



# Dynamic Pricing Strategy for Independent Hotels

From Guesswork to Data-Driven Revenue

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# Why Small Hotels Struggle

- Pricing based on **gut feeling**, not data
- Constantly **undercutting** competitors
- 100% occupancy but **thin profits**
- **15+ hours/week** updating rates manually

## **THE COST**

**10-15% Revenue Left on Table**

Manual pricing = 2 updates/day vs Competitor's 40



# The Change You Need to Make

## ✗ OLD THINKING

- Fill rooms at any cost
- Price based on costs
- Follow competitors

## ✓ NEW THINKING

- Maximize profit per room
- Price based on demand
- Lead strategically

**FOR YOU: Boutique hotels (10-50 rooms), Hostels, Villas (<\$2M Revenue)**

# What You'll Learn Today

1

## FOUNDATION

The 4 metrics that matter

2

## DYNAMIC PRICING

Adjust rates automatically

3

## STRATEGY

Triggers, forecasting, psychology

4

## IMPLEMENTATION

Real case study (+38% RevPAR)

# Master These Numbers First

## 1. OCCUPANCY

Target: 65-75%  
(NOT 100%!)

## 2. ADR

Average Rate  
Balance volume + rate

## 3. RevPAR

$\text{ADR} \times \text{Occupancy}$   
The King Metric

## 4. GOPPAR

$(\text{Rev} - \text{Costs}) \div \text{Rooms}$   
The Profit Truth

# Why RevPAR Is Your North Star

Formula:  $ADR \times \text{Occupancy}$

Hotel A:  $90\% \text{ occ} \times \$80 = \$72$

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Hotel B:  $70\% \text{ occ} \times \$120 = \$84$  🏆

**Winner: Hotel B** (Higher profit, lower costs)



# GOPPAR - The Profit Truth

## Revenue $\neq$ Profit

Formula includes ALL costs: Labor, utilities, marketing.

### FOCUS HIERARCHY

- 1 **GOPPAR (Profit)**
- 2 RevPAR (Revenue)
- 3 ADR + Occupancy



# Know Your Minimum Rate

## Break-Even Formula

$(\text{Fixed Costs} \div \text{Room Nights}) + \text{Variable}$

**Example (25 Rooms):**

Fixed: \$40 + Variable: \$25

**Break-even: \$65**

**FLOOR PRICE:** Break-even + 15% = **\$75**



# Why Empty Rooms Cost You Forever

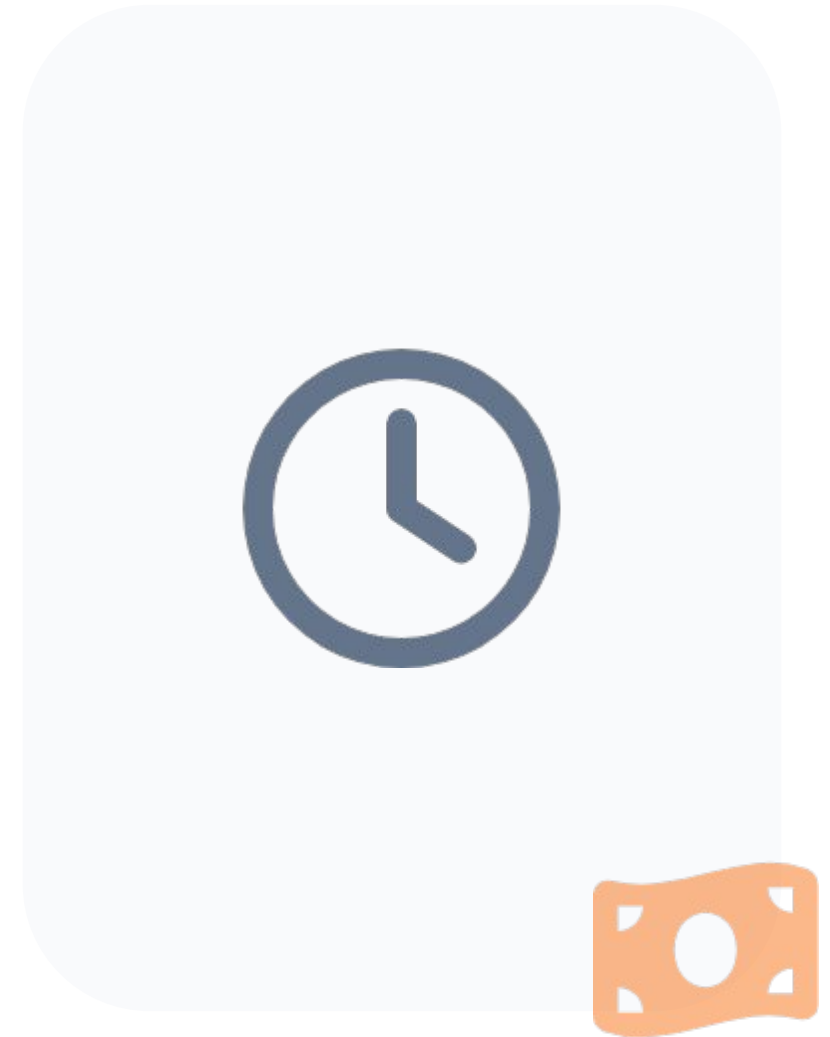
**THE REALITY:** Empty room tonight = \$0 revenue  
FOREVER.

