Revenue Management for Small an Independent Hotel: An Action Plan for P Hotel

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The goal of this project-based thesis is to create an action plan that can help P Hotel - the case hotel, to implement revenue management by utilizing suitable strategies and tactics. The aim of the project is to help the hotel staff familiarize themselves with revenue management concept and the hotel’s bottom-line will be improved upon the action plan is successfully implemented. As the case hotel is a small and independent hotel located in Sóc Trăng province and considering the thesis project’s development direction, the theory framework includes three theory topics: Sóc Trăng province’s tourism situation analysis, position of SMEs hotel sector in Sóc Trăng province and revenue management fundamentals. The theories presented in this thesis paper are based on literature and various online resources.

Two qualitative research methods were employed to build this project which are in depth interview and participation observation. To obtain an overview on the case hotel’s customer groups and its sales strategies and practices, two in depth interviews were conducted. Hence, to gain different perspectives and enhance the reliability of the data, the author interviewed both the manager and the receptionist. Participation observation research method was used to obtain insights into case hotel’s customer groups and how the sales practices take place in real time. The observation lasted for two months and the following data was studied: capacity for sale, rates offered, in-time and historical data of guest records and front desk sales activities. The recorded data of in depth interviews and participation were used to develop case hotel’s SWOT analysis which is the foundation for action plan development. Because based on case hotel SWOT analysis, the author sets strategic objectives for the action plan and determines which revenue management strategies and tactics are applicable for case hotel.

As the project outcome, the author built a one-year action plan for P hotel. The action plan includes five stages, each stage has its own strategic objective. The first strategic objective is to find and gain profound understanding of profitable customer groups. The second objective is determining price level and rate structures according to demand patterns. The third objective is to prevent loss of potential revenue and customer segments. The next objective is to control and shift demand. Enhance the efficiency of using distribution channels is the final objective. By actively participating in the planning process of the action plan, the hotel manager and front desk workers had enhanced their knowledge on revenue management and improve their research skills.

In addition to creation of action plan, to help the case hotel to have a good start, the author helped the case hotel to implement the first stage of the action plan and achieved the first strategic objective. Service design was applied as development tool in the implementation of the first stage. Hence, customer segmentation and customer journey mapping methods were utilized. By segmenting its customer groups, case hotel realized its profitable customer segments, their characteristics and their referred channels for advertising approaching. Customer journey maps redraw the customers’ experience with the hotel via customers’ eyes, this helped P hotel to discover its new strengths, weaknesses and opportunities for improvement.

Keywords: revenue management, action plan, SMEs hotel
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1 Introduction

Revenue management had been applied broadly in hospitality and travel industries during the past few years. By charging the customers the highest price they are willing to pay, revenue management is perceived as a powerful tool to improve companies’ bottom-line. Marriott Hotels claimed that its yield (revenue) management system helps to increase its revenue by $100 million per year. However, revenue management, just like any other strategic management concept, require a certain types and amount of resources to be implemented. That is why, so far, it is only applied in big corporations. In accommodation business, hotels chains invest in expensive Revenue Management System (RMS) and even having a revenue management team in marketing department.

On the other hand, it is questioned that whether SME hotels can also utilize revenue management and how can they do that since their financial and human resource are limited. This thesis paper seeks answer for those two questions. With the help of P hotel- the case hotel is a SMEs hotel, and their openness to learn and try new management concept, the author was given the chance to build an action plan to help them to apply revenue management without the use of expensive Revenue Management System. To help the hotel staff to know more about revenue management and ensure the practicality of the plan, the hotel manager and receptionists were actively participated in the planning process.

Qualitative research was used as data collection method in this project-base thesis. While in depth interview was employed to get a big picture on hotel’s customers and sale strategies and practices, participation observation was used to collect data of hotel’s sales activities in real time and operation system. In depth interviews were conducted face-to-face at the hotel lounge and lasted no longer than one hour each. The questionnaire contained seven open questions and was sent one week in advance. Participation observation lasted for two months, the collected data of qualitative research methods was used to develop case hotel SWOT analysis, to build the action plan and to create customer segment and customer journey map.

2 Main attractions in Sóc Trăng Province according to tourism model

There are many reasons for one to come to a destination, from visiting friends and family, to job related or to get away from reality. However, regardless of one’s original purpose of travelling, attraction plays the key role in captivating the travellers interest, giving them a reason to come and stay. Attractions can also be considered as a catalyst which establishes development opportunities for the destination’s travel and tourism industry. (Sharpley 2006, 64.)

