



Article Title

How hotel managers decide to discount room rates: A conjoint analysis

Citation

Lee, S. H. (2016). How hotel managers decide to discount room rates: A conjoint analysis. *International Journal of Hospitality Management*, 52, 68-77.

<https://doi.org/10.1016/j.ijhm.2015.09.014>

Abstract

Hoteliers face a paradox in managing the differences between actual and expected demand in their daily operations. While making adjustments in pricing, management takes control of identifying a problem, collecting/interpreting information, and finally making a choice whether or not to discount. The role management plays in influencing the pattern of shifting demand in relation to room rates needs to be addressed. The purpose of this study was to explore how discount choices are made by hotel managers and to investigate the role of human judgment based on contextual factors in the decision-making process. A conjoint analysis was used to examine the discount decision-making process.

Methods

Choice-based conjoint (CBC) experiments were used in this study to gain a better understanding of the decision-making processes with regard to deciding which situation leads to the decision to discount rates.

Results

Findings suggest that time (i.e. booking window) is perceived as the critical determining factor that leads managers to make discount choices associated with poor performance.

Conclusion

This study probed the aspects pertaining to how the decision to discount rates are made by hotel managers, and more deeply examined the influence of hotel characteristics and human agencies on discount choice behavior.