

whitepaper

Dynamic Pricing for Hostels



“Revenue management fails the moment it treats every bed like a room.”

preface

Over the past years, I have seen more and more hostels turn to revenue management to price their inventory dynamically. But hostels face a challenge that most systems weren't built for: they don't just sell rooms, they sell beds too.

For optimal results, that means dorm beds and private rooms each need their own forecast and their own pricing logic. And that's exactly where most hostels leave money on the table. Due to a lack of good alternatives, many hostels are stuck choosing between two options: a system that doesn't fit their inventory, or pricing by hand.

Either way, they end up with **rates that don't reflect reality**, or with hours of manual work to keep dorm and private room prices in line with how each is actually filling up.

Based on **feedback from hostel owners**, we built RevControl to price **every bed** and room type on its own merits, reanalyzed every fifteen minutes and benchmarked only against genuinely comparable competitors.

In **this whitepaper**, we show you the logic behind dynamic pricing for hostels. I hope it will bring you a few ideas to put to work right away, so pricing becomes something you can rely on, day in, day out.

Enjoy reading!

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What to expect in this whitepaper

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Hostel Pricing in Practice

Why pricing a hostel is a different game than pricing a hotel.

- **Where hostels lose revenue** without noticing it
- **Why a dorm bed** isn't just a small hotel room
- **How to combine proven pricing strategies** to match your unique room mix

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RMS Essentials for Hostels

The building blocks of dynamic pricing, translated to beds and dorms.

- **Autopilot pricing:** rates that update themselves
- **Group recommendation:** when to take on a group and for which price
- **Rate buckets:** close costly channels as your dorms fill up
- **Hostel benchmarking:** compare beds & rooms with true competitors
- **Pickup, BAR and minimum stay,** with hostel examples

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About RevControl

The team, the tech and the promise behind 750+ hotels, hostels & parks.

- **How we ensure you can trust RevControl**
- **Application in hostels:** how 750+ accommodations rely on RevControl
- **You stay in control:** automated or hands-on, your choice

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“Occupancy levels for different room types and **bed availability** must be carefully balanced.”

Where most hostels lose money

Although you may feel your hostel's pricing is under control, chances are revenue is quietly slipping away. Even with just a handful of rooms and beds, a few euros too little per bed can add up to thousands a year. Here are four of the most common leaks.

A single forecast

When dorms and private rooms share one occupancy figure, a hostel can look 70% full while the dorms are sold out and half the privates sit empty.

Dorm beds then sell out early at rates set for a quieter house, while privates get discounted to fill a gap that isn't really there. Two inventory types need two forecasts.

Too much commission

On quiet nights, OTAs like Hostelworld and Booking.com bring in guests you wouldn't reach otherwise. On a night that sells out anyway, the same booking just costs you commission.

Keeping every channel and promo rate open regardless of demand means paying the most commission exactly when you need it least. Closing costly channels as beds fill up protects what you actually earn.

Rates that lag

Hostel guests book late, often in the last few days. If rates are updated once a day, or whenever there's time, they're always a step behind.

A competitor drops its dorm price at noon, a festival sells out, occupancy jumps overnight. Every hour your rates don't respond is an hour of bookings sold at yesterday's price.

Badly timed groups

A school trip or stag party can fill a dorm in one booking. On a quiet Tuesday, that's a win. On a peak Saturday, it can block beds you'd have sold individually for more.

The question isn't whether to accept groups, but when and at what price. Compare the group rate with what those beds would earn from individual guests on that date, before you say yes.

A dorm bed is different

Let's get straight to the point: how do you manage a private room, one that behaves practically like a hotel room, and a dorm bed, one that behaves nothing like one, with a single pricing strategy? The answer is: you simply can't.

This is something most hostel managers understand instinctively, but still can't fully act on. Often, that's not a failure on their part. **Bookings for private rooms and dorm beds** simply show different behaviours, and should be managed accordingly to maximize results. Putting this into practice, however, can be tricky to start with if you don't have the right means.