## OPPORTUNITY COST

Selling at \$80 when market pays \$120

= Lost \$40 × 25 rooms × 365 days

**= \$365,000 / year**



# What Is Dynamic Pricing?

Prices That Move With Demand in Real-Time

- **Hotels using it:** 10-40% revenue increase
- **Automated:** 40 price changes/day
- **Manual:** Max 2 changes/day

You miss 95% of optimization opportunities!



# Supply & Demand + Pricing Ladder

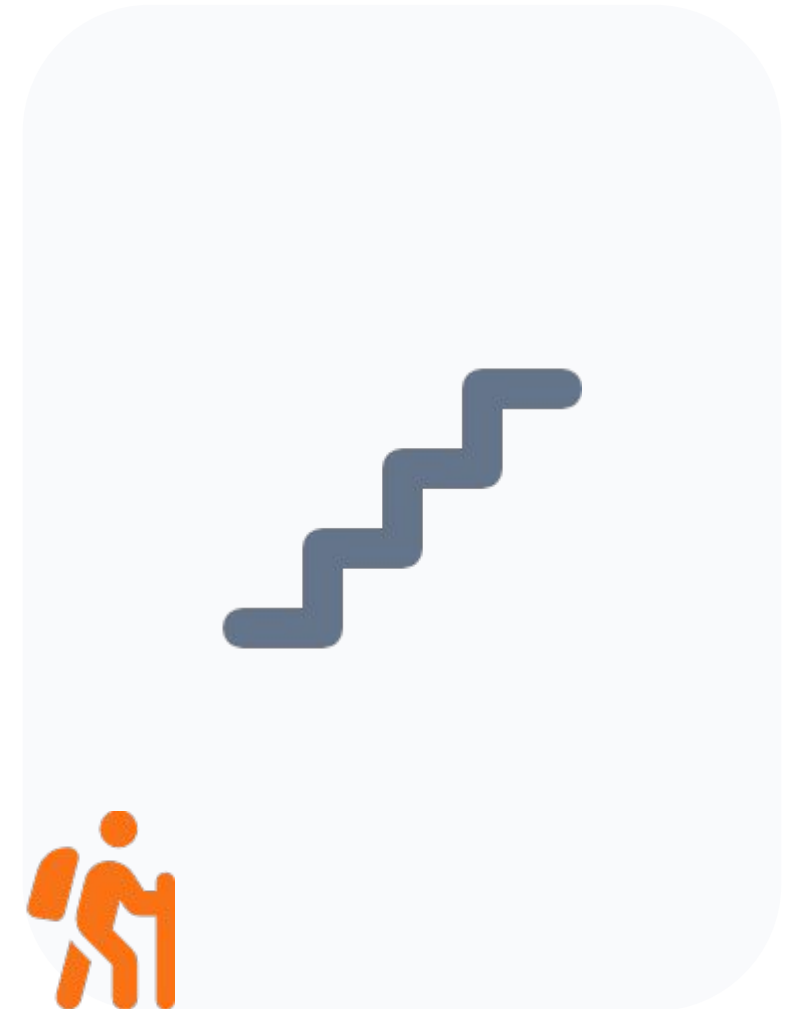
## IRON LAW:

Demand > Supply → **RAISE PRICES**

Demand < Supply → **LOWER PRICES**

## BUILD YOUR LADDER:

- L7: Last Room (\$279)
- L4: Peak (\$159)
- L3: Standard (\$129) ← Base
- L1: Floor (\$89)



# Trigger Points - When to Adjust

## ↑ UPWARD (Increase)

- 60% booked 30 days out
- 75% booked 14 days out
- Competitor rates +10%
- Major event confirmed

## ↓ DOWNWARD (Decrease)

- < 40% booked 21 days out
- < 50% booked 7 days out
- Competitor rates drop
- Event canceled


# Real Example - Event Pricing

## Case: Graduation Weekend (May 15)

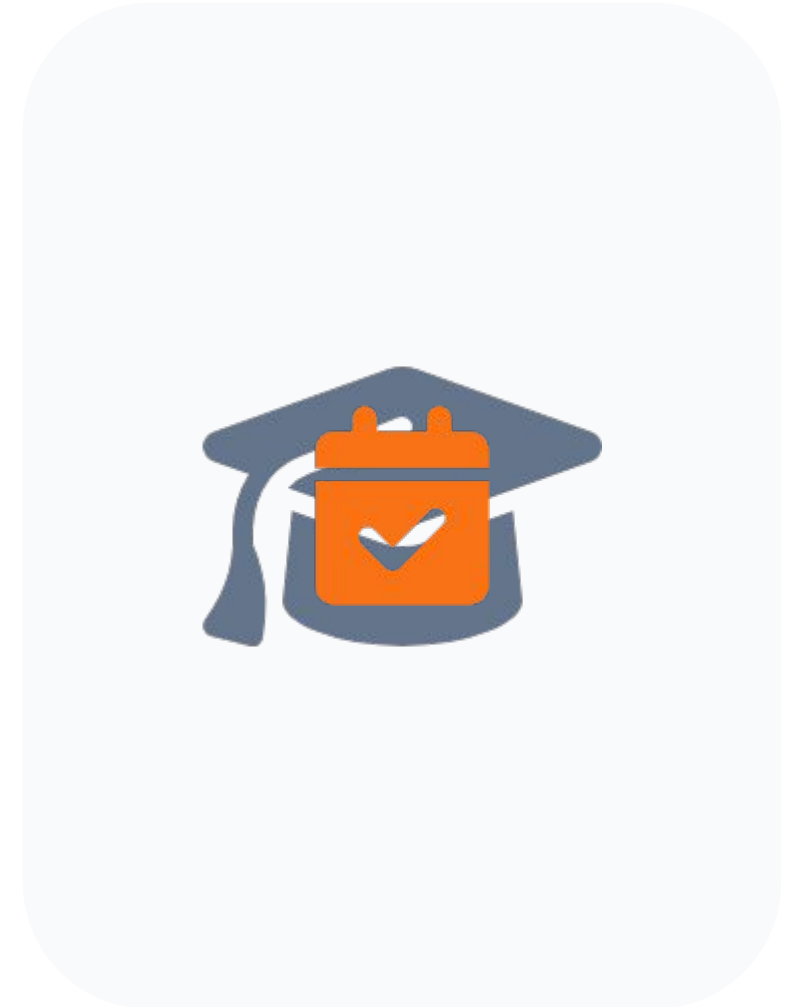
March 1: Already 40% sold (Ahead!)

 Mar 1-15: **\$159** (L4)

 Apr 16-May 1: **\$229** (L6)

 May 2-14: **\$279** (L7)