This chapter is dedicated to Sóc Trăng most visited attractions which are categorised by tourism model. Sóc Trăng has a diversified tourism model from spiritual tourism, eco-tourism, to cultural tourism. While the spiritual tourism attractions are pagodas of different ethnic
groups with unique design, eco-tourism attractions are mainly green islets and fruit orchards. The cultural tourism attractions are Sóc Trăng province’s yearly festivals.

2.1 Spiritual tourism

Buddhism is the most famous religion in Sóc Trăng. The intriguing fact is that there are distinctions in Buddhism between different ethnic groups. The presence of Buddhism gods and goddesses, the structure and design of pagodas are very different. In this subchapter the author will introduce four pagodas which are so special that they help to attract millions of visitors to Sóc Trăng every year.

Table 1: Bat Pagoda Tourism Village (SATRACO International Joint Stock Company 2018)

Table 1 presents the images of Mahatup Pagoda or Bat pagoda as how the local call it which was built in 1569. It has the traditional beauty and features of Khmer ethnic group’s pagoda. In 1999, it was recognized as national historic-cultural monument. The distinction of Bat Pagoda is the bats which have lived in the pagoda’s garden for ages. There are tens of thousands of them, the biggest ones can weight from 1- 1.5kg and the length of their wingspan is up to 1.5m. The mystery is, although there are many trees around the area, but the bats only live in pagoda’s garden. In the evening, before they go out for food, they will fly around the main building a few times, but they never once, fly over the main building’s roof. People say that is how they show the respect and pray for Buddha’s blessing. (SATRACO International Joint Stock Company 2018.)

In 2013, to respond to the demand of the tourists and visitors, Bat pagoda tourism village went into operation. The tourism village includes a main restaurant, a hotel and a floating
restaurant in hotel’s area. The hotel- Satraco Royal, has 24 rooms and 6 bungalows. The hotel area is surrounded in green area of trees and beautiful gardens. In hotel area, there is one lake with a floating restaurant which offers fishing and dinning services. The main restaurant serves the tourists with special cuisines of the three ethnic groups of Sóc Trăng: Kinh, Hoa and Khmer and it can also be booked for conference, meeting and seminar. Bat Pagoda located at Văn Ngọc Chính street, Ward 3, Sóc Trăng city. (SATRACO International Joint Stock Company 2018.)

Table 2: Clay Pagoda

It is also a Buddhism pagoda, but Bửu Sơn Tự or Clay Pagoda is far different from Bat Pagoda. It has pure Vietnamese architecture which is a feature of the Kinh- Vietnam’s major ethnic group. Table 2 are pictures of Clay Pagoda statues and gate. Every year, the pagoda welcomes hundreds of thousands of visitors. It was built in 20th century by the Ngô family for contemplative at home. Throughout the 42 years of hard work, Mr. Kim Tòng created 11911 clay statues of Buddhism gods, goddesses and mascots, all by himself. With infinite imagination and creativeness, he brought life to each clay statue he made. Even though, it has been over 80 years of existence, the clay statues are still steady. In 2010, Clay Pagoda was recognized as a provincial architecture monument. Clay Pagoda address is number 286, Tôn Đức Thắng street, ward 5, Sóc Trăng city. (Vietnam Publishing Association 2018.)
Located only 5km from Sóc Trăng city center, with the area of 8.5 hectares, Phật Hộc 2 Pagoda is currently the biggest pagoda in Sóc Trăng. Table 3 presents the main highlights of Phật Hộc 2 Pagoda. Not only having statues of Buddhism gods and goddesses, there are also statues of Vietnamese national heroes and characters in Vietnamese fairy tales in pagoda’s area. One of the highlights of Phật Hộc 2 Pagoda is the 6000 square meters lake which presents for human life- a sea of suffering. In the middle of the lake, there is Wisdom (Bát Nhã) Boat which carries eight Buddha gods, helping human to overcome the circle of reincarnation. (Information center for tourism promotion and tourism association of Sóc Trăng 2018.)

Phat Hoc 2 Pagoda is also well-known for its charity work. Tue Tinh Duong, a charity care center of pagoda, receives hundreds of cases every day. For the patients from outside Sóc Trăng city, the center provides bed and meals for free during their treatment. Many patients, who was cured by Tue Tinh Duong charity care center, volunteered to stay in pagoda to help with the chores and charity work. Every year, Phạt Hộc 2 Pagoda also gives away hundreds of tons of rice to the poor and built houses for poor Buddhists. (Information center for tourism promotion and tourism association of Sóc Trăng 2018.)
On the other hand, Bowl (Chén Kiều) Pagoda is famous for its unique design and decoration. In 1815, its construction started, beside the main building, there were also a school and a small building to perform ritual activities. However, to 1850 the pagoda was not completed and at that time brick was rare and expensive. Hence, the abbot called for Buddhists to donate broken bowls and dishes and used them to decorate the pagoda. (Vietnam Publishing Association 2018.)