Naturally, your beds are sold in high volume, one at a time, to a fast-moving, price-sensitive crowd, so their demand usually smooths itself out, until a single group booking takes out a third of a dorm overnight and every other room type in your building suddenly means something different. Your private rooms behave more like a traditional hotel room, except there are so few of them that one booking can already move the needle by twenty percent. **Two different mechanics, under your one roof.**

That mismatch is easy to miss in your revenue management strategy, because most systems, and most spreadsheets, make dorms and private rooms look alike. But treating a bed as a fraction of a room, or a whole dorm as a single unit, hides exactly the booking behaviour that makes your demand so **volatile** in the first place.



Benchmarking puts you in the same bind. Most competitor comparisons look at a hostel as a whole, one average rate against another, but that only makes sense if the room mix behind it matches too.

Your beds should be benchmarked against other beds, and your private rooms against other private rooms, not blended together into a single number that hides which part of your inventory is actually over- or underpriced.

A hostel a few streets away might look like a fair comparison on paper, but if their dorms are half the size of yours or they run far fewer private rooms, comparing your blended average to theirs tells you almost nothing useful.



Real benchmarking means matching bed to bed and room to room, so the number you're reacting to actually reflects the market you're competing in.

As soon as you understand these essentials for dynamic pricing as a hostel, you can move on by reflecting on an optimal pricing strategy for your rooms and beds.

Combining Pricing Strategies

There's no single right way to price a hostel, but two approaches consistently work well together: pricing based on how full you expect to be, and pricing based on what's happening around you. Here's how each one works, and what changes when you apply it to a hostel instead of a hotel.

Forecast-based

Forecast-based pricing means your rates move automatically with expected demand: stepping up as the forecast for a date climbs towards a sell-out, and easing off when it drops. The forecast is recalculated as new bookings come in. In RevControl, for example, this happens every 15 minutes, based on the latest reservation data from your PMS. That way your prices respond to where each date is heading, not just to where it is today.

For a hostel, this needs to run separately per inventory type: a single group booking can push the dorm forecast from half-empty to nearly full overnight, while a handful of private rooms move far more gradually. Blend them into one forecast, and you'll either overprice your rooms or underprice your beds every time a group books.

Comp set benchmarking

Comp set benchmarking means checking your rates against a small group of accommodations that genuinely compete for the same guest, so your pricing reacts when the market around you shifts.

For a hostel, that comp set has to be built bed by bed and room by room. A hostel nearby might look comparable on paper, but if their dorm-to-private-room ratio is nothing like yours, benchmarking your blended average against theirs will point you in the wrong direction.



Given these two pricing strategies, when should which of the two be followed in your hostel?

It's not a choice between the two. The strongest approach lets your forecast set the direction, and your comp set set the boundaries. Your own demand decides whether rates go up or down; the market decides how far they can go.

Forecast leads

Your forecast knows things your competitors don't: how fast your dorms and privates are filling, how late your guests book, and what one group booking does to the rest of the date.

That's why it should drive your rates day to day. If your dorms are filling faster than usual for a Saturday, your price should rise, even if the hostel down the street hasn't moved yet.

Comp set as guardrails

Your Comp set keeps those rates realistic. It defines a corridor: a floor you don't drop below, and a ceiling you only pass when demand clearly justifies it.

Without it, a strong forecast can push a dorm bed far above the market, and a quiet week can drag it far below. With it, your forecast moves rates freely within a range guests will actually accept.

In Practice



Say comparable hostels sell a 6-bed dorm bed for €28 to €38 on a given Saturday.

Your forecast shows strong demand, so your rate climbs from €30 towards €36 as beds sell, staying within what the market shows is realistic. On a quiet Tuesday the reverse happens: your rate eases down, but not below the floor.

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“The goal is to optimize revenue with **pricing strategies** tailored to both individual beds and private rooms.”

“The right group price isn't a guess. It's a sum of what the group brings in.”

