

ATOMIZE

BUSINESS CASE: BEST WESTERN BORÅS

**“16.9%
RevPAR
increase.”**

Best Western Borås started using Atomize at the end of 2017 and experienced a RevPAR increase of 16.9% in Q1 2018.





Executive Summary

Best Western Borås (BW Borås) started using Atomize at the end of 2017 and in Q1 2018 their RevPAR increased with 16.9%. The increase in RevPAR is adjusted for seasonality and considers the market trend of the city and the number of rooms that were out of order. Hence, it is a true increase that can directly be attributed to the effect of using Atomize.

“The year-on-year growth for Q1 2018 for Best Western Borås was 18.45%, compared to 1.35% for competitors.”

About Best Western Borås

Best Western Borås is a four-star hotel and has 52 rooms across five different room types. They have been a beta client to Atomize since the summer of 2017. From December 2017 they have applied 100% of Atomize price recommendations.

Borås is a city in Sweden with about 100 000 inhabitants. The town has five hotels and a total capacity of over 600 rooms per night.

About Atomize

Atomize solves the pricing problem for hotels through their automatic revenue management system. Atomize gather data from multiple sources and then proprietary machine learning algorithms decide the optimal price, per room type, at any moment.

Our previous venture in the Adtech industry, Admeta (which was acquired 2014 by WideOrbit), offered a Revenue Management System for online publishers that never lost an optimization benchmark - not even to Google's competing product.

We have taken all that optimization heritage into account when building the Atomize optimization engine, and 80% of our employees used to work at our previous venture.

Methodology

To determine the effect that Atomize has on RevPAR, it is crucial to take the development of the local market into consideration. If the RevPAR of the local market grows by 10% and the RevPAR of BW Borås also grows by 10%, then the effects of using Atomize would be zero, even though the RevPAR increased.

Another important factor is the seasonality. Compared to its competitors, each hotel has its strong and weak seasons. Hence, it is important to compare with the same period from the previous year.

A third essential element is to compensate for those rooms that were out of order, i.e., not available to the customers. If a hotel has 100 rooms but 20 of those are not available because they are out of order, then the RevPAR should be calculated on 80 rooms, not 100 rooms.

"Before Atomize I had a lot of rules set for myself, slowly they have convinced me to take out the boundaries more, and now I trust Atomize recommendations to 100%"

Therese Ekberg, Hotel Manager, Best Western Borås



Results

The period we are monitoring is from January 1st, 2018 to March 31st, 2018. During that period, BW Borås applied 100% of the rates that Atomize recommended. However, before looking at the actual results, we need to define what the baseline is and how it was the previous year. By doing so, we adjust for seasonality.

In order not to reveal any business sensitive data, we have indexed the Best Western's RevPAR to 100. For the period from January, 1st, 2017 to March, 31st, 2017.

As can be seen in **Figure1**, the competitors had a combined RevPAR that was 5.23% higher, compared during Q1 2017.

If we then look at the period from January, 1st, 2018 to March, 31st, 2018, still keeping the BW RevPAR for Q1 2017 as index 100

The competitors grew from 105.23 to 106.65 year on year for Q1, which is an increase of +1.35%. During the same period, BW Borås rose from 100 to 118.45 (see Figure 2), which is an increase of +18.45%.

If BW Borås had just followed the market and grown +1.35%, they should have reported an indexed RevPAR of 101.35. However, they had 118.45, **which is 16.9% higher**

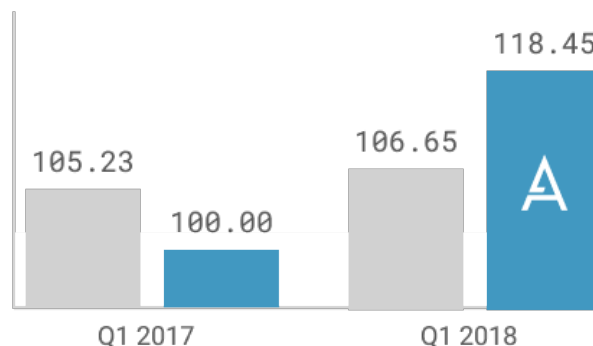


Figure 1. Indexed RevPAR, year-on-year.
Competitors (gray) vs. Best Western (blue)

