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## **CONTRASTING REVENUE MANAGEMENT APPROACHES: FULL-SERVICE HOTELS IN THE UNITED STATES AND CANADA**

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**Abstract:** Revenue Management (RM) is a strategic approach that involves the allocation of the right capacity to the right customers at the right price to optimize revenue or yield. In the context of the lodging industry, where the primary product is rooms, the concept of "perishability" plays a critical role. If a hotel room remains unsold for a given day, the revenue potential is lost forever, as unsold rooms cannot be carried over for sale on subsequent days. To address this challenge, effective strategies are essential to maximize room revenue through various marketing and sales techniques. The concept of perishability is not unique to the lodging industry; the airline industry faces a similar scenario. In the airline industry, when an aircraft takes off with unsold seats, the revenue opportunity for those seats is lost forever. Given the structural similarities between these industries, Revenue Management quickly gained recognition as a pivotal tool in operations management for lodging establishments.

In the context of hotel rooms' perishability, continuous monitoring of market conditions becomes imperative. Factors such as shifts in demand and changes in consumer preferences require ongoing assessment. Consequently, lodging establishments need to employ a variety of tactics, including product bundling, pricing strategies, capacity allocation, forecasting methods, and adjustments to distribution channels, to ensure the maximization of revenue.

This study delves into the dynamics of Revenue Management within the lodging industry, emphasizing the importance of adapting to the perishable nature of hotel rooms. The research examines how strategies such as pricing, capacity allocation, and distribution channel adjustments are deployed to enhance revenue optimization. By exploring these strategies, the study aims to shed light on how the lodging industry harnesses Revenue Management techniques to navigate the challenges posed by perishable room inventory.

**Keywords:** Revenue Management, Lodging Industry, Perishability, Pricing Strategies, Capacity Allocation.

### **1. Introduction**

Revenue Management (RM) is most commonly defined as the —the process of allocating the right type of capacity to the right kind of customer at the right price to maximize revenue or yield (Kimes, 1989). The main product of a lodging property is rooms, and it is considered —highly perishable, meaning if a hotel room goes unsold for any particular day, it is a revenue potential lost forever since the unsold rooms cannot be —stacked up and sold the next day. This aspect of the lodging industry makes it imperative to develop strategies to maximize rooms revenue by applying various marketing and selling tactics. The airline industry also operates under the same assumption as the lodging

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industry; that is, when an airplane takes off, all the seats that are unsold is a revenue potential lost forever. Utilized first by the airline industry, due to similarities in the product and operating structure, RM quickly gained acceptance as an important core operations management tool for the lodging industry. The —perishability aspect of hotel rooms then requires constant examining of market conditions, such as shifts in demand or changes in consumer preferences, and responding accordingly by applying various product bundling, pricing, capacity allocation, forecasting, and distribution channel adjustment tactics to maximize revenue.

The comprehensive RM strategy however must take into account more than just anticipating variations in demand for rooms, it must take into account the revenue generation potential from various other alternative revenue sources such as parking; laundry and dry cleaning; in-room dining; in-hotel restaurant, bar, lounge, coffee shop; health club; golf course; gift and convenience store; banquet hall and conference rooms; business center rentals, office rentals and office supplies; babysitting; and other services.

A hotel, for example, may heavily discount rooms for a particular group of business travelers if the group rents a significant amount of meeting and convention space and pays for considerable amount of food and beverage as well as other significant range of business services to be provided within the hotel. Comprehensive RM decisions must take all aspects of revenue generation possibilities into account.

These types of revenue generation possibilities are collectively referred to as alternative revenue sources. Therefore, marketing strategies involved in promoting these alternative revenue sources is an imperative component of a comprehensive RM implementation in the lodging industry. The airline industry has also caught on the importance of this comprehensive aspect, and now strives to develop strategies that will enhance overall revenue generation by promoting alternative revenue sources such as premium food and beverage, digital entertainment services or wireless internet services on-board etc. Today, revenue management is widely used by the leaders in the hotel industry such as the Marriott and Hilton, as an essential strategy to enhance revenue generation performance and ultimately increase shareholder wealth (Burgess and Bryant, 2001). Most RM studies conducted in the lodging industry, however, focus solely on the —selling rooms aspect of it, and neglect the entire set of alternative revenue sources that contribute significantly to the bottom-line.

