



Article Title

Subjective Estimates of Occupancy Forecast Uncertainty by Hotel Revenue Managers

Citation

Schwartz, Z., & Cohen, E. (2004). Subjective estimates of occupancy forecast uncertainty by hotel revenue managers. *Journal of Travel & Tourism Marketing*, 16(4), 59-66, DOI: 10.1300/J073v16n04_08

Abstract

Fifty-seven experienced hotel revenue managers participated in a study involving the use of simulated forecasting software. The revenue managers examined raw occupancy data and used simulated forecasting software to arrive at their own daily occupancy forecasts and subjective estimates of the forecast uncertainty for a period of seven consecutive days. The study underscores the subjective nature of forecast uncertainty, showing that uncertainty estimates depend on the individual's years of industry experience as well as gender. The study demonstrates that there is no relation between the accuracy of a point estimate and the level of subjective uncertainty.

Methods

Software simulating an occupancy forecasting program was loaded onto a notebook computer and over a period of three months, a trained research assistant traveled to each of the randomly selected hotels to administer the experiment in the revenue manager's office.

Results

No significant correlation between Deviation and Confidence was found. The scattered diagram demonstrates that the managers' propensity to correct or deviate from the computer's forecast is not related to the level of confidence they express in their forecast. The ANOVA indicates that the elements of the user interface had no significant impact on the level of forecast uncertainty as estimated by the revenue managers.

Conclusion

In line with the results of previous studies, the findings indicate that there is little correlation between the point estimates and forecast uncertainty of the same individuals. In addition, exogenous factors affecting the accuracy of the point estimate had no impact on the estimated uncertainty. The study underscores the subjective nature of forecast uncertainty estimates.