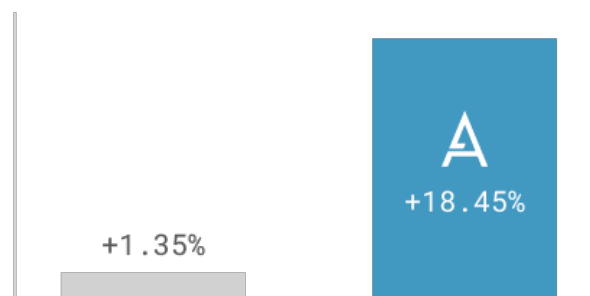


Figure 2. Year-on-year growth in Q1 2018 – competitors vs. Best Western with Atomize recommendations.

"Atomize has generated a 16.9% true increase in RevPAR for Best Western Borås. I now trust the Atomize system to 100%"

Therese Ekberg, Hotel Manager, Best Western Borås

Potential objections

One possible objection to the conclusion would be if BW Borås were trending strongly versus their competitors before they applied the Atomize rates. To assess and dismiss that as a potential objection, we have looked at the previous three quarters to see how Best Western was performing versus their competitors.

As can be seen below BW Borås was performing very similar to their competitors, until they have applied the rates suggested by Atomize.

Another potential source of error would be if the data included hotels that went out of business. No such events have occurred during the period.

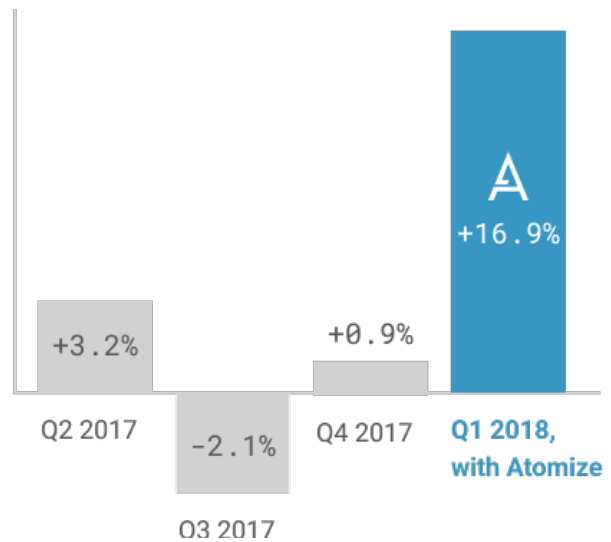


Figure 3. Year-on-year growth for Best Western vs. competitors – before and after adopting the Atomize system.



The experience

"We do no longer miss anything before it is too late."

In an interview with Atomize, Therese Ekstrand, Hotel Manager at Best Western Borås, shared her experiences with the Atomize service:

"Before we started with Atomize we did everything completely manually. I started every day by looking through the booking pace, and then comparing our prices with our competitor's prices from different booking sites.

Before Atomize I had a lot of rules set for myself, slowly they have convinced me to take out the boundaries more, and now I trust Atomize recommendations to 100%.

We no longer miss anything before it is too late, and we do RevPAR increase of almost 17%. They are doing a fantastic job and taking market shares that I hadn't done by myself.

The partnership has worked very well: they are always responsive to my questions and concerns. In the beginning, I had my doubts but they have proven themselves by bringing results."



**Therese Ekstrand, Hotel Manager,
Best Western Borås**

Janne Johanson, Owner at the Best Western Borås agrees with Therese's sentiment:



Janne Johansson, Owner, Best Western Borås

"I'm impressed by the way Atomize has managed to generate an uplift of almost 17% in the RevPAR. That extra revenue has increased our profitability, and in addition to the financial gain it also gives us room for future investments and a good opportunity to increase the skills of our staff"

Conclusion

Atomize has generated a 16.9% true increase in RevPAR for Best Western Borås. The results are adjusted for seasonality, the market trend of the city and the number of rooms that were out of order. We have also assessed several potential objections to the result but proved that no valid objections to the result exist.

*“We feel very confident in stating that **Atomize has generated a 16.9% true increase in RevPAR** for Best Western Borås”*



A note on data sources

All data in this report is provided by **Benchmarking Alliance**, a trustworthy third party that collects daily data from all hotels in Borås.

**BENCHMARKING
ALLIANCE**