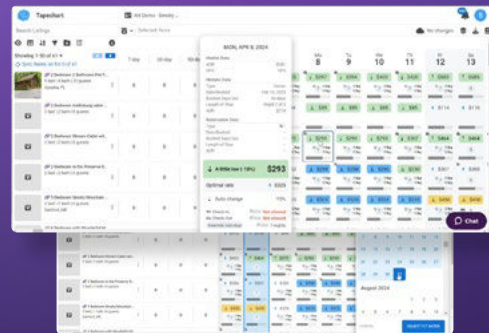


Use Case

# Revenue Management



Once upon a time, there was an innkeeper. She set a price for a room, and guests either agreed to that price, negotiated a better one, or moved on. Business was steady, suggesting that her rate wasn't too high or too low. It was just right.

But then, something odd happened. A week passed with few guests. Another inn had opened on the other side of town. They charged less, so guests were opting to stay there instead.

And so began the dance. Should she match their price? Charge even less? What if she threw in breakfast? Would raising her rates attract a more affluent guest? If so, is that who she should focus on?

These kinds of decisions have been part of hospitality for a long time. The goal is always the same: **meet the market wherever it is to maximize revenue on an ongoing basis.** The art and science of this practice is what we call revenue management (RM).



## What revenue management is and isn't

In economics, you learn that the optimal price is where the supply and demand curves intersect. The real world isn't so cut and dried. Why? Because that magic number is a moving target, and the underlying variables are impossibly complex.

Imagine a set of levers that can move that magic number. If you pull the right ones at the right time, you'll hit the mark exactly. Occupancy will be high, yet you won't leave any money on the table. Over time, those little adjustments add up to something big.

The biggest and most obvious lever is price, a.k.a. rate. Indeed, rate still has the biggest influence on revenue. TrackRevenue, formerly Rented, uses machine learning and real-time market analyses to follow that magic number as it moves around—what we call dynamic pricing. The innkeepers of yesteryear couldn't have imagined such a thing.

However, there's much more to modern RM. Marketing strategy, segmentation, distribution, fee policies, and listing optimization offer just a few examples. When they all align, the results can be incredible. One Track customer went from \$9M in annual revenue to \$18M just by implementing common-sense RM strategies!

## Our approach to revenue management

Any RM platform on the market will handle dynamic pricing. Naturally, we think the Automated Rate Tool in TrackRevenue does it best. Listings, rates, and market movements are all shown in a beautiful

central dashboard. Pushing a new rate out to your listings across channels is easy.

But what sets TrackRevenue apart is our full-service option. Few vacation rental companies employ full-time revenue managers. More often, it's part of somebody's job, like a marketing or operations manager. Unfortunately, doing RM poorly can be worse (read: more costly) than not doing it at all.

With TrackRevenue Full Service, our team of RM experts becomes an extension of your team. You reap the benefits of professional RM without having to understand the often baffling nuances. Dynamic pricing tools aren't always right, and they only see numbers, not strategy. Having someone who understands these tools and practices can be invaluable, especially when it frees up time that you can spend growing your inventory or dealing with owners.

In our experience, every \$1 spent on RM will yield around \$11 in returns. Yes, really. Most Track customers who implement Full Service see at least a 20% increase in revenue. The point is, RM can have a huge impact if done well. In a cutthroat VR market, the question isn't whether you can afford to invest in revenue management—it's whether you can afford not to.

## Learn more and request a free demo at [tsinc.com/rm](https://tsinc.com/rm).

### Contact Us

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