### **2. The Purpose of the Study**

The purpose of this study is to examine the extent of the marketing strategies involved in promoting *all* available alternative revenue sources in full-service hotels, and to make a comparative analysis of the lodging segments between the United States and Canada in this area. Very little research has examined promoting of these alternative revenue sources within an international context, as well as the lack of inclusion of alternative revenue sources in RM research, therefore exploring these major gaps in RM research is the scope and aim of this study.

### **3. Literature Review**

RM in the lodging industry deploys a series of management tactics to maximize revenue potential in the form of adjusting room rates based on the actual and anticipated levels of occupancy, tagging minimum length of stay requirements to periods of high demand such as college graduation weekends, overbooking by anticipating the number of no-shows or cancellations, and finally comparing various revenue scenarios to choose the best alternative. All these efforts collectively lead to RM tactical decisions. In RM, the accommodation property attempts to sell the right room product at the right price, whereby the selling price is in agreement with the customer's willingness to pay value, to the right customer and at the right time (Choi and Mattila, 2003).

RM in the lodging industry has gained popularity due to following developments, first the success of the RM as a management tool in the airline industry, and the resemblance of the hotel product, rooms, to the airline product, airline seats, and the high —perishability aspect of both products, making way to more efficient real-time pricing and stronger revenue performance by taking measures against various uncertainties in demand and supply of the product such as rate adjustments and overbooking to maximize revenue. Second, sophisticated technology components used in RM systems, with the capacity to provide pertinent data on real time number of reservations and product availability, leading to real-time pricing strategies based on demand and occupancy levels. Third, the real-time integration of distribution channels such as hotels web sites, online travel services and tour operators or

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third-party distributors via Global Distribution Systems directly linked to hotel's inventory with access to real-time availability and rate structure, leading to —true integration via transparency of rates and availability. These components of RM all together lead to more intelligent product pricing and positioning strategies that have the potential to maximize revenue.

Tranter (2008) identified 8 steps in RM process – customer knowledge, market segmentation and selection, internal assessment, competitive analysis, demand forecasting, channel analysis and selection, dynamic value-based pricing, and channel and inventory management. This approach however does not take the RM process beyond the analysis of supply and demand, since it simply relies on forecasting of demand and market conditions and supply capacity.

There are other considerations in RM that should be a part of the decision-making process. Consider, for example, a hypothetical case where a hotel in one area faces two different scenarios: (1) there is a concert scheduled for a weekend where hotels are expected to experience high occupancy levels due to significant number of reservations from concert goers and walk-in guests, and (2) for that very same weekend, the hotel receives a reservation request for a large group of corporate travelers, with whom the hotel does business with on a regular basis, that are likely to take 50 percent of the hotel's rooms, at a lower rate than the individual rates for the concert weekend, but also rent several meeting rooms and purchase significant amounts of food and beverage within the hotel. Facing these two alternate scenarios, the hotel manager will have a RM decision to make whether to accept the large group of corporate guests at a discounted rate for the weekend with significant revenue potential from alternative revenue sources or reject the request and go with the less sure option of individual reservations for the concert goers who do not tend to dine on the premises, therefore with less revenue potential from alternative revenue sources.

Similarly, a RM software can't make decisions that can affect clientele in different ways. For example, a RM software could suggest booking group A over group B based on the information it has, but it can't measure long term benefits like knowing that group B will continue to book with a hotel year after year, while group A will only be coming for one year (Mayock, 2010). A manager will need to understand these dynamics that the system does not take into account. This is when managers will have to go beyond the supply and demand for rooms data that a RM software provides and evaluate various revenue potential scenarios and choose the one that will potentially result in higher revenue. This is precisely why the marketing of alternative revenue sources and their inclusion in RM decisions is important since the comprehensive RM approach requires managers to consider *all* revenue centers not just rooms when making financial decisions.

