



PIE 2016 Presentation

# Opening Your Mind to New

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*Parking operators can now dynamically price spaces by type, channel and dates independently of*

Best-available-rate pricing based on available inventory has been at the core practice of traditional yield or revenue management for years in the travel industry. Dating back to 1960s, American Airlines became the first to develop models to manage under- and over-bookings, discount allocation and traffic management. Many years later, hotel and car rental companies followed suit, with an advanced “proactive” pricing strategy versus the “reactive” one currently seen in the parking industry.

We all know that a majority of parking operations have a simple-fixed-tier approach, but the growing complexity of today’s distribution landscape will warrant a far more systematic strategy. With online distribution – branded websites, third party aggregators and social media – delivering transparency, operators find themselves competing more and more on price.

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A new way of thinking, and the advances in technology, now makes it possible to begin pricing spaces by types, channels and dates independently of each other to maximize revenue. Instead of all rates being in a static environment, operators are able to price across all channels every day based on the actual demand within each of those individual channels.

Smart operators know that dynamic pricing is the process of managing channels by forecasting, optimizing, controlling and monitoring rates based on the fluctuations in supply and demand in the market. These operators understand the importance of capturing incremental revenue by adjusting rates – down or up - on a daily or even hourly basis if up-to-the-minute market information reveals the need for these changes.



# Revenue

*each other to maximize revenue.*

Dynamic pricing is based on the understanding that the right rate to charge for a parking space is what the customer is willing and able to pay.

Simply due to the lack of intellectual technology and experience in the field, the parking industry is missing the opportunity to use variable pricing applicable to different behaviors exhibited by people booking from various channels.

Speaking more directly about channels, the fragmented parking industry continues to play pricing games on third party websites (aka “aggregators”), which happens to interfere with revenues and profits altogether.

As new distribution channels and aggregators emerge, it is essential for operators to become educated and well-versed as it pertains to certain key components: customers, pricing, events, history and competition.

## Be Open to Opportunity

With an open mind to variable pricing, operators can price a space or nesting area not only by channel, but also by service type. For example, the price between a standard and premium space doesn't have to be the exact same all the time across all channels. Like the hotelier of 30 years ago, parking operators must be not only ready with software, but also have a

philosophical understanding of a dynamic pricing strategy to better leverage their services.

It is a matter of time before improvements in business intelligence (BI) will provide operators with better forecasts, by specific channels, and new technology allowing connectivity among various online booking distribution channels. Central reservation and revenue management systems are now making dynamic pricing a reality.

So, do you need software to set up a dynamic pricing environment? No. An operator can start making the transition manually in a small way if they don't yet have systems in place for managing a variable pricing. By learning and then setting up the “very basics,” the revenue potential is far greater than the cost of manually managing some data entry and analytics.

## Remain Open to Learning the Culture

From yield management or yield pricing, to revenue management or channel management, to dynamic pricing or price optimization – whatever one wants to call it – the parking industry is about to experience a radical change.

At PIE 2016, the “Dynamic Pricing” presentation may be your first baby-step to learning more about a strategy that is evolving right now. So, ask yourself these questions:

- Are you ready and prepared to potentially change business practices?
- Can you commit time and resources to making the project work?
- Who is going to take on the role of revenue manager?

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