

Key Differences Between Traditional and Price Sensitive Revenue Management

Traditional Revenue Management

- Focuses on nights when demand outstrips supply
- Increases profits by yielding out your least desirable business
- Uses inventory controls as the main lever for profitability
- Assumes that demand is what it is
- Bases decisions on your own demand and remaining availability
- Uses competitor price data to evaluate RM decisions



Price Sensitive Revenue Management

- Makes pricing decisions for all nights in the forecast horizon
- Uses price to steal share from your local competitor set
- Uses price as the main lever of profitability
- Understands that demand can change depending on what price you charge
- Bases decisions on availability, demand & price relative to competitors
- Pulls competitor data into the heart forecasting and pricing processes

By putting price at the heart of the process, Price Sensitive Revenue Management gives users greater power to drive increased revenues