Based on the forecasted levels demand in relation to past and current data, RM program assists managers by providing suggestions on room rate adjustments, inventory control and channel integration, as the software analyses massive data and provides useful forecasts based on the optimization models. On the other hand, as Schwartz and Cohen (2003) indicated, although the interface of the software impacts the judgment of revenue managers, the ultimate decision will be with the RM manager, as he or she has to include other elements such as alternative revenue sources in the process. The related literature review of RM research indicates the lack of human interaction and judgement of this factor within the RM process, as it has not received enough attention by scholars, and the inclusion of alternative revenue sources in the RM decision making process has not been widely considered.

According to Kimes (2003) alternative revenue sources significantly impact the revenue potential for a hotel in the form of food and beverage, function rooms such as meeting, convention and banquet, spa and fitness facilities, golf courses, casino and gambling facilities, and other additional services as they all have the capacity to actively determine pricing as a revenue generation tool. Many large hotel franchises have long acknowledged the significance of alternative revenue sources and adopted RM strategies to consider revenues from them. Therefore, the RM software is not complete without the inclusion of modules for the additional revenue centers. However, from research perspective, the marketing and promoting of alternative revenue sources have not been studied as separate units, and not as integrated with the RM.

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Additionally, the goal of maximizing room revenues might not be consistent with the goal of total revenue maximization without the inclusion of alternative revenue sources. In some cases, revenue managers might discount room rates significantly to draw guests to a hotel that will consequently increase the demand for the other revenue sources. According to Ivanov and Zhechev (2012), for some lodging properties such as casino hotels, rooms revenue might even be a secondary revenue source, and therefore the RM managers must focus on all revenue sources not only the rooms as they can significantly impact the bottom line.

The full-service segment that is investigated in this study is a key element because often revenue management decisions are driven by competitive hotel sets within the same segment. Also, the full-service segment happens to be the ideal category of the lodging industry for this study since it has the greatest number of additional services in the form of alternative revenue sources than any other hotel category. Enz and Canina (2005) argued that we can only understand RM strategies in an insightful way if we compare the selected competitive set of similar hotels within the same category. Jarvis, Lindh, and Jones (1998) found that the market segment that the hotel identifies with was the most significant factor in influencing the hotel's RM strategies. Therefore, focusing on the luxury, full-service hotel category, both in the United States and Canada, was an imperative factor for the purposes of this study.

### 4. Research Methodology

Following a methodology established in earlier studies (Heroux, 2002; Heroux and Csipak, 2001, 2005; Heroux and Burns, 2000), this exploratory study was undertaken on the website content of 114 luxury hotels in the ten largest cities in the United States and ten largest cities in Canada. There is substantial economic integration and cross-border traffic between the two countries, and the hospitality industry targets business and leisure travelers of both nationalities (Church and Heroux, 1999). For this reason, many similarities have been observed in these studies of the hospitality industry in these two countries.

A sample of 57 hotels in each country was included in this research. The online Yellow Pages directory for the United States and Canada was used to identify the sampling frame of hotels in the ten largest cities in each country. The typical hotel in this study was large and branded, some were associated with an established chain or brand. Marketing strategy refers to the target market of the establishment and the marketing mix variables designed to attract these customers. The marketing mix variables are categorized according to the popular 4P framework (McCarthy and Perreault, 2000): Product; Place; Price; and Promotion.

Three of these categories of variables are subdivided in this study to capture the breadth of the categories: Product consists of product variety variables and service-related variables; Place refers to the location of the establishment; and Promotion includes advertising variables. A more detailed marketing strategy evaluation grid was developed from the commonly accepted variables in the marketing strategy literature (McCarthy and Perreault, 2000; Kotler and Armstrong, 2013; Jain, 2010; Pride and Ferrell, 2014; Perreault et al., 2013, 2014; Lamb et al., 2012). The marketing strategy evaluation grid was used to collect qualitative observational descriptions and quantitative data of the hotels' marketing strategy variables. The comparison framework therefore consists of three cultural/geographic regions by 7 marketing variable ratings. (See table 1).

