

# A Review study on Revenue Management and its benefits to the Organization and Employee

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## Abstract

*This study introduced the Revenue Management in Hotel Industry and how Revenue Management adopted in the Hotel Industry. This study explores the advantages of Revenue Management to the organization as well as employee. Revenue Management consist so many techniques, pricing strategy and the forecasting for the organization goal and also help to beat the competitor. This study also emphasis on the Revenue Management strategy and techniques benefits to the employee and also highlight that why hoteliers have to adopted Revenue Management in Hotel Industry.*

*Keywords: Revenue Management, Employee, Organization, Hotel industry, Benefits, Forecasting*

## Introduction

In recent year the Revenue management has increased to generate the revenue, profit in the Hotel Industry. In order to introduce Revenue Management in front office it is importance to familiar all the techniques of Revenue Management and the flexible room price should be managed for increase the profit according to the season. Hotel room are sensitively to state the profit to the Hotel.

This Study high level overview of the Revenue Management in the Hotel and provide motivation to purpose the new advance reservation strategy and the revenue management for maximize the revenue in the Hotel Industry. Revenue Management provides the techniques to maximize the business profit by managing pricing, sales volume, room inventories and operating margin. However the main literature on revenue management focus on its application to large Hotel and Chain Hotel and this literature give implementation in the front office operations. This study aims to provide study on the Revenue Management and its benefits to the Organization and Employee.

Kimes(1994) In fact, since Revenue Management is the practice of controlling customer demand through the use of dynamic pricing and capacity management to enhance profitability, its outcome results in differences. Mark D. Scott (1994) state that study was purposed to three resort/ Hotel in central Ontario. Acc to author competition is clearly on the service, hotel who fails to the service and the guest expectation those has to more quickly from this stage.

Britan and Caldentey(2003) Elmaghraby and Keskinocak (2003) Little work has been done to examine the potential conflicts that arise from trying to integrate customer and Revenue Management orientation; in other words, the way customer perceives Revenue Management strategies; and how these conflicts can be minimized or resolved. Consumers seem to accept the application of Revenue Management in the airline industry but little is known about their acceptance of such practice in the hospitality industry between customers. Based on the review of Revenue Management the study discusses the key elements of revenue

management in the front office. It explore the barriers to revenue management and implementation in the operational area Trough out the literature Shirley Kimes(2003) who explain that revenue management is the process of allocating the right type of capacity to the right kind of customer at the right place at the right time Writz et al (2003) has suggested that “customers seem to have been forget this research.” This is a surprise of establishing long-term customer relationships has been profoundly researched in the marketing file.

Donaghy(2004) according Revenue Management aims to increase net yield through the predicted allocation of available bedroom capacity to optimum price Revenue Management is a concern with maximization of room revenue through the manipulation of room rates in a structure way. In other word Revenue Management within the context of Hotel Industry is concern with maximization the profitability of a Hotel through manipulation of its pricing and booking policy.

#### **Strategies you can use to grow hotel business:**

- Market recognition
- Coordination with other department
- Forecasting
- Overbooking
- Mobile Optimisation
- Direct Booking

#### **Barriers for Revenue Management:**

- Limited knowledge of revenue management
- Limited information systems
- Neglect of historical data
- Absence of reliable revenue management systems

#### **Objective of the research**

To study Revenue Management strategies in hotel industry.

To assess the benefits of Revenue Management strategies for the employees.

#### **Research methodology**

This study based upon the descriptive information available from secondary sources. Secondary data related with Revenue Management is collected from combination of journals, magazines, publication, articles, research paper, and various websites. Through that secondary data I find the importance and benefits of revenue management to the organization and its employee.

#### **Literature review**

Jeff Caneen, ZhengGu (1998) stated that most of the hotel manager say that they are using yield management techniques for the revenue and 76% of hotel claim that utilization yield management techniques extensively and very few are using all of the basic elements in their effort to maximization revenue this study reveal that a random sample of a hotel General manager was surveyed the degree to which they use hotelier have looked at the airline and their chains of improving revenue 2 to 5 % .Judy A. Siguaw , Cathy A. Enz (1999) found that this study improving customer satisfaction effective operation system reflect a good merchandising hotel . Manager must recognize the practices that give the good satisfaction to the guest and ensuring the repeat customer. Guest satisfaction is increase by devoting time in the latest practices these practices can give benefits to many other area of the hotel. But the interest and the involvement of the employee is must Author believe that full involvement of the employee is key to success these practices is a life blood of the hotel business. Breffni M. Noone, Sherji E . Kimes, Leo M. Renaghan (2003) state that fundamentals issues for the apply of Customer Relation Management / Revenue Management program and need to establish the financial implications of Customer Relation Management / Revenue Management program and organization have to decide the customer segmentation based on their life style. Schwartz & Cohen, (2004).Revenue Management

managers although technology greatly supports Revenue Management managers work its role in and an impact on final decisions, made by the Revenue Management manager, is under researched and needs more attention in future. Leyla Göthesson and Susanna Riman (2004 ) state that revenue management is the key to making money this study based on Swedish hotels this study reveal that revenue and yield management as a tool to influence revenue it would be interesting to see how yield management could be interlinked and used

as the centre point to the areas of company, price, sales and marketing customer yield management is the centre point of the hotel system yield management as the centre point therefore takes advantage of opportunity and creates opportunities within its own organization as well as with the surrounding environment with in which the system operators this will in turn lead to an increase in revenue and increase profitability. Noopur Sharma (February 2015) reveal that Revenue management and its adoption in the front office by Hotel business. This study analyzes the pros and cons of the revenue management for the hotel as well as its employee and guest. Revenue management also run with some strategic and the pricing technology and also highlight the reason of Revenue management being used in the Hotel Industry. Mehmet Erdem, Lan Jiang (13june 2016) state that Revenue Management will continue to be a critical tool for the hotel industry, especially since the rise of its perceived strategic role among hoteliers. The Revenue Management process is shifting from a tactical to a strategic approach. Also, Revenue Management has become more technology driven and it is becoming more customer-centric. Hoteliers should spend more effort and resources on training and educating revenue managers. This study reveals that 83 hotels are surveyed and 70 research journals were identified for this study.

## Conclusion

To survive in the competitive market the hotels industry essential to understand the Revenue Management techniques and strategy. I believe that my research will contribute in the hotel industry and Revenue Management one of the most study area in the Hotel Industry for maximizing the profit. The implementation of the good revenue management system can developed the profit and the manager, employee need to more educate for the revenue management techniques. The employee should be trained in the all strategy and techniques of the revenue management for maximizing the revenue. In the conclusion of this study define that the revenue management is play a vital role in maximizing the revenue. it give the satisfaction level to the employee of the hotel because if the revenue increase and the all targets are fulfill then the employees increment and the performance awards will be maintain for the employee that will be give employee retention to the employer . Revenue management as a key tool which help to organization in achieving the target.

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