



# CASE STUDY: 125 BED BACKPACKERS, WELLINGTON CBD



Rooms Online has not just been about managing our rates, it has been a huge part of freeing up our time, in our space, this is nearly as important.



## GOALS

1. Optimise online presence with key third-party booking agents.
2. Avoid sacrificing rate for occupancy growth as the way to increase revenue.
3. Increase room revenue and rates through effective yielding, including introducing dynamic pricing.

## CHALLENGES

This property is owned by an experienced hotelier with several accommodation businesses throughout Wellington including hotels and apartments. Whilst the other businesses have a central reservations and revenue management team, this property sits slightly removed from the mix. The property has an onsite manager who has skills in other areas, therefore Rooms Online was appointed to manage the online channels and yield management.

Initially there were hesitations around implementing dynamic pricing which is not typically 'the done thing' in hostels. The team were scared that a change to rates mean they'd price themselves out of the market because some backpackers would walk across town to a competitor to save themselves 50c for a bed. Their competitors are not doing dynamic pricing often if at all, and they also didn't want to lose their reputation and share of the market.

They knew there would be challenges in educating their guests on the reasons for the new dynamic pricing and they were on the fence as to whether the headache of possible complaints would be worth it.

They were not confident the new dynamic pricing would do much to bottom line when the average rate per bed is such a low dollar amount.

## RESULTS

This client has been working with Rooms Online for a period of only 3 months at the time we analysed these results. The Wellington hostel demand was comparative with the previous year, and there were no additional events during the time we achieved these results.

Prior to Rooms Online (01 Jan 2017-31 Mar 2017)		With Rooms Online (01 Jan 2018-31 Mar 2018)	
Room Revenue	\$382,376	Room Revenue	\$456,824
Average Daily Rate (ADR) Per bed	\$32.82	Average Daily Rate (ADR) Per bed	\$35.07
Average Occupancy	92.3%	Average Occupancy	92.1%

- Room revenue growth during 3 months with Rooms Online vs same time last year (Jan-Mar): \$74,488
- Cost of Rooms Online services during this 3-month period \$1,569.75 inclusive of GST
- Average rate growth during 3 months with Rooms Online vs same time previous year: \$2.25 per bed
- Average occupancy during 3 months vs. same time previous year: -0.2%

## REVENUE MANAGERS COMMENTS

*"The onsite team quickly learned ways to manage the shift from fixed pricing to flexible rates and how to explain the everchanging prices to their guests.*

*They quickly realised that any hurdles that came about with this change to the way they price their beds were only short-term and well worth it for the significant growth to their bottom line."*

LAURA BROWN, ROOMS ONLINE REVENUE MANAGER



\$74K

Revenue Growth

-0.2%

Occupancy  
(increased revenue,  
lowered costs)

\$2.25

Average Rate  
Growth