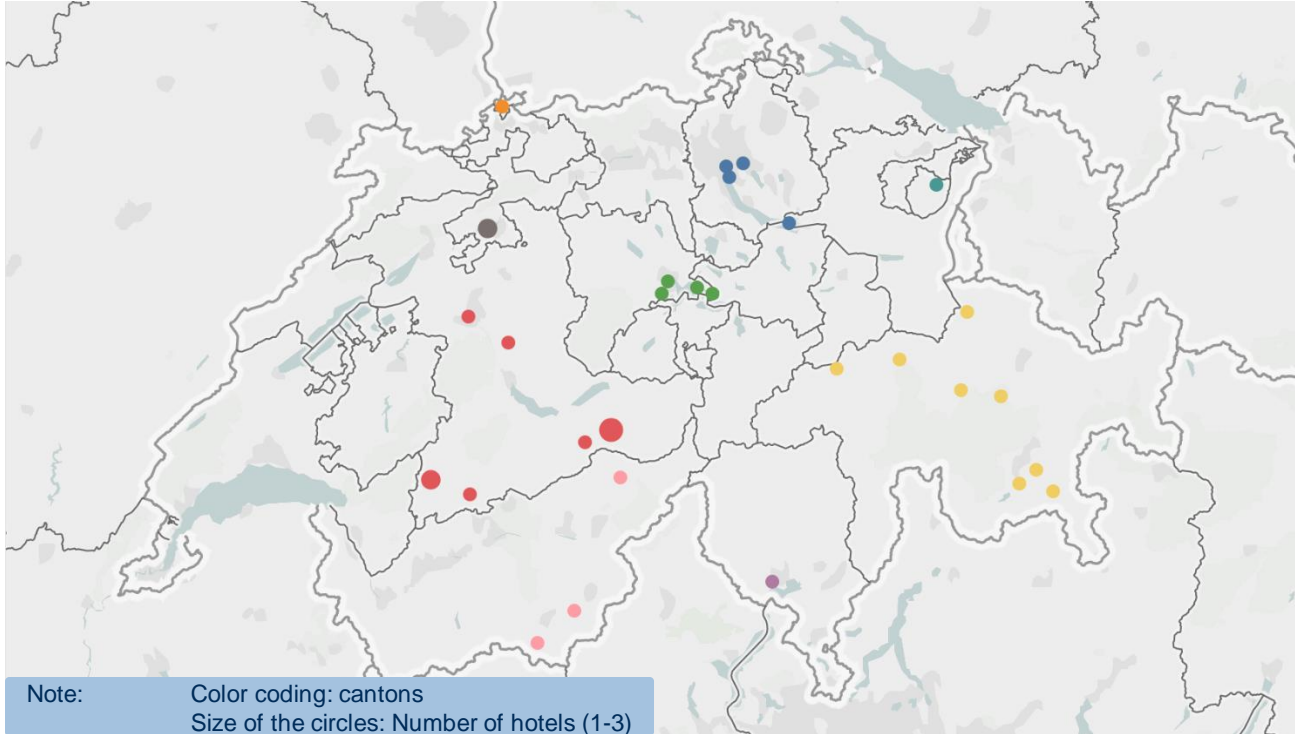
We have more pricing power than our competitors.

We have higher revenue per available room (RevPAR) than our competitors.

Analysis notes

- Focus of the analyses is on the comparison between the answers of the hoteliers before and after the introduction of the software
- Prerequisite for inclusion of hotels in analysis: participation before and after the introduction of RPG