**Table 1: Summary of the Marketing Strategy Variables Evaluation Grid**

		<u>Marketing Mix</u>
<u>(4Ps)</u>		
<u>Product:</u>		
<b>Product variety variables:</b> Breadth of product line, assortment of accompanying products, size variations, quality, private labels/brands, special features, overall evaluation. (6 variables, maximum score of 30)		
<b>Service variables:</b> customer services, customized/standardized, computerization, hours of operation, guarantees, customer satisfaction (complaint handling), overall evaluation. (6 variables, maximum score of 30)		
<u>Place:</u>		



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**Location variables:** Primary/secondary road (visibility), site evaluation (nearness to target market), outside appearance, private/public parking availability, detached building versus strip, general ease of access, access to disabled, overall evaluation. (7 variables, maximum score of 35)

### Price:

**Pricing variables:** Relative high/low prices, competitive in region, group reductions, coupons/rebates, bundle or value pricing (packages offered), variety of payment options (credit cards), overall evaluation. (6 variables, maximum score of 30)

### Promotion:

**Advertising variables:** Print media, broadcasting media, direct mail/internet, special promotions (sales, coupons, contests), outdoor ad and/or signage, advertising theme—testimonial, comparison, informative, humorous, etc., personal selling, overall evaluation. (7 variables, maximum score of 35)

### Summary rating:

**Overall marketing strategy evaluation:** addition of the overall rating in the 5 categories.

The observational research was conducted by international marketing students who were familiar with the marketing concepts. Observers received training on a variety of dimensions of the research process. They received a detailed explanation of each of the variables in the Marketing Strategy evaluation grid and how each variable is operationalized. They were provided with a link to their assigned hotel website, how to record their qualitative observations, and how to determine a quantitative score (on a scale of 1 to 5, 5 being superior implementation) for each variable.

For example, for breadth of product line, students would look at the assortment of rooms and facilities on the premises and make a judgment on the rating scale as to its appeal to consumers (5 would represent an outstanding assortment, beyond expectations; 3 would represent an average assortment usually found in hotels; and 1 would be the minimum one would expect). This methodology was effectively applied in other rural tourism marketing contexts (Heroux, 2002; Heroux and Csipak, 2001, 2005; Heroux and Burns, 2000).

The trainer and trainees performed a —walk-through of the research process prior to visiting the websites to ensure their understanding and consistent implementation of the data collection. Observation grids were designed to record detailed notes of how each marketing strategy variable was implemented. Then, the observers had to assign a score (on a scale of 1 to 5, 5 representing superior implementation of the strategy) for each variable in an attempt to quantify the observational data. Each item within a variable category was weighted equally in this research. The data collection thus consisted of qualitative data, the recorded observations, and quantitative data, the assigned scores for each variable.

The observers also identified sources of revenue beyond room reservations that can contribute to the hotels' profitability. These include parking; babysitting service; laundry and dry cleaning; in-room dining; in-hotel restaurant, bar, lounge, coffee shop; health club; golf course; gift and convenience store; banquet hall and conference rooms; business center, office rental and office supplies; and other services.

## 5. Findings

The findings are discussed below in terms of quantitative results and qualitative results. Tables 2, 3 and 4 present the **quantitative results** of the scale ratings for each of the five variable categories. Tests of significance were performed and inspection of the table reveals that there are more similarities than differences in marketing strategy variables as evidenced on their websites between the two countries. However, American hotels had higher ratings for most variables, providing a benchmark for other hotels.

**Table 2: Hotel Marketing Strategy Variables**

Variable	United States N=57		Canada N=57		Overall Sample N=114		Significance	
	Mean	St dev	Mean	St dev	Mean	St dev	T test	Sig

