


# Revenue Management Integration The Financial Performance Contribution Of An Integrated Revenue Management Process For Hotels

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**Summary :** Free revenue management integration the financial performance contribution of an integrated revenue management process for hotels pdf download - inhaltsangabe introduction an integrated approach to revenue management rm which spans over various disciplines has frequently been proposed for tourism companies providing perishable products of fixed capacity such as hotel chains to fully capture the potential of total profit optimization kimes and wagner 2001 defined the general strategy of revenue management as the practice used by service firms with fixed capacity to match the supply of a perishable commodity with forecasted demand via strategies that manipulate price and time of consumption furthermore revenue management and pricing programs have commonly been praised to have the potential to increase revenues by 3 to 8 which can in turn result in 50 to 100 profit improvements this thesis proposes a departmental and functional integration of various activities to arrive at an integrated revenue management approach that is viewed as the necessary reaction to changing market environment conditions information and communication technologies icts have been changing the tourism industry structure globally while developing many new opportunities and threats in this new environment revenue management becomes as important and challenging as never before and to operate effectively skills are required to combine several knowledge areas steadily and creatively to make profit from the process consequently it is proposed that particularly due to the modern tourism environment companies have to make use of strategic integrated revenue management to offset the threats and take advantage of opportunities that the modern tourism environment represents an integrated approach to revenue management spans the disciplines of yield management pricing marketing sales and e-commerce distribution and seeks to identify linkages to effectively and efficiently coordinate activities in the different areas to arrive at

total profit optimization the thesis is designed to illustrate how revenue management integration rmi could be achieved and the research part aims to asses whether hotel chains that embrace a higher degree of revenue management integration operate at higher profitability 1 1 research questions this thesis is designed to evaluate whether an integrated revenue management process provides benefits in terms of financial performance to tourism companies selling perishable inventory such as hotel chains in particular in a changed and more competitive tourism environment consequently the following research questions guide this thesis does the integrated revenue management process have a positive impact on financial performance of hotels is an integrated revenue management process crucial for competitiveness given the changed modern tourism industry environment the research is useful since the topic of integrating revenue management achieved increasing interest in the academic field as well as in the practical application in recent years according to skugge 2007 future improvements of profitability for companies will be by filling gaps and optimizing current revenue management programs rather than investing in new more elaborate computer systems as a result companies have to optimize their revenue management procedures and processes within the company and it is proposed that this can be achieved by taking a holistic view and integrating various disciplines to come to total profit optimization roll 2009 argued that we only have limited knowledge about the impact of the pricing organization within a company on profitability thus the research fills a gap that gives companies not only a guideline how the integration can be achieved but especially whether it has an impact on financial performance and should be pursued and invested in the general objective is to find out whether it is worthwhile to invest into the implementation revenue management integration rmi due to its contribution to financial performance and or competitiveness special objectives are the assessment how the tourism value net with the internet at the centre changes the tourism industry structure the assessment of how the integration of the revenue marketing sales and e-commerce departments is best achieved and identification of linkages and key challenges the assessment what companies may gain from an integrated revenue management process in terms of profitability the following working hypotheses are derived for the thesis revenue management integration rmi in hotels is positively related to financial performance revenue management integration stands in positive relation to revenue per available room revpar revenue management integration stands in positive relation to return on equity roe revenue management integration stands in positive relation to operating profit margin opm inhaltsverzeichnis table of contents abstractii table of contentsiii list of figuresv list of tablesvi 1 introduction1 1 1research questions2 1 2research contribution2 1 3general

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 department in hotel chains is usually responsible to serve key  
 accounts i e other corporate customers and companies that use  
 the hotel facilities for meetings incentives conferences and  
 events also known as the mice market due to the high volume  
 that the b2b market represents for tourism companies overall  
 business mix relies to a great share on this market and profit  
 optimization opportunities are potentially largest in order to take  
 advantage of that potential a close interaction between the  
 revenue department and sales is required to sell the right  
 products at the right time to the right customer at the right price