# Participating hotels



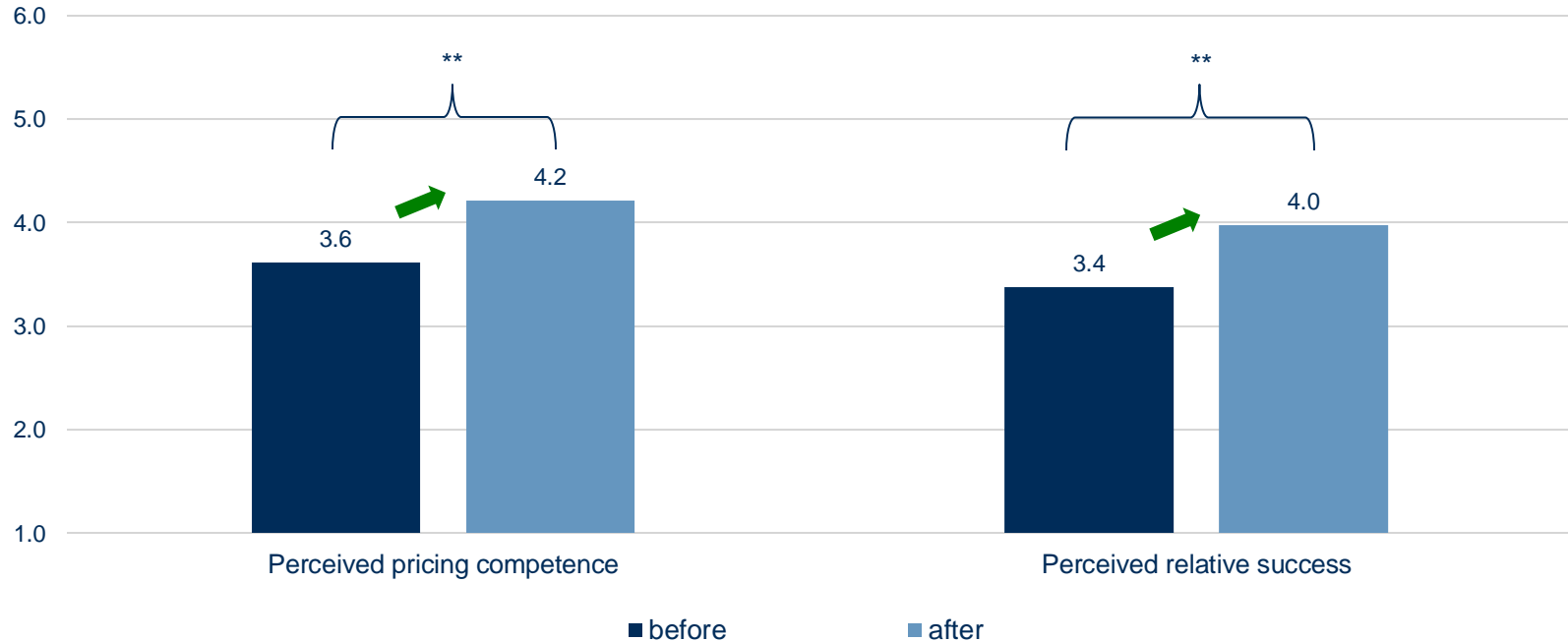
Note: Color coding: cantons  
Size of the circles: Number of hotels (1-3)

A total of **33 hotels** participated in the Hotel Performance Measures Survey



# Hotel Performance Measure aggregated

# Significantly higher perceived pricing competence and relative success after the launch of RPG



\*\* p < .0001

# Relative success and pricing competence: item level

Items perceived relative success		mean before	mean after
1	We attract more new guests than our competitors.	3.57	3.92
2	We have higher revenue per available room (RevPAR) than our competitors.	3.00	3.70
3	We increase our revenue more than our competitors.	3.46	4.03
4	We defend our margin better than our competitors.	3.51	3.95
5	We have more pricing power than our competitors.	3.09	4.16
6	We have a better capacity utilization than our competitors.	3.63	4.11
Items perceived pricing competence		mean before	mean after
1	We use our pricing capabilities and systems to respond quickly to changes in the market.	3.49	4.89
2	We practice effective pricing.	3.46	4.62

significant mean difference

# Exemplary challenges of the hotels before the introduction of the software

Price flexibility

Flexible and immediate adjustment of prices is not possible (if management / deputy is absent)

Best possible price

Generally low prices to be raised again to appropriate level

Pricing: I have a hard time with setting prices (except in the F&B area, where you can clearly calculate).

