

Studied, Strategic, Dynamic & Distributed Rates

Artificial Intelligence for calculating, planning & attracting higher income for property owners

How deep is the ocean? It is a simple question really, isn't it?

Some folks might tell you that the deepest spot is 36,189 below sea level, (outside the Marianas Islands). Others would say you can wade in and measure it at your favorite beach.

Which is correct? Both of course. If you are planning to sail a boat, go fishing or allow your young child to swim – then you'll want a more exact answer.

Lodging Rates

Asking what rate to charge per night for a vacation lodging property is a little like that. There is no single answer.

Instead, professional managers use proprietary methods to set rates right. They know the ins and outs of pricing and use those for the best outcome.

Vortex Managers have developed a proprietary "S2D2" system of pricing unique lodging properties such as Inns, Resorts and Vacation Rentals.

A disciplined approach combined with constantly evolving conclusions and world-class software keep rates as high as possible while achieving the most occupancy.

The method calls for proven mathematical formulas and a dedication to reviewing rates to produce maximum results.

Studied



In the Vortex equation the world "Studied" means a constant review of what others in the market place are charging for similar and even dissimilar properties. The competition from all types of lodging – Inns, Resorts, Hotels, Motels and Vacation Homes - must be considered.

Caution is required. Published rates may not actually reflect the price the operator is actually securing. Mystery shopping can reveal where market rates are actually achieved.

Competitive rates change quickly so it is necessary to search for and study rates regularly. Setting rates is a never ending dance of knowing what is being charged and how a property should fit into the mix.

It is wasteful to be the lowest price, risky to be the highest.

Strategic

"Strategic" rates are set differently depending on the time of year, the season, in accordance with local events and even the day of week.



For example: midweek rates are usually lower than weekend rates. Weekly rates should offer a value compared to simply adding together midweek and weekend rates. Holidays should be the highest rate.

Where possible it is better for everyone - owners, guests, managers and housekeepers - to rent weekly. Strategic rates help fill many dates. Surprisingly guests will alter their plans to fill in open dates if the rates benefit them.

It is also necessary to have projected rates well into the future. Usually bookings are not accepted more than 12-15 months in advance (or earlier if you have given us that instruction). Then future rates can be adjusted easily in response to demand, competition or other market conditions.

On occasions, sales or special promotions should be run. Not only do they increase occupancy they reveal how much elasticity is necessary to do so.

Discounting isn't overly common but should be used (within reason) if it increases gross revenue

by booking nights that might otherwise go unused.

It never makes sense to "give away" the dates, but proper use of mark-ups and discounts is an established trend that consumers accept in the travel industry.

Dynamic

The word "Dynamic" means that the rates are adjusted regularly based on occupancy, advance notice and other factors.

For example, if Holiday dates are booking up early, rates may be too low calling for them to be increased.

In reverse, if dates are booking slowly, then we may have to decrease them some. Software helps keep track of trends but manual intervention fine tunes changes.

Being dynamic may only increase income by five percent, but it can also mean twenty-five percent. We believe it is worth the effort.

Distributed



Making properties visible across many channels such as various types of websites increases the opportunity for sales.

Vortex publishes every property to hun-

dreds of websites of various types, as well as through conventional media.

Some websites are expensive but produce good results. Some are gratis. Others charge a travel-agency type commission.

Traditional travel agents ask for a commission and "Online Travel Agents" (such as Expedia.com) also take a cut.

In that case, higher "Distributed" rates may be published to offset the cost. By doing so property owners can earn the same net income.

Distributed sales are not yet a big part of revenue, but they seem to be growing.

All channels that increase net income should be pursued while attempting to utilize adjusted rates to offset cost.

S²D² Algorithm

Each of the four disciplines fluctuates differently. Seasonality is not the same every year due to weather changes. Competition increases or decreases.



Lodging variety changes by market. The inventory of accommodation types may be insufficient to gain perspective. Actual bookings to date affect immediate and long-term rates

To balance the factors, a proprietary algorithm is employed to review and adjust rates frequently. Human observation and intervention is also required to insure that rates remain competitive and for maximum income to be achieved.

The Bottom Line

S2D2 pricing is not necessarily simple. Due to the practices of airlines and large lodging chains, few consumers complain about complicated pricing. In the end, guests are more inclined to buy when offered dynamic rates.

Vortex managers are trained in Studied, Strategic, Dynamic and Distributed rates. Personnel weave them into an effective way to increase both pricing and occupancy.

Vortex Managers

To gain the kind of high results S2D2 described here, contact a Vortex Manager today. They will answer questions about rates and any other facet of our services.

Our answers are not always simple, but they are complete and comprehensive.

You should expect nothing less from a lodging management firm. Call today.

