
Editorial

Jean-Pierre I. van der Rest

Department of Business Studies,
Leiden Law School,
Institute for Tax Law and Economics,
Leiden University,
Leiden, 2311 ES, The Netherlands
Email: j.i.van.der.rest@law.leidenuniv.nl

H.G. Parsa

Fritz Knoebel School of Hospitality,
Daniels College of Business,
University of Denver,
344 Joy Burns Center, 2044 E. Evans Ave.,
Denver, CO – 80208, USA
Email: hparsa@du.edu

Biographical notes: Jean-Pierre I. van der Rest is an Associate Professor of Business Administration in the Department of Business Studies, Institute of Tax Law and Economics of the Leiden Law School. He holds a concurrent position as Deputy Head of Department and previously served as Professor of Strategic Pricing and Revenue Management, Director for the Research Centre and Associate Dean (Education) at Hotelschool The Hague, NL. He has published in leading scholarly journals such as *Tourism Management*, *International Journal of Hospitality Management*, *European Journal of Operational Research* and *The Journal of Strategic Marketing*.

H.G. Parsa holds Barron Hilton Chair in Lodging and a Professor. He is a recipient of *Fulbright Visiting Scholar Fellowship* in 2005. Currently, he serves as an Associate Editor, *Journal of Hospitality and Tourism Research (JHTR)*. His research interests include sustainability and green practices, behavioural pricing decisions, entrepreneurship, and business insolvency in hospitality. His teaching interests include revenue management and pricing decisions, cases in hospitality marketing, and entrepreneurship and concept development. He frequently consults in the hospitality industry. He has extensive hospitality industry experience prior to joining the academia.

From its original epistemological roots in economics and operations research, revenue management has gradually evolved as an independent academic field of interdisciplinary research. International conferences on revenue management are attracting presenters from diverse fields such as operations research, marketing, management, economics, strategic management, economic geography, finance, law, accountancy, etc. Currently, scholars from various arenas are pursuing research in revenue management in different research

contexts including airlines, hotels, oil and gas, casinos and gaming, education, healthcare, auto rentals, etc.

Revenue management in hospitality is increasingly taking the centre stage of corporate-level management decisions. In fact, it is not unusual for revenue managers to hold high-level key executive positions in large hospitality corporations. Revenue management functions are gradually migrating from marketing to autonomous units reporting directly to the general managers, and this is true more in case of high-volume operations.

The international hotel industry comprising of more than 14 million rooms is one of the largest service sectors contributing to nearly 10% of the world's gross domestic product (GDP). The growth and success of the hotel industry and its role in the global economy is enabled through the efficient and effective implementation of revenue management models and systems. But fast evolving information technologies are contributing to the complexity of revenue management in the hotel industry. Big data is the name of the game in hotel revenue management as pricing decisions becoming increasingly dynamic (and personalised) reflecting the evolution taking place in distribution channels. Unfortunately, there is a paucity of academic research that provides deeper consumer insights at a micro level to enable better application of disciplined analytics that predict consumer buying behaviour to optimise revenues and profits. This special issue strives to explore directions for future research in hospitality pricing and revenue management, a significant and yet under-researched topic.

This special issue includes high-quality research papers offering insights into the key emerging new challenges in pricing and revenue management in hospitality. In response to the call for papers, we have received several high-quality proposals from across the globe. After an initial review, several proposals were rejected and few more were invited for full paper submissions. We are pleased to share with you the following refereed papers selected for this special issue focusing on revenue management in hospitality.

The lead paper authored by Enz et al. uses 10-year data to explore the effects of competitor pricing levels on relative revenue among over 4000 hotels in Europe. This sample of independent and chain-affiliated hotels achieved higher revenue per available room (RevPAR) than direct competitors when hotels were positioned with comparatively higher prices. In line with previous studies on different continents, the authors argue for a strategic approach to pricing, rather than a reactive or strictly tactical approach. The second paper by Smith focuses on the consumer side of revenue management applying Prospect Theory. Charging for hotel cancellations has become a major challenge in the hotel industry. Results from this paper clearly define the best possible time frame to charge for hotel cancellations without damaging effects on customer loyalty and patronage. It is a good example of applying consumer behaviour theories to revenue management. The third paper by Berezina et al. investigates the ubiquitous phenomenon of flash sales deals. They surveyed 358 participants to examine personality traits that contribute to the use of hotel flash sales. In a first attempt to empirically assess, the psychographic profile of hotel flash sales consumers, they find that hotel flash sales consumers are more likely to be quality conscious, variety-seekers and market mavens when compared with other consumers. Surprisingly, flash sales consumers were not more price conscious than other consumers. The fourth paper by Bacon et al. focuses on a restaurant research context in revenue management using secondary data from ~3000 restaurants. This paper makes unique contributions demonstrating the differences between high-end (concave curve) and low-end (convex curves) restaurants in terms of

consumer patronage and the price paid. They empirically illustrate the unique non-linear relationships between three primary restaurant attributes (i.e., food quality, service quality and ambiance) and consumer patronage.

The next three papers are Research Notes providing sound insights and conceptual extensions in revenue management. These three papers make a theoretical contribution by focusing on three major hospitality research contexts: hotels, restaurants and tourism. Thus, we thought that an inclusion of these papers could help in advancing the field of revenue management. The first Research Note by Anderson and Xie summarises some of the major concepts in dynamic pricing and its effect on revenue management in hospitality. This paper offers some valuable practical applications of dynamic pricing in hotels. The topics of pricing and revenue management are highly interdependent. It is practically impossible to pursue revenue management without understanding principles of pricing. Towards this goal, the next paper by Mattila and Gao presents a good summary of pricing principles and practices from the hospitality field. It is a good review paper on pricing in hospitality. In addition, the paper also offers several testable research hypotheses. Researchers in revenue management may find these research propositions helpful. Finally, a paper by Kuokkanen illustrates the application of behavioural pricing strategies to attract additional demand and revenue to a tourism destination. Kuokkanen offers several conceptual and practical observations in the tourism context. He proposes a framework, which temporally divides visitor-spending behaviour before and during a visit to analyse the potential benefits of tourism business collaborations (e.g., joint pricing schemes, joint packages). Using numerical examples future research avenues are illustrated.

In summary, in this special issue, we tried to provide high-quality empirical papers using primary and secondary data from hotels as well as restaurants to advance the field of revenue management in hospitality. We also included conceptual research notes on three major research contexts of hospitality, hotels, restaurants and tourism, so that they may intrigue and inspire scholars to pursue further research in pricing and revenue management in hospitality.

Finally, we thank all the researchers who submitted original abstracts, final full papers and all the incredible selfless reviewers. We could not have done without your help and participation. We thank our consulting editors, Anna S. Mattila, Zvi Schwartz and Rajneesh Suri for their participation and cooperation. They were instrumental in conceptualising this special issue. Special thanks to the editors Jason Chou-Hong Chen and Wen-Chyuan Chiang for enthusiastically supporting this initiative. We are grateful to the staff of Inderscience and the *International Journal of Revenue Management* for their technical and editorial help.