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<b>Product Total</b>	<b>22.706</b>	<b>4.805</b>	<b>20.643</b>	<b>6.4454</b>	<b>21.693</b>	<b>5.739</b>	<b>1.933</b>	<b>0.056</b>
Breadth	3.983	0.999	3.429	1.333	3.711	1.203	2.505	<b>0.014</b>
Depth	3.776	1.200	3.232	1.452	3.509	1.352	2.175	<b>0.032</b>
Size	3.966	1.008	3.375	1.396	3.675	1.244	2.582	<b>0.011</b>
Quality	4.224	0.838	3.536	1.279	3.886	1.127	3.387	<b>0.001</b>
Brands	3.241	1.315	2.786	1.449	3.017	1.395	1.754	0.082
Features	3.655	1.278	3.232	1.489	3.447	1.396	1.625	0.107
<b>Service Total</b>	<b>25.310</b>	<b>5.797</b>	<b>23.839</b>	<b>5.898</b>	<b>23.605</b>	<b>5.775</b>	<b>1.234</b>	<b>0.222</b>
Service level	3.931	1.122	3.875	1.266	3.904	1.189	0.249	0.803
Customized	3.638	1.266	3.589	1.147	3.614	1.201	0.216	0.829
Computerization	3.776	1.229	3.839	1.373	3.807	1.2956	0.260	0.495
Desk hours	3.931	1.461	3.714	1.604	3.825	1.529	0.754	0.453
Guarantees	3.1896	1.419	2.839	1.604	3.017	1.517	1.233	0.220
Cust. Satisfaction	3.189	1.492	3.000	1.501	3.097	1.493	0.676	0.500
<b>Place Total</b>	<b>21.259</b>	<b>6.531</b>	<b>21.500</b>	<b>5.173</b>	<b>21.377</b>	<b>5.878</b>	<b>0.219</b>	<b>0.827</b>
Prime Location	4.172	0.920	3.982	1.314	4.079	1.129	0.893	0.374
Appearance	4.017	1.068	3.589	1.141	3.807	1.120	2.066	0.411
Parking	3.621	1.105	3.571	1.347	3.597	1.225	0.213	0.832
Detached	3.086	1.548	2.661	1.655	2.877	1.608	1.417	0.159
Ease of Access	3.793	1.225	3.643	1.119	3.719	1.171	0.684	0.495
Disabled Access	3.345	1.596	3.393	1.648	3.368	1.614	0.158	0.875
<b>Price Total</b>	<b>18.466</b>	<b>6.117</b>	<b>19.696</b>	<b>5.653</b>	<b>19.070</b>	<b>5.899</b>	<b>1.116</b>	<b>0.267</b>
High/Med/Low	3.535	0.995	3.536	1.044	3.535	1.015	0.006	0.995
Competitive	3.552	1.231	3.196	1.354	3.377	1.299	1.465	0.146
Group reductions	2.535	1.417	2.964	1.572	2.746	1.504	1.532	0.128
Coupons/rebates	3.303	1.401	2.821	1.574	2.929	1.486	0.763	0.448
Bundle/value	3.174	1.318	2.607	1.545	2.895	1.484	2.059	<b>0.042</b>
Credit cards	3.914	1.355	3.732	1.471	3.825	1.409	0.685	0.495
<b>Promotion Total</b>	<b>17.879</b>	<b>7.197</b>	<b>18.107</b>	<b>7.439</b>	<b>17.991</b>	<b>7.285</b>	<b>0.166</b>	<b>0.868</b>
Print	2.983	1.516	2.625	1.591	2.807	1.557	1.229	0.222
Broadcast	2.017	1.469	2.161	1.332	2.088	1.399	0.547	0.586
Web, direct	3.397	1.337	3.018	1.471	2.211	1.411	1.437	0.154
Sales Promos	3.069	1.387	2.875	1.573	2.974	1.478	0.697	0.487
Billboards	1.655	1.264	1.648	1.381	1.649	1.317	0.049	0.961
Ad theme	3.189	1.331	2.857	1.600	3.026	1.477	1.204	0.231
Personal Selling	2.207	1.423	1.946	1.381	2.079	1.403	0.992	0.325

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<b>Strategy Total</b>	<b>99.672</b>	<b>30.991</b>	<b>101.714</b>	<b>25.421</b>	<b>100.675</b>	<b>28.286</b>	<b>0.385</b>	<b>0.701</b>
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### 5.1 Product

Significant differences in several Product variables were found. US hotels tend to offer a greater breadth of product/service offering than hotels in Canada. More US hotels are likely to offer laundry rooms, in-room dining, bars, health clubs, banquet halls and conference rooms, and business centers. US hotels are also more likely to have greater depth of product offerings, such as more room variations for customers to choose from (e.g., single room with 1 full size bed, double room with two full size beds, room with king bed, room with 2 queen beds, suite with pull-out sofa, etc.), which also leads to more room size variations in the US than Canada. Quality also receives a higher rating for hotels in the US than Canada. The appearance of the lobby and reception area, the furnishings and décor of the rooms, fine dining and restaurant menus, bar décor, and other facilities all contribute to the perceived higher quality of these establishments. The quality variable may also suggest a higher evaluation of the hotel brand and branded products in the US hotels, although only at the .08 level of significance.