6.1 product portfolio optimization hoang 2006 found that a strong communication between revenue management and sales is important for holistic product portfolio optimization companies have to understand relationships between complementary and cannibalistic products that they sell in order to come to a total portfolio revenue optimization in a business dictionary cannibalistic products are defined as where the sale of that product eats into the sales of other products within the same line complementary products are defined as products where an increase or decrease in sales of a product for example due to change in price the demand for the other product changes in the same way therefore revenue management has to perform basket analysis using sales data to identify those complementary or cannibalistic product relationships and incorporate algorithms into pricing systems the information then determines how products are bundled and the sales force can make more informed decisions which products to sell in ways to ensure a total cross product profit optimization 6.2 coordination and goal alignment cross et al 2009 stated that the ability of revenue management to work with the sales force in a coordinated manner is very important due to the fact that customers become more sophisticated and analytical due to more data and information available sales employees have to increasingly be strategic thinkers that work closely with revenue management to meet customer objectives controversially according to milla and shoemaker 2007 sales people are usually more volume then profit driven and often sell at inappropriate discounts to reach their volume goals and get the incentives set out in their bonus plan this leads to a conflictive relationship between the revenue and sales departments due to the different goals they pursue therefore according to skugge 2007 sales force incentives must be aligned with corporate profit goals thus measure and reward profit contribution instead of sales volume as a result sales employees would use recommendations of the revenue management system tools as opposed to quote lower prices to reach volume goals further the incentive plan should be demand bound and reward the achievement of profit goals in times of low demand to a greater extent than in times of high demand when it is easier to make good sales 6.3 dynamic prices for corporate key accounts there is an increasing trend in tourism companies such as hotel chains to replace static rack rates for the corporate contracted rate segment with dynamic rates that fluctuate with supply and demand for the key accounts the benefits are that there are consistent discounts on the public best available rate bar which means often times lower prices than under negotiated flat rates the discounts apply year round on all room types opposed to flat rates that are negotiated on standard rooms and are subject to blackout dates moreover the time consuming request for proposal rfp process

is simplified which contributes to savings despite many advantages corporate travel manager often remain reluctant to agree with dynamic pricing contracts because they still perceive dynamic pricing as unfair which is mostly due to the chains not communicating the benefits and value proposition accurately in addition dynamic pricing represents a challenge for travel managers to budget accommodation expense in an accurate manner for the hotel chain the dynamic approach to key account pricing bears the advantage that is aligned with the overall revenue management strategy and overall value is more accurately reflected as palamar and edwards 2007 suggested the introduction of dynamic pricing for key accounts is viewed as a solution to price integrity issues due to varying prices in all other channels the static negotiated prices for key accounts mean that corporate clients at times may be charged more than unqualified business instead a best available rate should perform as benchmark from which rates for qualified business are derived thus corporate rates vary the same way as all rates in addition from the perspective of the selling company dynamic pricing also represents an incentive to key accounts to change their travel habits in favor of the selling company due to varying rates the key accounts book further in advance and favor hotels that have less demand and can therefore offer better prices which helps the chain to support their overall revenue management strategy since those large volume accounts are aligned with the overall revenue and capacity allocation tactics obviously it is of high interest for hotel chains to establish dynamic rates for corporate customers however it requires the trinity of revenue management marketing and sales to work together cooperatively to develop appropriate market driven dynamic pricing models that generate value for the clients and communicate the benefits effectively online technology can greatly assist in making dynamic pricing schemes more predictable and thus acceptable for corporate travel managers jap and mohl 2002 suggested that the internet allows the establishment of relationship-technology interfaces that enhance information sharing and communication between companies and their corporate customers and make it possible to display dynamic prices in real time consequently the technology should be used to create interfaces for corporate customers that make the dynamic pricing models as transparent as possible and assists them with travel budgeting by communicating forecasting data and price levels to the travel managers of the key accounts

**Publisher :** diplom de on 2012-01-18 / **ISBN :**  
9783842828100

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**- 1 - table 1. the gambia: summary and timetable of ...** - ... summary and timetable of macroeconomic and structural adjustment ... of macroeconomic and structural adjustment policies, ... management process; ...

**the impact of international business on the global economy** - was lost revenue because inn spanish, ... atmosphere of the hotels. deemed offensive ... european standardization process had been

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**transformational year for dalata** - transformational year for dalata ... financial highlights group revenue increased by 185% to €225.7 ... testament to the effectiveness of our integration process.

**ministry of tourism - incredible india** - for large revenue generating projects october, ... management of large revenue generating tourism ... financial assistance by way of subsidy both for the ...

**2014 world water week in stockholm** - 2014 world water week in stockholm. ... expected revenue from ... and first operation as well as time and cost management

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**q2 2015 preliminary sales and results - nh hotel group** - q2 2015 preliminary sales and results madrid, ... o lower management fees due hotels that left during 2014 and 2015 ... pricing & revenue management: ...

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