Pricing: Here the challenge is also that with increasing prices we might not even become too high-priced and thus lose our regular guests

Getting guests used to dynamic prices

Increase prices

# Exemplary strengths of the hotels after the introduction of the software

Use RoomPriceGenie to get higher prices when a hotel has a high occupancy rate

Thanks to Room Price Genie, we can react flexibly to developments in the market and achieve the best possible price.

Dynamic pricing allows us to sell our rooms at the optimal price.

Pricing, no more fear of flexible pricing, good response from guests.

With RoomPriceGenie we have a system that automatically regulates demand and price.

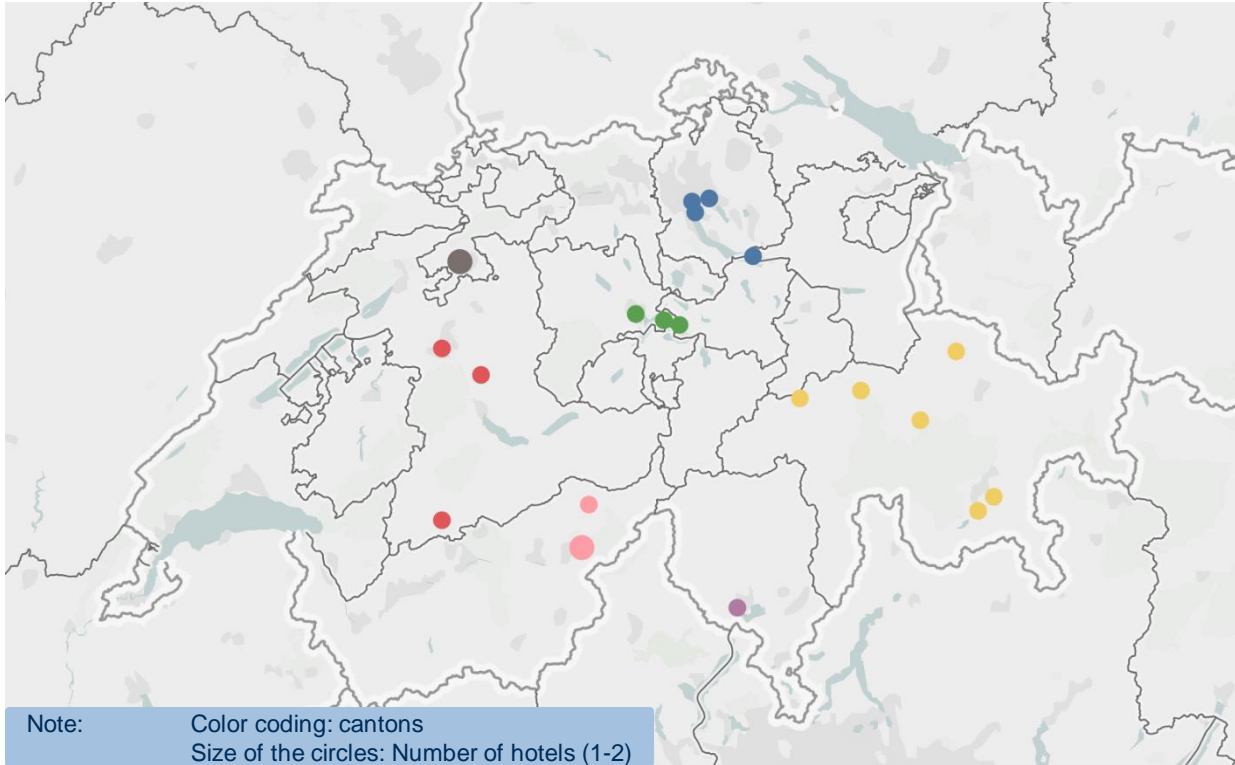
Our prices are attractive, despite RoomPriceGenie's price increase, and it helps that we are centrally located but in a quiet area.

