



Article Title

Are all online hotel prices created dynamic? An empirical assessment

Citation

By: Melis, Giuseppe; Piga, Claudio A.. International Journal of Hospitality Management, Oct2017, Vol. 67, p163-173, 11p. Publisher: Elsevier B.V.

Abstract

Understanding how tourist firms set their online prices is important given their growing reliance on Online Travel Agencies (OTA). The article investigates whether the narrative of a pervasive presence of dynamic pricing provides a realistic description of hotels' online pricing behavior and thus challenges the view that dynamic pricing should be considered the prevailing norm for the industry. The evidence suggests a heterogeneous attitude across hotels, with uniform pricing being more widespread in most hotels of our sample, namely, the 3- star or less, while dynamic pricing is more likely applied in higher quality hotels.

Conclusion

The overall analysis here suggests a set of managerial implications. First the findings in this study do not point towards a deterrent effect resulting from the cost of running a RM system, given the lack of difference in the propensity towards DP across hotels of different size but same star classification.

This suggests that technological and financial constraints do not constitute an insurmountable barrier to operate a RM system, whose implementation and possible success appears to be driven by the dominant corporate culture, the organizational design and the availability of skilled workforce.

Secondly, because active dynamic RM is more likely observed for firms that are vertically differentiated (that is, the 4- and 5-star hotels), those that are not may need to be incentivized by the Destination Management Organization (DMO) to develop a local management culture that emphasizes the necessary redesign of lower quality firms' internal organizational architecture to accommodate the appropriate pricing approach when implementing new marketing strategies aimed at revamping their products and the expansion of the set of ancillary services they offer.

Invent the Future

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY

An equal opportunity, affirmative action institution