### 5.2 Service

No significant differences were found in the service variables of hotels. Service level, customization of services, computerization, and reception desk hours were equally high in the US and Canada. However, in both regions, guarantees and customer satisfaction policies received lower ratings, suggesting areas of improvements.

### 5.3 Place

No significant differences were found in the Place variables of the hotels. Highest ratings in both countries were found for the prime locations of the hotels and their appearance or curb appeal. Parking, ease of access, and access for the disabled were all satisfactory.

### 5.4 Price

A significant difference was found in the greater use of value bundling in US hotels, compared to Canadian hotels. American hotels are more likely to have offers such as —stay four nights, get one night free, —free golf pass with weekend booking, —romantic weekend getaway with dinner for 2, and so on. In both countries, a wide selection of credit cards is accepted for payments, and prices are comparable. Although not significant, American hotels are more likely to have coupons or rebates while Canadian hotels are more likely to have group discounts.

### 5.5 Promotion

The promotion media most frequently used, in order, are web/direct, sales promotions, and print. Broadcast and billboards are least used in both regions. Personal selling is more likely to be used for corporate bookings, conferences, and major events, as well as when contacted by individual customers. No significant differences were found.

### 5.6 Alternate Revenue Sources

Table 3 presents the frequency that various alternate revenue sources are implemented by hotels in the US and Canada. For the overall sample of 114 hotels, the most popular additional sources of revenue are in-hotel restaurant, conference rooms, lounge, banquet hall, parking and in-room dining. The least popular additional sources of revenue are golf, babysitting services and health club fees.

**Table 3: Hotel Alternate Revenue Sources**

Revenue Source	US N=57		Canada N=57		Overall N=114	
	Yes	%	Yes	%	Yes	%
Parking	41	87.9	38	66.7	79	69.3
Parking lease						
Babysitting service	9	15.5	8	14.3	17	14.9
Laundry room	39	67.2	33	65.2	72	63.2
Laundry service	39	67.2	35	58.9	74	64.9

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Dry cleaning	33	58.9	32	56.1	65	57.0
In room dining	42	72.4	36	62.5	78	68.4
Hotel restaurant	55	94.8	46	80.7	101	88.6
Café	34	58.6	32	57.1	66	57.9
Bar	47	81.0	35	64.3	82	71.9
Lounge	46	79.3	42	73.7	88	77.2
Health club	52	89.7	39	68.4	91	79.8
Health club fee	17	29.3	8	14.0	25	21.9
Golf	6	10.3	3	5.3	9	7.9
Golf fee	2	3.4	2	3.4	4	3.4
Gift shop	31	53.4	25	43.9	56	49.1
Banquet hall	47	81.0	26	46.4	82	71.9
Conference rooms	51	87.9	41	71.9	92	80.7
Conference rent	39	67.2	27	47.4	66	57.9
Business center	31	53.4	22	38.6	53	46.5
Office rental	22	37.9	19	33.3	41	36.0
Business supplies	40	69.0	36	63.2	76	66.7
Other	31	53.4	23	40.4	54	47.4

When comparing the preferred sources of additional revenue for hotels in the US and Canada, American hotels are more likely to offer laundry service, in-room dining, in-hotel restaurant, bar, health club, gift shop, banquet hall, conference rooms, other conference rental space, and a business center. There were no alternate revenue source that were offered more frequently by Canadian hotels than US hotels.

