



prizeotel Bremen-City Increases Average Daily Rate by 5% Using Revenue Management System

The prizeotel Bremen-City is the first hotel of its kind in Bremen, Germany - as a prize-winning budget hotel that aims to make high-design affordable to all. In addition to the hotel in Bremen, the prizeotel brand has ambitious expansion plans, with two new hotels proposed by 2013 and a presence in all the major German cities planned by 2015.

Finding an Accessible Automated Solution

"In Bremen, there is a lot of competition, especially by three or four-star hotels, which offer huge discounts for their rooms. Our pricing strategy is crucial to our success - we have to watch our competitors closely, and have to keep an eye on how many reservations we get, at which process, and how fast we receive them. Based on the findings, we offer a best-price rate," Marco Nussbaum, Co-Founder and CEO of prizeotel Management Group, explained.

However, the hotel did not want to generate their rates manually: "One of our mission statements says that all working processes, especially administrative ones, should be automated in order to have more time to help and serve the guests," said Nussbaum.

As a budget hotel, prizeotel Bremen-City has only one room type and thus only one rate category to optimize. As a result,



Fast Facts

Hotel Group

- prizeotel Bremen-City

Geography

- Bremen, Germany

Software

- IDEaS Revenue Management System (RMS)

Challenges

- To automate accurate rate forecasts
- To forecast rates that are sensitive to competitor pricing without manual processes
- To focus time and resources on the customer, instead of data collection, entry and analysis.

Result

↑ **5%** increase in Average Daily Rate year on year

the hotel recognized it would be crucial to have the support of an automated revenue management system that would suggest optimum rates, based on forecasted demand and a consideration of their competitor's pricing.

In addition, prizeotel Bremen-City hires many employees direct from their studies or training courses. "We find they are often more open and hungry to learn", Nussbaum stated. However, this does present a challenge, Nussbaum explained: "As a result, this means that most of our new employees have never worked with a revenue management system, making the system's interface and ease-of-use a crucial consideration."



Streamlined Support of the Highest Quality

The hotel needed to find an automated revenue management system that would meet all their requirements and would be easy for their employees to use. Nussbaum, having worked with IDeaS previously, knew that the IDeaS Revenue Management System (RMS) offered the best solution.

The IDeaS Best Available Rate (BAR) Pricing Module is particularly important for the team at prizeotel Bremen-City. The module, using forecasts and a calculation of price-elasticity of demand also automatically recognizes the impact of constantly changing competitor rate information, to propose optimal rates dynamically. In an increasingly competitive budget-hospitality market, the BAR Pricing Module guarantees that the hotel will have faster and better responses to the moves of their competitors. Furthermore, since all decisions are updated three times every day, the hotel knows that their pricing decisions are always optimized to drive the highest possible revenue.

As a hotel that prides itself on accessibility and commitment to the customer, prizeotel Bremen-City was pleased to get the same clear, straightforward service from the IDeaS RMS, which combines usability with powerful functionality. This level of service allows

even those new employees who are unfamiliar with the IDeaS RMS to use it with ease. "IDeaS sent a training specialist to educate the employees on site at the hotel and offered online training. With this selection of training and the system's easy-to-use interface, none of our new employees have any problems using the IDeaS RMS, even though it performs very complex tasks," Nussbaum said.

Nussbaum emphasized the benefits that came with the utilization of the IDeaS RMS into the hotel. "The IDeaS RMS integrated seamlessly with our existing Property Management System (PMS). The same can be said for our legacy Channel Management System (CMS) for the maintenance of distribution channels - the IDeaS RMS feeds its suggested daily rates into our CMS, which are then distributed to our network of online travel agencies," he said.

The team at prizeotel Bremen-City has confidence in the decisions offered by the IDeaS RMS. "Whilst the option to overwrite the system does exist, we choose not to use it. IDeaS' quality of analytics is world-class, and we have had excellent results by using the recommendations given by the IDeaS RMS. We are confident in the system's decisions," Nussbaum stated.

Optimized Pricing Strategy for Real Results

The IDeaS RMS not only proved its ease of implementation and use, but also generated tangible results for prizeotel Bremen-City. As Nussbaum emphasizes, "We are the hotel with the best rates in our market segment in Bremen – not only occupancy rates, but also our Average Daily Rate (ADR). By using the IDeaS RMS, we have become more profitable. From 2010 to 2011, we were able to increase our ADR by five percent – a great result."

Aside from having such a significant impact upon revenue, the system provides benefits for both the individual employees and the hotel guests. While the staff who are most impacted by the implementation of the IDeaS RMS are those in the reservation and booking department, since revenue management is an integral part of prizeotel Bremen-City's strategy, every member of the staff knows how the system works. Because the IDeaS RMS automatically generates the Best Available Rate, the hotel can save time and resources. Therefore, the hotel's staff has more time to focus on the guests and other responsibilities.

In addition, Nussbaum was pleased to confirm that the revenue generated also goes directly into the hotel's comprehensive maintenance and improvement program. "As a hotel that has already won a handful of design awards, it is a big benefit for us that we have the surplus revenue to keep improving the quality of our property," he said.



"Since we are happy with the results, we will definitely work with the system again. We will use the IDeaS RMS for all our future prizeotel hotels,"

Solid Revenue Support for Future Expansion

"Revenue management has been part of our company culture from the beginning. It is one of the three elements of our revenue circulation strategy," Nussbaum stated. The indispensable nature of the IDeaS RMS has led to a positive relationship between the prizeotel brand and IDeaS, and one that looks to continue, in tandem with the brand's expansion plans. "Since we are happy with the results, we will definitely work with the system again. We will use the IDeaS RMS for all our future prizeotel hotels," said Nussbaum.

www.ideas.com

Main **+1 952 698 4200**

Fax **+1 952 698 4299**

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