Group Recommendation

School trips, sports teams, stag parties, youth groups: for many hostels, groups are a big part of the business. But one group request can fill half your dorms, and pricing it by gut feeling is where money quietly gets lost.

Logically, a group on a busy weekend can **push out individual guests** who would have paid more. Too high a price, and you lose the group; too low, and you give away revenue you'd have made anyway. On the other hand, group bookings can be worth more than beds alone. Breakfast, the bar, city tours or bike rental all may add to what a group brings in.

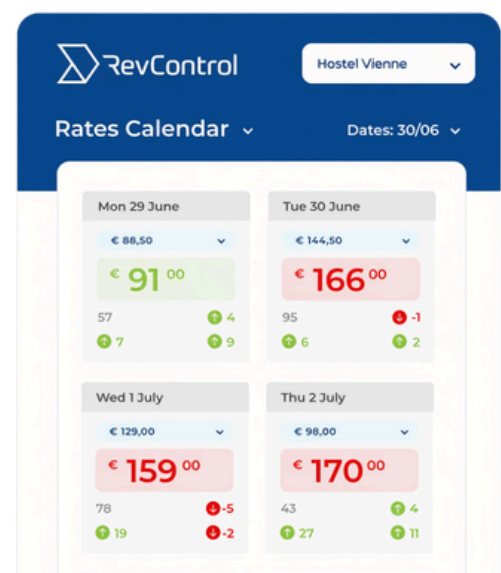
How Group Recommendation works

You enter the dates and an estimate of the group's total spend, and get a recommended rate in one click.

That rate starts from your current dynamic price and **applies a discount** that matches your own strategy: the more a group spends and the longer it stays, the bigger the discount it earns. You also see straight away whether there's availability, and, if the dates are tight, what the group would displace.

Why this matters

Group requests often come in by email, at short notice, and someone has to answer quickly. **A consistent, strategy-based rate** means anyone on your team can respond with confidence, and every past quote is saved in the group log for next time.



AutoPublish

Updating rates by hand, night after night, across dorms and private rooms, takes hours you'd rather spend on your guests. AutoPublish sends every new rate straight to your PMS or channel manager, up to four times an hour.

You choose how much you hand over. Approve each recommendation yourself, let the system publish everything automatically, **or use hybrid mode**: you manage the next 15 days by hand, while the rest of the year updates on its own.

Every change is logged and emailed to you, so you always know what was published and when. For **late-booking hostel guests**, that means your rates keep up with demand, even at night or on your day off.

The screenshot displays the RevControl interface. At the top, there's a navigation bar with icons for Dashboard, Rates, Reports, and More. The user is logged in as 'Hostel Vienne'. Below the navigation bar, the 'Published Rate Timeline' is shown for the dates '1 July - 31 July'. The timeline lists several published rates with columns for 'Published on', 'User', 'Arrival Dates', 'Result', and 'Rates'. A detailed view of rates published on 15 Jul, 08:23 by the System is shown in a pop-up window.

Published on	User	Arrival Dates	Result	Rates
25 July - 09:12	Thomas Welsh	From 25 June to 24 July	Published	Show rate
25 July - 08:55	System	From 25 June to 24 July	Auto Published	Show rate
23 July - 12:15	System	From 24 June to 23 July	Auto Published	Show rate
23 July - 12:12	System	From 24 June to 22 July	Auto Published	Show rate
22 July - 21:38	Jane Cooper	From 23 June to 22 July	Published	Show rate
22 July - 21:36	Wade Warren	From 23 June to 21 July	Published	Show rate

Rates published on 15 Jul, 08:23 by: System				
Day	Date	Channel	Old rate	New rate
Mon	19 Jul	BAR	€ 196,00	€ 203,00
Tue	20 Jul	BAR	€ 212,00	€ 219,50
Wed	21 Jul	BAR	€ 213,50	€ 223,50

“Rate buckets help hostels focus on the most profitable distribution channels.”