# Key Performance Indicators (KPIs)

# Methodology: Key performance indicators

<b>Methodology</b>		Hotel system excerpts
<b>Distribution</b>		KPIs were sent by the hotels to ZHAW via RPG
<b>Target group</b>		Hotels
<b>Measures</b>	<b>RevPAR</b> (= Revenue p. available room)	Revenue p. available room = Total revenue / Total number of available rooms. = RevPAR = ADR x occupancy rate
	<b>ADR</b> (=Average Daily Rate)	Average room rate in a given period = total revenue / number of rooms sold
	<b>Occupancy (%)</b>	Room occupancy = occupied rooms / total number of rooms x 100
<b>Analysis notes</b>		<ul style="list-style-type: none"><li>• Prerequisite for inclusion of hotels in analysis: key figures supplied at least 6 months before and at least 8 months after the introduction of RPG.</li><li>• T= Time of introduction of the software</li><li>• Comparison 6 months before with 6 months after introduction of RPG (with 2 months buffer)</li></ul>

# Participating hotels



Note: Color coding: cantons  
Size of the circles: Number of hotels (1-2)




In total, **21 hotels** have shared their KPIs



# Hotel Performance Indicators (KPIs) Aggregated

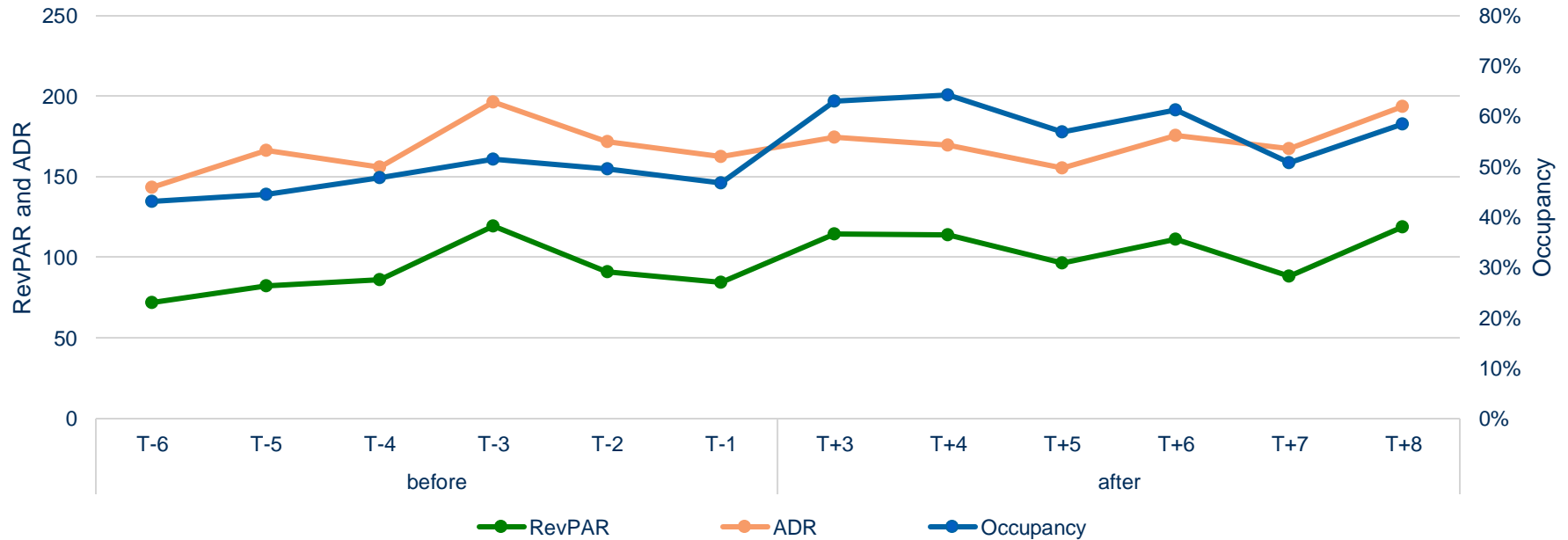
# Mean value comparison before and after the launch of the software

Note: other factors that might influence the before- and after-averages cannot be excluded

T-test for independent samples			n=126
Variables	before		after
RevPAR	89.13		107.27
Average Daily Rate (ADR)	166.01		172.59
Occupancy	47.21%		59.09%

# Overall view

Note: other factors that might influence the before- and after-averages cannot be excluded



Note: T = time of introduction of RPG.  
Data aggregated, without consideration of start group