



Article Title

HOTEL REVENUE MANAGEMENT WITH GROUP DISCOUNT ROOM RATES

Citation

Schwartz, Z., & Cohen, E. (2003). Hotel revenue management with group discount room rates. *Journal of Hospitality & Tourism Research*, 27(1), 24-47.

Abstract

The question of how large a discount a hotel can offer to a group while still maintaining its contribution margin cannot be addressed by the well-known discount grid model for hotel room rates. This article outlines a theoretical framework and suggests a set of equations for use by hotel executives to evaluate the discount rate the hotel offers to groups wishing to stay in the hotel. The model addresses numerous realistic factors such as sold-out situations, multiple market segments (room rates), reserved room blocks, type of group contract, group no-shows, overbooking, and income from other group (and group guest) activities.