Rate Buckets

Not every booking is worth the same. A bed sold through an OTA like Hostelworld.com costs you commission; the same bed booked direct doesn't. Rate buckets make sure you only pay that price when it's worth it.

On a quiet night, OTAs and promo rates bring in guests you wouldn't reach otherwise. But on a night that's going to sell out anyway, every discounted or commission-heavy booking is revenue **you give away for nothing**. And with late-booking hostel guests, you often only find out which night that is when it's already too late to react by hand.

Period default

Open or close when the forecasted occupancy percentage greater or equal to

Bucket	Default open?	Mon	Tue	Wed	Thu	Fri	Sat	Sun
Promotion rates	☐	75%	75%	75%	75%	10%	10%	75%
OTA (+25% comm)	☐	80%	80%	80%	80%	50%	50%	80%
NRF	☐	90%	90%	90%	90%	75%	75%	90%

How Rate Buckets work

Rate buckets group your rate plans by what they cost you, and open or close each group automatically as the forecast climbs.

The most expensive buckets close first, and every change is pushed straight to your PMS or channel manager. Quiet nights stay open for everyone; busy nights go to the guests who bring in the most net revenue.

MinLOS & MaxLOS

A minimum length of stay (MinLOS) sets the fewest nights a guest must book. It's a familiar tool in hotels, and for hostels it's one of the most important levers you have as well.

You usually don't want the same MinLOS for every type in your inventory. You might keep it as low as possible across both beds and rooms, so backpackers always feel welcome. Or you might set a **higher minimum on your private rooms**, where every turnover means extra cleaning, to get more out of each booking. Either way, you need the flexibility to set it per type, and to switch it on or off as the forecast for that type changes.

A maximum stay (MaxLOS) caps how long a guest can book, for example 7 or 14 nights. Many hostels use it to keep the mix of guests right. It's usually set directly in your PMS, separate from your pricing strategy.



Hostel Benchmarking

Hostel benchmarking means comparing your rates with a fixed set of hostels that genuinely compete for the same guests. It tells you not just what the market charges, but where you belong in it.

A good benchmark starts with around ten comparable hostels. They're scored on criteria such as location, guest rating, dorm sizes and facilities, and your own hostel is placed on that ten-step ladder. **Your position** then sets how your prices should relate to the market, so your beds and rooms are never priced out of reach, or left too cheap.



Performance

You can't steer what you don't measure. These four KPIs tell you whether your pricing is working, and where to adjust. Pickup and BAR show what's happening now; RevPAR and NetRevPAR, on the next page, show what it's actually earning you.

Pickup

Pickup is the net number of bookings you gain in a set period: new reservations minus cancellations. On its own, the number says little. Compared with last week, month or year, it shows whether demand is running ahead or falling behind. In RevControl, you track it separately for beds and rooms, in volume or revenue, and get alerted when a date suddenly takes off.

Best Available Rate (BAR)

Your BAR is the flexible public rate for a given night, and the anchor for every other rate you sell. Promotions, non-refundable rates and length-of-stay discounts are all derived from it, so when BAR moves, everything moves with it. That's why it needs to be right: RevControl recalculates the recommended BAR up to four times an hour, based on your forecast and competitor rates.



RevPAR & RevPAB

RevPAR is your revenue per available room: total room revenue divided by all rooms you had to sell, whether they were booked or not.

It combines price and occupancy in one number, so a full house at rock-bottom rates no longer looks like a success. For hostels, the same logic applies per bed (**RevPAB**), and it works best when you track dorms and private rooms separately. In RevControl, you compare RevPAR with last week, last month and last year, straight from your dashboard.



NetRevPAR

NetRevPAR goes one step further: it's your revenue per available room after deducting acquisition costs, such as OTA commission, sales and marketing.

Two nights with the same RevPAR can earn you very different amounts, depending on how many beds were sold through expensive channels. That's exactly what rate buckets steer on: closing costly channels when demand is high, so more of every booking stays with you.