Table 4 presents the results of the ratings (scale of 1-5) for the alternate revenue sources as presented on the hotel websites, based on descriptions and photos provided. The only significant difference found was for the bar atmosphere, which was rated more highly for the hotels in the US than for those in Canada. Although other revenue source ratings were not significantly different, inspection of the table indicates that the ratings are consistently slightly higher in US hotels, with the exception of parking that is higher for Canadian hotels. Ratings are generally higher for fine/casual dining, menu selections, banquet room atmosphere, bar atmosphere and lounge atmosphere. Lowest ratings were obtained for office center, and banquet room prices. There is also room for improvement for dry cleaning prices, gift shop, café menus and café menu prices.

**Table 4: Hotel Alternate Revenue Source Ratings**

Revenue Source	US N=57		Canada N=57		Significance	
	Mean	St. Dev.	Mean	St. Dev.	T	Sig
Parking	3.086	2.957	3.446	3.229	1.089	0.278
Laundry room	2.931	3.223	2.696	3.269	0.695	0.488
Laundry service	3.035	2.806	2.768	2.872	0.845	0.400
Dry cleaning Price	2.328	2.189	2.232	2.399	0.336	0.737



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Fine/Casual dining	3.707	1.614	3.393	2.279	1.194	0.233
Menu selections	3.448	1.971	3.196	2.779	0.871	0.386
Menu prices	2.983	1.947	2.750	2.009	0.883	0.379
Café Menu	2.483	2.429	2.125	2.075	1.273	0.205
Café prices	2.466	2.218	2.107	2.206	1.286	0.201
Bar atmosphere	3.379	2.871	2.661	2.483	2.346	<b>0.021</b>
Lounge atmosphere	3.293	2.316	3.178	2.186	0.408	0.684
Gift shop	2.431	2.600	2.161	2.246	0.927	0.356
Banquet atmosphere	3.431	2.530	2.982	3.109	1.426	0.157
Banquet price	1.931	1.504	1.607	0.861	1.594	0.114
Conference room	2.621	2.450	2.464	2.035	0.558	0.578
Office	1.965	2.139	1.571	1.195	1.633	0.105
Business supplies	2.983	2.648	2.786	2.644	0.645	0.517
Other	2.448	2.813	2.304	2.506	0.474	0.636

## 6. Discussion and Conclusions

The findings indicate that most luxury hotels in Canada and the United States rely on several streams of revenue other than hotel room prices. Hotel administrators should take into consideration these revenue streams in determining room revenue and room discount prices because they may contribute more to profits than the value of the discount and room price. According to this research, the most popular additional sources of revenue are in-hotel restaurant, conference rooms, lounge, banquet hall, parking and in-room dining. The least popular additional sources of revenue are golf, babysitting services and health club fees. Marketing strategies were similar in both countries for Service, Place, Price and Promotion. However, significant differences were found for the Product variables. More US hotels are likely to offer more product lines representing different revenue streams: laundry rooms, in-room dining, bars, health clubs, banquet halls and conference rooms, and business centers. US hotels are also more likely to have greater depth of product offerings, such as more room variations for customers to choose from. Quality also receives a higher rating for hotels in the US than Canada. The appearance of the lobby and reception area, the furnishings and décor of the rooms, fine dining and restaurant menus, bar décor, and other facilities all contribute to the perceived higher quality of these establishments. The quality variable may also suggest a higher evaluation of the hotel brand. The Product ratings are consistently slightly higher in US hotels, which may provide a benchmark for improvements to other hotels in this category.

## 7. Limitations

First, this study was somewhat limited with respect to the industry segmentation since it only looked at the luxury, full-service category. The study might be extended to other lodging industry categories such as limited-service, resorts, extended-stay properties and budget motels to obtain more generalizable results. Second, a larger sample size would have been beneficial to make comparisons in the international context. Third, this study looked at hotel marketing performance of alternative revenue sources for a very specific geographic locations in the United States and Canada, therefore given the current period of challenges faced by the global economy and other geographical locations, the findings of this study might not translate to a globally applicable set of implications. Finally, this study did not look at the lodging properties with respect to market class or service category in terms of the specific service levels (for example, economy versus limited service versus luxury brand, etc.) which might

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be of great interest from an average daily rate, occupancy and performance perspectives that are directly linked to RM decisions.

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