That was how the unique design and Bowl Pagoda name was established. Everything was handmade. Looking in to the details, the tourists are attracted by ingenious arrangements and harmonious color combination which are shown in Table 4. Table 4 presents Bowl Pagoda’s main building roof and its roof decoration detail. The brilliant workers turned broken things into a work of art which is admired by millions of people. The address of Bowl Pagoda is National Route 1, Dai Tam, My Xuyen district, Sóc Trăng. (Vietnam Publishing Association 2018.)

2.2 Eco-tourism and cultural tourism

Sóc Trăng is a coastal province which has 72 km of coastline, 50 km of Hậu river flow through the province and a dense network of rivers and canals. Along with the beaches are the green islets and fruit orchards. The advantages in natural and cultural resources opened a great opportunity for Sóc Trăng to develop eco-tourism and cultural tourism.
Table 5: Mý Phước Islet (Information center for tourism promotion and tourism association of Sóc Trăng 2018)

Table 5 presents the tourists’ activities such as harvesting fruits, making Vietnamese giant pancake and ngo racing at Mý Phước islet. In 2008, The People’s Committee of Sóc Trăng province recognized Mý Phước Islet as scenic relic of the province. In 2012, Office of Culture and Information of Kế Sách district invested approximately 14 billion VND for infrastructure upgrading and turned Mý Phước Islet into an eco-tourism islet. (Department of Information and Communication of Sóc Trăng province 2018.)

Area of 110ha was developed as major tourists’ activity area which includes square, outdoor stage, accommodations, lighting system, yard, tourist pier. Hence, the whole islet is shaded by 300ha area of tropical fruit gardens of the locals. The planting of fruit is carefully planned so that different types of fruits are available in all seasons. When buying the fruits, the guests will have the chance to pick them freshly from the trees. (Department of Information and Communication of Sóc Trăng province 2018.)
Table 6: Tân Long Stork Garden

Table 6 presents the sights at Tân Long Stork Garden. The garden is a famous ecotourism destination for both domestic and international visitors in Sóc Trăng province. The stork garden belongs to Mr. Huỳnh Văn Mười. In 30 years, he turned the 2-ha acreage land into a stork garden with dozens of types of storks. (Department of Information and Communication of Sóc Trăng province 2018.)

Visiting Tân Long Stork garden, tourists can enjoy the countryside lifestyle while watching the birds. To improve the guests experience, Mr. Huỳnh Văn Mười built a tower nearly 10m high which overlooks the whole garden. One of the most beautiful scene is when the stork group flying around in the dawn and coming back in the sunset. In breeding season, the number of storks can go up to 15-20 thousand. Tân Long Stork garden is also an ideal place for relaxing, camping and enjoying the countryside’s rustic cuisine. Thus, the guests can experience the Vietnamese folk opera cultural program. (Department of Information and Communication of Sóc Trăng province 2018.)
Table 7: Oc Om Boc Festival (Information center for tourism promotion and tourism association of Sóc Trăng 2018)

Table 7 presents the main activities of Oc Om Boc Festival which are ngo racing, lantern releasing and cultural performances. Oc Om Boc Festival is an important festival of Khmer ethnic group. The meanings of the festival are: first, it is at the end of the year, the time to release (return) water in fields back to river; second, it is to celebrate the harvesting of agricultural products; finally, it is also a New Moon ritual. Today, Oc Om Boc Festival become the festival of the whole three ethnic groups Kinh- Hoa- Khmer which helps to build community solidarity. (Information center for tourism promotion and tourism association of Sóc Trăng 2018.)

Ngo boat race is one of the most exciting and expected activities in Oc Om Boc Festival which attracts hundreds of thousands of tourists to Sóc Trăng province. The Ngo boat is 1.2 meters wide and 22-24 meters in length with the capacity of 50-60 boat racers. The boat body is decorated with colorful patterns. Releasing lanterns is also a major activity in Oc Om Boc Festival. The meaning of this act is to commemorate Buddha and apologize the nature for dirtying the water and digging up the soil. The lanterns are made from the body of banana trees and look like small temples with decoration of colorful lights. In addition to Ngo boat race and releasing lanterns, the festival also has many other interesting activities such as throwing iron balls, Răm- vông dancing and so forth. (Information center for tourism promotion and tourism association of Sóc Trăng 2018.)
3  Sóc Trăng province tourism SWOT analysis

This chapter is dedicated to Sóc Trăng province tourism situation analysis. By studying and analysing the strengths, weaknesses, opportunities and threats that Sóc Trăng’s tourism is facing, the author aims to gain profound understanding of tourism market in Sóc Trăng. Sóc Trăng has 8 districts, 2 towns and 1 city. The number of visitors to Sóc Trăng increased from 600,000 to 1.3 million during 2009-2016. In 2016, total revenue from tourism activities reached nearly 380 billion, equal to 87% of the year plan and increased by 11% over the same period in 2015. (Information center for tourism promotion and tourism association of Sóc Trăng 2018.)

