



Article Title

Hotel Revenue Management Strategies during Fall Foliage Travel Season

Citation

Morse SC, Smith EM (2015) Hotel Revenue Management Strategies during Fall Foliage Travel Season. *J Hotel Bus Manage* 4: 111. doi:10.4172/2169-0286.1000111

Abstract

Tourism during the fall seasons is mostly recognized during the months when changes in leaf color offer bright colors of many trees and foliage marking the end of the growing season in some regions of U.S. Hotel pricing analysts have increasingly used revenue management (RM) techniques and pricing strategies in hotels to assist in maximizing revenues during these seasons. This study examines how fall foliage tourism demand impacts hotel pricing strategies and hotel revenue management practices in areas experiencing seasonal increases in overnight travelers. The study area is the region around the Great Smoky Mountains National Park bordering both Tennessee and North Carolina. The area includes a portion of the Appalachian Mountains and is the most visited National Park in the United States. Most hotel revenue management strategies focus on one hotel property and not hotel pricing strategies in a region or area like this study.

Methods

The area of analysis is the 21 western counties in North Carolina that border the Great Smoky Mountains National Park and are no more than 50 miles from the Great Smoky Mountains National Park. Data from Smith Travel Research (STR) were obtained for aggregated hotels in the area that were divided into five regions. The data includes monthly room demand and Average Daily Rate (\$ ADR) for 2012. Hotel performance data were aggregated for each region using the following county groups. Region 1 Counties: Cherokee, Clay, Graham, Macon Region 2 Counties: Haywood, Jackson, Transylvania, Swain.

Results

Economic theory and revenue management strategies that maximize hotel revenues suggest that hotel room rates change directly with demand. That is when the demand for hotel rooms are highest, room rates should be highest and when the demand for hotel rooms are lowest, hotel room rates should be lower. Monthly data from Smith Travel Research indicating both demand for hotel rooms (i.e. number of rooms sold), and average daily rates charges by area hotels each month allows us to examine if seasonal hotel revenue management practices and strategies are being executed.

Conclusion

The results show that in each region, October is the highest month for number of hotel rooms sold. In this area, October is the peak color month for fall foliage and thus the most popular month of travel out of all 12 months of the year. Since October was the highest month of hotel room sales, hotel revenue management price strategies were reflected when hotel average daily rates are analyzed monthly for 2012. The ADR for each region indicates that October has the highest ADR's out of each month of the year. When demand and ADR data are combined, it show that in October, the hotel sector uses revenue management strategies to maximize revenues during the fall foliage travel season in this area of the U.S.