**RESULT: +100% RevPAR**



# Use Your Past to Predict Future

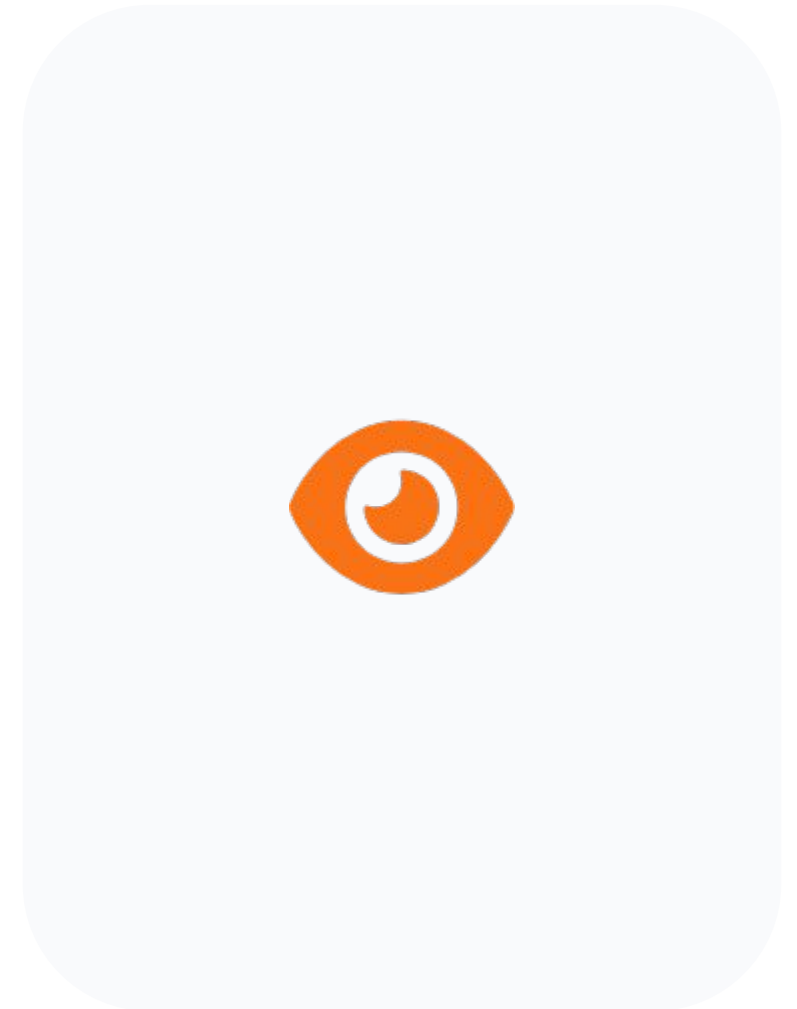
## TRACK THIS DATA:

- Occupancy by day of week
- Booking pace
- Seasonal patterns

## BUILD EVENT CALENDAR:

🎄 Holidays, 🎵 Concerts, 🎓 Graduations

**ACTION: Set rates 6-12 months ahead.**



# Are You Ahead or Behind?

## What is PACE?

Rate of bookings vs historical trends

### EXAMPLE (60 Days Out):

Last year: 35% | This year: 45%

**Pace: +10 points AHEAD** ✓

→ Action: INCREASE rates



# Different Customers, Different Prices

## 1. Advance Purchase

Book 30+ days = **20% off**

(Fence: Non-refundable)

## 2. Flexibility Tax

Flexible = \$159 | Fixed = \$129

Biz travelers pay for flex.

## 3. Loyalty

Members = **-10%**

(Fence: Must join program)



# Minimum Night Strategy (LOS)

## WHEN TO USE:

High demand (Festivals, Holidays)

## WHY IT WORKS:

- Reduces cleaning costs (1 clean/3 nights)
- Filters out "One-night party" guests
- **Profit Boost:** \$370 vs \$110



# Price by Booking Window

 **90+ Days (Early)**

Target: Planners

**Discount 20-30%** for Cashflow

 **30-60 Days (Std)**

Target: Leisure

**Price: BAR** (Best Available)

 **7-14 Days (Late)**

**DYNAMIC:**

>80% Booked? INCREASE

<50% Booked? DECREASE

 **< 48 Hours (Hot)**

Only discount if empty.

Use direct channels.

# Know Your Real Competitors

**CompSet = 3-5 hotels** guests actually compare you against.

**✗ WRONG:** Just neighbors, similar size

**✓ RIGHT:** Same price, Same guest type

**TIP:** Search Booking.com filtering by YOUR price range.



# The \$9 Trick + Anchoring

## 1. Charm Pricing (\$9)

\$139 feels like "\$100 something"

\$140 feels like "\$140"

*Use .99 for Value, Round for Luxury*

## 2. Anchoring Effect

Rack Rate: \$299

**Your Rate: \$189**



# The Cost of Manual Pricing

## 25 Rooms, 6 Channels:

- Login, Update, Check... **2 hours/day**
- Total: **14 hours/week**
- Annual Cost: **\$18,200** (Labor)