In the first nine months of 2017, more than 1.1 million tourists arrived to Sóc Trăng. Vice Chairman of Sóc Trăng People’s Committee- Ngô Hùng, said ‘Sóc Trăng strives to maintain an average increase of 7% of arrivals per year and an average turnover of 20% per year’. By 2020, the number of tourists to Sóc Trăng is expected to reach 1.7 million / year. (Information center for tourism promotion and tourism association of Sóc Trăng 2018.)

3.1 Strengths

One of Sóc Trăng tourism advantages is the availability of three different ethnic groups Kinh, Hoa and Khmer. Hence, the religious, culture, tradition and custom are diversified. As Mr. Vũ Thệ Bình- the Vice Chairman of the Vietnam Tourism Association, stated, Sóc Trăng is leading in cultural resource in the Mekong Delta. In 2016, Sóc Trăng province has 8 national monuments, 27 provincial monuments, 4 provincial tourist sites and 5 qualified tourist resting areas. In addition, natural resource is an invaluable asset of Sóc Trăng province. Sóc Trăng is a coastal province which has 72 km of coastline, 50 km of Hậu river flow through the province and a dense network of rivers and canals. Along with the beaches are the green islets and fruit orchards. The advantages in natural and cultural resources opened a great opportunity for Sóc Trăng to develop and diversify the tourism models. Cultural tourism, eco-tourism and spiritual tourism have been developed successfully and become the major contributors to province’s tourism revenue. (Bao Mới 2018.)

Located in the middle of Mekong Delta, Sóc Trăng has great geographical advantage. The province has rich network of roads, rivers and canals and especially, the national route 1A. From here, the guests can travel to the centers of other provinces and other cities in the Mekong Delta and throughout the Southern region by road and by waterway (Báo Mới). Especially, in July 2017 the Superdong speedboat route from Trần Đề port (Sóc Trăng) to Côn Đảo island went into operation. This route created a big push for Sóc Trăng tourism service because Côn Đảo island is a famous tourism destination. Visitors from all Mekong Delta provinces gather in Sóc Trăng and spend time here before going to Côn Đảo Island. Thus, Sóc Trăng- Côn
Đàm package tour has been introduced by many tour operators in the regions. (Department of Culture, Sports and Tourism of Sóc Trăng province 2018.)

Sóc Trăng Provincial leaders have high determination on tourism development. By 2020, in addition to the current attractions, at least one national tourist site, one tourist village and seven provincial tourist sites will open for visitors. Currently, there are 4 tour operators, 2 travel agencies, 12 car rental companies, 1 shopping center, 1 tourism information center, 43 tourist accommodations and over 10 bank branches in Sóc Trăng city. (Department of Culture, Sports and Tourism of Sóc Trăng province 2018.)

On March 2018, pilot program of trams operation for serving tourists in Sóc Trăng city center was approved. SATRACO International Joint Stock Company was elected to be the first company to practice this transportation mode from 2018 to 2020. This pilot program is the province effort in developing green tourism, reducing the air and noise pollution. Fifteen trams will be put into operation, each can accommodate 15 people including the driver, operating from 06:00 to 22:00. The trams will run in two routes and both start and end at Bat Pagoda stop. The first route will pass eleven tourist attractions which includes pagodas, museums and cultural park. The second route go a big round in city center, passing by province’s main market, Ngo boat race stand, Cultural Park and Sóc Trăng Province Museum. (Information center for tourism promotion and tourism association of Sóc Trăng 2018.)

Also, in March 2018, construction commencement ceremony of Liên Hoa Bảo Tháp (roughly translated as Lotus Tower) took place in An Nghiệp industrial park. The investor is Tân Huệ Viên Company, the project area is 42 000 square meters which costs over 199 billion VND and the expected completion time is in the early of 2020. The main building, Lotus Tower, will have the shape of a blooming lotus- national flower of Vietnam. The tower will have a 6 meters high Buddha statue made from red copper and capped in 30kg of 24k gold. With the desire to pray for good health and peace, the Statue is rotated in 4 ways, 8 directions in cycles 365 days. Beside the main building, the project also includes demonstration area, shopping area, exhibition area, introduction to history of Pia cake and lạp xưởng (Sóc Trăng’s specialties) and their production history. Thus, an old town will be built in the architectural style of the 3 ethnic groups Kinh - Hoa - Khmer. The old town will have food courts, traditional clothing stores of the 3 ethnic groups and souvenir shop. (Information center for tourism promotion and tourism association of Sóc Trăng 2018.)