Using RMS in practice: Automation from day 1



All of this might sound like a lot to manage. In practice, our goal is for you to run pricing automatically from day one.

You stay in control: fine-tune any setting, or let it run. During onboarding, we help you set the right foundations, including all aspects that were treated in this chapter: from MinLOS to comp set and from rate buckets to discount settings. Getting that right is the first step to increasing revenue by up to 25% on average.

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“Since implementing RevControl, our rate plans have consistently been optimized to the **best possible levels.**”

“Hostels face a distinct challenge in pricing their unique bed & room type combinations dynamically.”

about RevControl

Over the past 15 years in hospitality, we've worked with hundreds of accommodations, and if there's one thing that stands out, it's that no two are the same. Revenue management built for a generic "room" rarely fits any of them well.

That's the belief RevControl was built on: **understanding comes before pricing**, not the other way around. Not a system that forces a dorm bed and a private room into the same logic, but one built by hoteliers and software experts who start by learning what makes your accommodation tick.

Today, **more than 750 accommodations** in 24 countries, hostels, hotels and holiday parks alike, rely on RevControl for that same understanding.

So, **what makes your accommodation different?** That's usually where we start.



"I'll admit I was sceptical about handing control to a system, but RevControl has completely won me over. **I wouldn't be without it now.**"

A system that fits



Request a **demo** for more of our hostel-specific features.

We understand your accommodation works a little differently. As a hostel, you're not just selling rooms, **you're selling beds too**, and RevControl was built specifically to handle that. Here is a highlight of **three features** that show what that looks like in practice.



Bed & room pricing: we price every bed and every room type in parallel, something almost no other revenue system is built to do



True benchmarking: compare your bed and room pricing to genuinely comparable competitors, rescanned every 15 minutes.



Built for how hostels operate: a broad range of strategic and operational settings, tailored to your day-to-day reality.

TRUSTED BY 750+ ACCOMMODATIONS

Snoozles
HOSTEL GALWAY

MEININGER
HOTELS

KINLAY
HOSTEL

acama
HOTEL + HOSTEL

Three Little Pigs
HOSTEL

ANDÀ
venice hostel

THE **DAWSON**
YOUR KEY TO DUBLIN

GALWAY
CITY HOSTEL

never @ home
ACCOMMODATION ADVENTURE TRAVEL

WILL & TATE

REST UP
LONDON

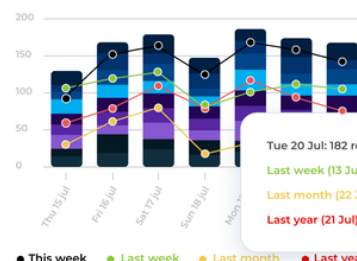
“Our priority is for you to trust revenue management fully.”

Our Promise

One thing matters to us most, and that is for you to trust RevControl. Here's how we make that happen.

Occupancy this week

BOB Actuals



We understand each other.

In other words: We understand you, you understand RevControl.

A system that is fully transparent so you're never left in the dark. We make sure it fits your needs by starting with a genuine interest in what makes your accommodation different.

We let you decide.

It's up to you.

Fine-tune using a broad range of settings - or leave it to RevControl with its smart automation. The system guides you towards getting the most out of your accommodation from day 1.



We are there for you.

Real experts, thinking with you.

We take that extra step, guided by what makes your accommodation unique and what you actually need.

Rated with a
4.9 out of 5 for
 customer support.



Let's meet

**So, what makes your accommodation different?
We'd genuinely like to find out.**

Hostels that switch to RevControl typically see up to **25% revenue growth**, and get an average of **16 hours a week back** that used to go into manual repricing.

Let's find out what that could mean for you.

Book a demo, and we'll walk through what this looks like for your hostel specifically, and figure out together whether it's the right fit.

Plan your demo



Scan this QR code or
go to
revcontrol.com/demo
to plan your demo.

