



Article Title

“Where you do it” matters: The impact of hotels’ revenue-management implementation strategies on performance

Citation

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Abstract

This study explores RM strategic implementation approaches, addressing the question of whether the RM function should be performed within the hotel property, or should be outsourced to an outside entity such as corporate, regional office or a third party.

Methods

Using a random sample of 602 US hotels, the study analyzed the hotels’ RevPAR Index over varying periods and the hotels’ self-reported RM implementation strategy. The study matched hotel records from two sources: the hotel’s RM strategy implementation decision was solicited using an online survey and the hotel’s performance data was acquired from Smith Travel Research (STR).

Results

The findings suggest that hotel characteristics such as size and scale affect their decision on where to perform the RM function. More importantly, the research finds that this strategic implementation decision impact the hotel’s level of performance compared to its competitive set: corporate and centralized RM functions outperform in-house and third party. Interestingly, the findings indicate that a mixed strategy, one that combines implementation strategies, is associated with the highest RevPAR index.

Conclusion

The findings suggest that hotel characteristics such as size and scale affect their decision on where to perform the RM function. More importantly, it was found that this strategic implementation decision appears to have an impact on the hotel’s level of performance compared to its competitive set (the RevPAR Index). In other words, the authors find that “Where you do it” might determine how well you do. The findings indicate that a mixed strategy, one that combines implementation strategies, is associated with high RevPAR index.