## HUMAN ERRORS

- ✗ Overbookings
- ✗ Rate Parity Violations
- ✗ Missed Events



# The Modern Revenue Stack

## 1. PMS

Front desk, Billing, Guests

## 2. Channel Manager

Syncs Inventory (No Overbookings)

## 3. RMS (Revenue Mgmt)

AI Pricing, Forecasting



# Case Study: 25-Room Boutique

## BEFORE (Manual) 🤔

- **Location:** Chiang Mai Old City
- **Method:** Excel & Gut Feeling
- **Time:** 15 hours/week

## STARTING METRICS

Occupancy: 75%

RevPAR: \$26

Direct Bookings: 15%



# The Transformation: +38% RevPAR

## AFTER (90 Days)

- Implemented Automated RMS
- Detected Songkran Demand Early
- Set rates 60 days in advance

## FINAL RESULTS

Occupancy: 84% 

RevPAR: \$36 (+38%) 

Overbookings: 0 



# The Bottom Line: 1,300% ROI



Extra Revenue

**+\$22k**

In 90 Days



System Cost

**\$1.6k**

Software + Training



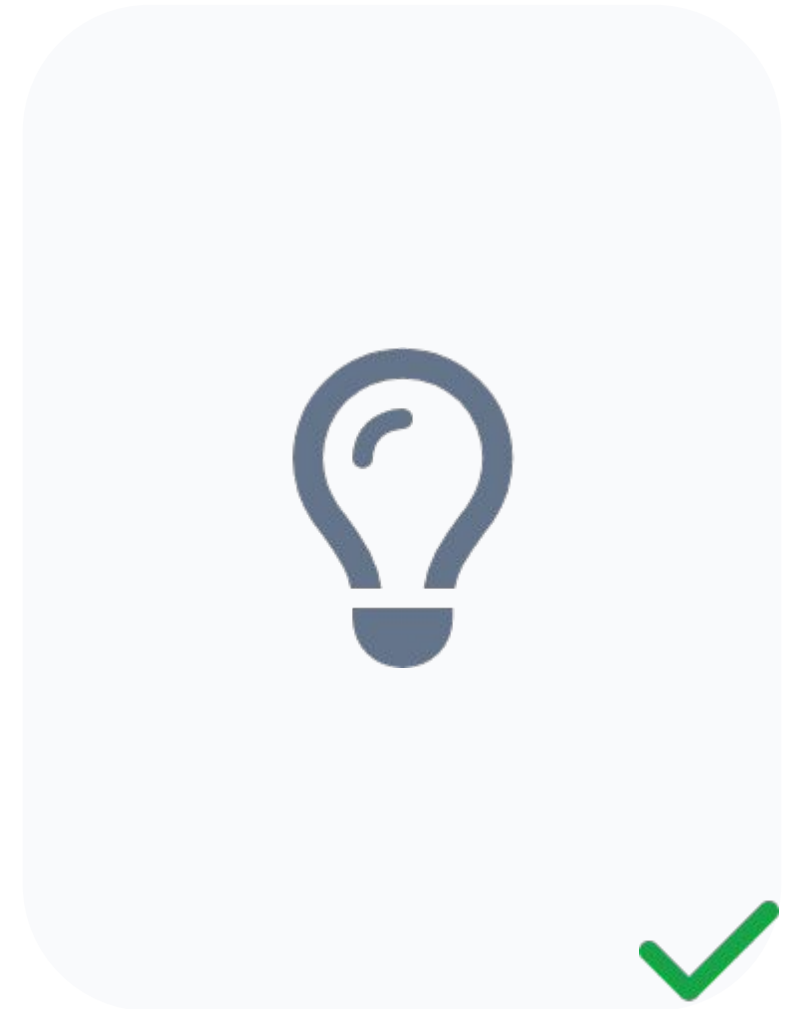
ROI

**1,300%**

First Quarter

# 5 Takeaways from Success

- 💡 **Data > Intuition:** Don't guess.
- 💡 **Start Early:** Adjust 60 days out.
- 💡 **Small Changes:** +\$10 steps, not +\$50.
- 💡 **Reduce OTAs:** Save commissions.
- 💡 **Automation:** 30 min review vs 15 hrs work.



# ONE SYSTEM TO RUN & GROW YOUR HOTEL



**Direct  
Bookings**



**Smart  
Cloud PMS**



**20+ OTA  
Channels**



**Revenue  
Experts**



**GET FREE DEMO NOW**

