

Advanced Pricing Central to NH Hotels Group's Turnaround

European hotelier overhauls its tech stack and revenue culture to refocus on its most profitable business

Results: RevPAR: +8.5% | ADR: +4.9% | Occupancy: +3.4%
(2017 vs. 2016)

The Challenge

NH Hotel Group operates 400 hotels in 30 markets, including Amsterdam, Barcelona, Frankfurt, London and New York. Yet, in 2012, the Spain-based hotel company found itself on the brink of bankruptcy.

One major problem was the company's strategy for guest segmentation and distribution. Too much of NH's revenue came from lower-rate business, such as flight crews and tour operators, and cheap corporate negotiated contracts.

Chief Commercial Officer Fernando Vives was brought in to build a masterplan for NH Hotel Group's change management initiative. A strategic business plan was introduced. This focused on technology implementation, segmentation, repositioning its hotel brands and asset rotation.

"We had to change the mentality of the sales force. How can we optimise the full demand curve? It's not by having 15 price points but by having infinite price points."

— **Fernando Vives**
Chief Commercial Officer, NH Hotel Group

The Solution

Central to the strategic business plan was a complete overhaul of the company's tech stack. NH changed the PMS, CRS, RMS and other systems across all 400 hotels over a two-year period.

Duetto's Revenue Strategy solution GameChanger was implemented across all properties, as the company focused in on its pricing and commercial strategy. Improvements have been rolled out in three stages:

- 2013-2016 saw a focus on traditional RevPAR, with attention paid to segmentation and pricing
- 2016-2017 saw the rollout of an advanced pricing strategy, with a focus on TrevPAR (Total RevPAR)
- 2017-2019 is about creating competitive advantages, with a focus on net TrevPAR

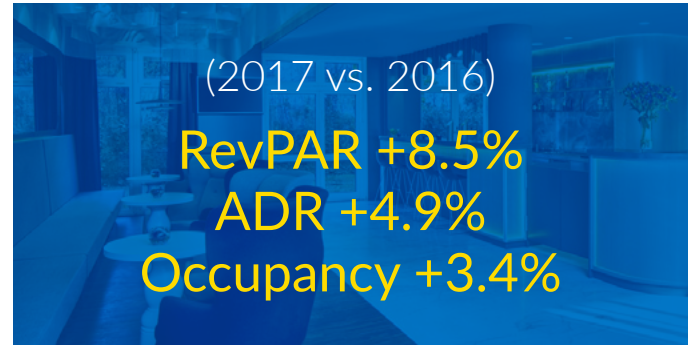


The Results

Three years into the strategic business plan, the figures are already stacking up. The company's 2017 financial statement included an 8.5% increase in revenue per available room (RevPAR), a 4.9% rise in average daily rate (ADR) and a 3.4% growth in occupancy.

Top-line figures saw a 6.5% growth in revenue to €1.57 billion, up from €1.47 billion in 2016.

Looking ahead, NH now plans to roll out the next generation of advanced pricing strategy: "Pricing 3.0." This will work toward a more personalised booking experience with individualized pricing.



How it Happened

- NH released 1 million room nights booked from less profitable business.
- Distribution strategy was refocused on high-performing segments, such as B2C and MICE.
- Room types where changed and standardized.
- The company doubled its team of revenue strategists.
- Revenue Strategy training was introduced company-wide.

“We sell 7 million room nights a year. Open Pricing helps us optimise the full demand curve. Discounting off BAR is now forbidden at NH. GameChanger provides us with real-time transactional data with full connectivity to our CMS and PMS. It is safe, fast and reliable in 100% of our properties.”

— Fernando Vives
Chief Commercial Officer, NH Hotel Group