



Article Title

Revenue Management and Price Optimization Techniques in the Hotel Sector

Citation

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Abstract

Pricing and revenue management (RM) techniques have become a popular field of research in hotel management literature. The sector's background framework and evolution and the widespread use of new technologies have allowed a customer-oriented approach to be taken to pricing and the development of RM tools, while also contributing to better processes in hotel management performance at individual hotel level. Thus, price optimization (PO) methods that seek to maximize hotel revenue are based on inventory scarcity, customer segmentation and pricing. In the hotel sector, as in the airline industry, different pricing policies have a greater impact than competition measurement effects. This is mainly as differentiation strategies and specific policies at hotels can reduce the pressure of a competitive environment. The main contributions of the article are the presentation, description and classification of the principal RM and PO techniques in hotel sector literature.

Summary

The purpose of this article was to describe and classify the main RM and PO techniques found in the hotel sector. With the development of ICT in the hotel sector, aggregate pricing studies have been able to move towards research at an individual hotel level since large amounts of data and their real-time availability have made it possible to focus on single hotels and pricing issues. In parallel, new technologies and market developments have contributed to the transformation of pricing processes from inventory controls to a customer-oriented approach, allowing hotels to improve their response to changes in demand while also ensuring more accurate customer segmentation.

Future ICT development will contribute to making prices more transparent and improve consumer price perception, with consumers being able to pay through mobile devices, and make them less sensitive to price. They indicate the emergence of new segments and the need to educate them

about the use of DP practices; from this perspective, the loyalty is a segment that is seeing increased importance in the hotel sector and requires special focus, as well as being sensitive to DP practices. DP practices will also vary across different cultures and the urban nature of the markets.

Knowledge of demand and its reaction to price variations are therefore key factors to take into account in any optimization model with maximum revenue expectations. However, the competitor pricing effect on demand is different in the hotel sector to the airline sector due to their specific characteristics. Although the hotel sector is considered to be highly competitive, the potential for differentiation and individual specific hotel policies reduce the typical pressure of competitive environments; subsequently, current research should focus in-depth on the role of competitor pricing in the optimization process, particularly at individual hotel level. The pricing threshold time effect on hotel performance is another factor that revenue managers should consider in the decision-making process.