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Marc Helmold

Total Revenue Management (TRM)

Case Studies, Best Practices and Industry Insights

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The key is to set realistic customer expectations and then not to just meet them, but to exceed them. Preferably in unexpected and helpful ways.

César Ritz, Entrepreneur and Hotel Owner

Acknowledgements

In today's world, people, enterprises, organisations and countries are competing with each other and striving for creating sustainable revenues, profit and shareholder value. Revenue Management (RM) is a proven method and way to increase revenues by anticipating and forecasting market movements and demands, in order to increase revenues and incomes. A new and more integrative approach with the emphasis on centrally integrating processes, products and services to achieve the optimum revenues across the value chain has changed RM towards Total Revenue Management (TRM). TRM utilizes sophisticated, flexible, adaptable and digital tools in pricing, channels and distribution areas and must be incorporated into the strategy of an enterprise. I would like to mention many experts from several industries who supported this book indirectly. The book would not have been possible without the implicit and indirect support of practitioners, academics and master's and doctoral students on. There are a couple of groups and people I would like to mention. Firstly, I would like to thank all experts, academics and students who inspired me during the past few years to write this book on optimising a company's performance by applying TRM. In this context I would like to name Vara Prasad Kommeseti and Agne Aleksandraviciute, who graduated with excellence in the M.B.A. and Master's courses of the IUBH University. Mr. Prasad Kommeseti is now TRM Manager in a five-star hotel in the Middle East. Additionally, TRM experts from automotive, healthcare, service and other industries contributed directly or indirectly to this negotiation guide. Bettina Fechtner gave me insights when visiting the Hilton Hotel in Berlin with my Master's course class of the IUBH International University. Moreover, I would like to thank Springer International, especially Dr. Mahagonkar and Ms. Nitze, for the professional and smooth completion of this project. Ms. Nisha Becker helped me in proof-reading the book. Finally, I would also like to thank my family members Takako, Ayumi and Manami for their inspiration and patience.

Berlin, Germany
March 2020

Marc Helmold

About the Book

Total Revenue Management (TRM) is the new and advanced concept of Revenue Management, combining traditional and new revenue management principles and tools across all revenue streams. TRM focuses on developing more intelligence and services around each customer segment by applying appropriate and holistic strategies. Born in the hospitality and aviation sector, the book outlines how this concept can be successfully transferred to other industries, thus gaining a competitive advantage and achieving optimal levels of revenues and profitability.

TRM focuses on a bigger picture on the traditional profit perspective and revenue perspective. Revenue Management is coming from aviation and hospitality industries, proactively anticipating demand and creating the right strategy to achieve the optimal revenue streams. Other industries like the automotive or the health sector are understanding the advantages of revenue management and applying its principles too.

The book shows how the new concept of TRM can be pursued in the optimal and innovative way in order to gain a competitive advantage. It shows how TRM can be applied in companies and provides several industry examples and case studies. It is necessary for any enterprise to have an automated and sophisticated TRM system in place which uses sophisticated revenue science to create the right pricing, channel and distribution strategies. Forward-looking predictive analytics, embedded in today's advanced revenue management systems and supported by machine learning, help hoteliers uncover emerging trends and identify more profitable opportunities. A revenue management system powered by digital tools and machine learning does not only generate prices that flexibly adapt to any market alterations, it also anticipates these variations and important trends in advance. In a competitive hotel market, slight pricing changes can have a big impact on demand. Therefore, any hotelier operating without systems that can analytically decipher the impacts of a specific price change on occupancy and the resulting revenue benefit (or lack thereof) for their property is operating at a disadvantage.

A wealth of industry insights, best practices, case studies and real-world examples are used to reveal the benefits of TRM in several industries and service sectors. Readers will gain comprehensive insights into the strategies, tools and principles of TRM, including existing and new revenue streams across the entire value chain. The transparent and holistic explanation of pricing strategies, segmentation methods and distribution principles enables the reader to apply TRM easily in their own company.

Focusing on best-in-class examples on revenue management, the book is the ideal guide for any organization pursuing the optimum revenue management across all customer segments, distribution channels and value-added services.

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List of Acronyms and Abbreviations

AI	Artificial Intelligence
ACRM	Air Cargo Revenue Management
BAR	Best available Rate
BMW	Bayerische Motorenwerke
BSC	Balanced Score Card
BKSB	Berliner Kindl Schulthiess Brewery
BVG	Berliner Vekehrsgesellschaft
CDP	Corporate Dynamic Pricing
ELDP	Every Day Low Pricing
EU	European Union
F & B	Food and Beverage
FMCG	Fast Moving Consumer Goods
FRM	Full Revenue Management
GDP	Gross Domestic Product
GDS	Global Distribution System
GOPPAR	Gross Operating Profit Per Available Room
HL	Hectolitre
ICT	Information and Communications Technology
NREVPAR	Net Revenue generated Per Available Room
PBM	Pharmacy Benefit Managers
PuL	Profit and Loss
P5F	Porter's Five Forces Analysis
R & D	Research and Development
REVPAR	Revenue Per available Room
REVPASH	Revenue per available seat per hour
RM	Revenue Management
SCM	Supply Chain Management
SWOT	Strengths, Weaknesses, Opportunities, Threats
TRM	Total Revenue Management
VW	Volkswagen
WHO	World Health Organization
3C	Cost, Competition, Customers
4P	Product, Price, Place, Promotion
7P	Product, Price, Place, Promotion, People, Process, Physical evidence

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