



Benchmarking in the hotel industry in Stuttgart

Berlin (fm) – Keywords such as benchmarking, best practices, and *statistically aided management* are terms that have long become commonplace in discussions about successful hotel management. What is it behind this? How are the basic parameters defined? How does the continuous comparison process function?

So far, 18 hotel businesses in Stuttgart have registered in the Berlin-based Fairmas City benchmarking system (in cooperation with STR Global), so that they can determine their market position on a daily basis, make comparisons, and derive strategies.

The basic parameters

After activating the system, all the companies involved enter the number of occupied rooms and the net accommodation sales in the benchmarking system, every day (data acquisition). On the basis of up-to-date data provided on a daily basis, the company's own development is presented transparently and it can then be analysed comparatively, and compared with anonymised results from the competition

(<http://www.fairmas.com/de/solutions/benchmark/city+benchmarking>).

Data analysis

Depending on the parameters entered, the following web-based evaluations can be carried out on a daily, monthly and annual basis: Trend reports (in terms of utilisation, the average rate and revenue development), comparisons in terms of index figures (market penetration, average rate - and revenue generation index), comparative data in the context of trade fairs and other events, as well as ranking lists that show the highest and lowest figures in an anonymous way. This way, hoteliers have an additional means of orientation in comparison to their own figures. Meaningful demo data, reports and analysis capabilities, etc. are available at <http://www.fairmasdemo.com/>.



The benchmarking set

At least six hotels in one class (e.g., the 4-star category) must exist in order to define a personal benchmarking set. In addition to this, predefined regional comparison sets are available in order to display, for instance, the results of all hotels with 1-6 conference rooms, in comparison to one's own position. Comparison with the index data can be displayed visually.

Continuity creates transparency

By using the system continuously, the user company's own development in the marketplace, and also in comparison to the competition, becomes transparent. Fairmas can enter comparative data, provided the customer can make this available, going back as far as 2003. The company has been cooperating with the Rubicon Group since April 2008. Thanks to this cooperation, it will also be possible to integrate future market developments in the analysis. Hotel room rates (for the next 28 or 180 days) are entered as a basic GDS system parameter. Through applying the system all the time, future trends can be registered early, critical situations analysed, and successful strategies identified.

Supplementary sales figures

Starting from the "status quo" position, sales figures can be included in the considerations at this point. FairSales, a sales optimisation product, allows changes in the customer's booking behaviour to be analysed in a reliable and fast way, and enables the impact on the company's sales to be demonstrated reliably. Surpluses or shortfalls are analysed within a short period of time, while both key account management and customer dialogue are optimised.

Conclusion

"The hotelier can determine how his hotel is positioned in the marketplace at any time - and can do so daily and in comparison to various groups of competitors. All the participants use the same database, and developments can be continuously tracked. The easily understandable reporting system (information can be sent automatically by e-mail on request) allows rapid analysis and provides information on trends in the market", says Wolfgang Gattringer, responsible for Business



Development at Fairmas. "Daily benchmarking is nowadays an integral part of a successful revenue management system", added Mr. Gattringer. Fairmas also possesses a declaration of tolerance from Germany's *Bundeskartellamt* (Federal Cartel Office), allowing it to operate a benchmarking system.

About STR & STR Global:

For more than 20 years, Smith Travel Research has been the recognized leader for lodging industry benchmarking and research. Smith Travel Research and STR Global offer monthly, weekly, and daily STAR benchmarking reports to more than 38,000 hotel clients, representing nearly 5 million rooms worldwide. STR is headquartered in Hendersonville, Tennessee, and STR Global is based in London. For more information, visit www.strglobal.com.

About Fairmas:

Fairmas Gesellschaft für Marktanalysen mbH was founded in 2003, and so far more than 700 hotels submit market data to us. In early 2009, Fairmas started a cross-destination benchmarking service for the holiday and resort hotel industry. The company is the only provider of a rate view tool combined with a daily benchmarking service.

In addition, Fairmas specialises in software solutions for planning and budgeting, adapted to hotels' own in-house requirements. In this sector, the number of hotel software installations worldwide has passed the 1,000 mark. The continuous growth and constant development of our product range are key characteristics of Fairmas. Through its cooperation partners, the company is also active in London and Atlanta. For more information, visit www.fairmas.com.



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