



Article Title

Effects of Revenue Management Pricing Strategies on Perceived Fairness

Citation

Jiang, L., & Erdem, M. (2018). Effects of Revenue Management Pricing Strategies on Perceived Fairness. *Journal of Hospitality Marketing & Management*, 27(4), 424-442. DOI: 10.1080/19368623.2017.1377134

Abstract

This study aims to examine the potential effects of three revenue management pricing strategies (best rate guarantee, rate (dis)parity, and rate frame) on customers' perceived fairness. The outcome of this study offers a set of guidelines for hoteliers to follow in terms of revenue management pricing strategies across multiple distribution channels, while providing revenue managers with empirically supported suggestions to increase hotel revenue.

Methods

A $2 \times 2 \times 2$ factorial between-subjects experimental design was used. Eight scenario based surveys were employed to evaluate how potential hotel guests react to three different revenue management strategies.

Results

The ANCOVA results show that there was no three-way interaction effect among three pricing strategies on perceived fairness. Two-way interaction effects exist between rate 436 L. JIANG AND M. ERDEM parity and the rate frame, but not between the BRG and the rate frame nor between the BRG and rate parity. Main effect results were only significant for the rate frame but not for the rate parity or the BRG. And, the simple linear regression results suggest that perceived fairness was a significant indicator of booking intent.

Conclusion

The current study not only supplemented the prior studies but also increased their external validity by finding similar results in a different market (hospitality industry) and by controlling an important covariate such as FAM. The effects of various hotel pricing strategies on perceived fairness have been investigated by the current study.