3.2 Weaknesses

It is a shame that most of tourists visiting Sóc Trăng are day visitors. They often stop by to visit the pagodas, enjoy the special cuisine and then go to Bạc Liêu city, Cà Mau city or Căn Thơ city to stay the night. The major cause of this situation is Sóc Trăng do not have attractive night life activities. There are no cultural exchange activities between the tourists and
locals. There are night markets in city center, but they only sell clothes and street foods that mainly targets for the locals. (Information center for tourism promotion and tourism association of Sóc Trăng 2018.)

There are lack of proficient marketing plan and marketing implementation. Sóc Trăng has not built its tourism brand and image yet. The advertising is still too general, it does not aim for any specific customer segment. The website of Tourism Information Center- dulich-soctrang.org, is designed with 90% of contents are text which can hardly raise any interest to the tourists. Thus, information is only available in Vietnamese. (Information center for tourism promotion and tourism association of Sóc Trăng 2018.)

Human resource is also a big problem to province’s tourism development. Some business units do not pay attention to the employee training which causes negative impact on service quality. Even in the province tourism department, the number of bilingual employees is very limited. (Information center for tourism promotion and tourism association of Sóc Trăng 2018.)

3.3 Opportunities

As planned, Sóc Trăng will have three wind power development zones, allocating at the coastal alluvial zone of Vĩnh Châu Town, Trần Đề District and Cù Lao Dung District. It is expected that by 2020 the corresponding wind power is 470 million KWh. This project is one of Sóc Trăng objectives aiming for creating a modern and eco-friendly province. (Information center for tourism promotion and tourism association of Sóc Trăng 2018.)

Sóc Trăng has a great potential for beach tourism development. First, the province has 72Km of coastline and three large estuaries of Định An, Trần Đề, Mỹ Thanh flow into the South China Sea. Second, the number of Sóc Trăng fishing boats ranks 4th in the area, therefore, fresh sea-foods are always available at a very reasonable price. The province has called for investment into Hồ Bế beach which is in Vĩnh Hải commune, Vĩnh Châu town. This beach is still pristine, it is suitable for convalescence and eco-tourism model. The planned area using for this project is 300ha, estimated capital investment is 500 billion VND. (Information center for tourism promotion and tourism association of Sóc Trăng 2018.)

In addition, since 2012 Sóc Trăng has been calling for investment in 6 tourism destination development projects. Three out of six projects have been successfully implemented which are Mỹ Phước Islet, Mo O eco-tourism beach and speedboat from Trần Đề to Côn Đảo island. Mỹ Phước is in Ke Sach district, planned area for tourism project was 110 ha and capital investment were 70 billion VND. Planned area of Mo O eco-tourism beach was 230ha, 500 billion VND was invested for this project. In July 2017, Trần Đề-Côn Đảo speedboat route went into operation; The project was invested by Superdong Speedboat Joint Stock Company - Kiên
Giang with capital of 150 billion VND. The other three projects, which are still under consideration of investors, are North Ta Ky Forest Park, Song Phung tourist site and Cu Lao Dung ecological tourist village. (Information center for tourism promotion and tourism association of Soc Trang 2018.)

Ms. Bui Thi Han, Marine Ecotourism Company, stated: With the available potentials, Soc Trang can develop strong tourism in the next 3 years and the number of tourists will boom. When coming to the South, most of the tourists go to Con Dao and experienced the South West culture. Soc Trang could cooperate with neighboring provinces such as Can Tho city and Cà Mau province to create diversified products. Thus, in the effort to promote Soc Trang as an ideal tourism destination to domestic travelers, TST Tourist company is launching a reality program, introducing culinary culture, popular tourism sites in Soc Trang. The program will be broadcast on HTV9 at 16 o’clock, every Sunday. (Information center for tourism promotion and tourism association of Soc Trang 2018.)

3.4 Threats

Agriculture is still the main industry in Soc Trang, 90% of cultivated land is used for rice production (Vietnam Tourism Administration 2018). The province’s tourism has just begun to prosper in the past 5 years. Thus, Soc Trang’s tourism products have not had enough publicity. The whole province only has one tourist information center and Soc Trang does not have official website for tourism promotion aiming for travelers. Thus, there is a lack of destination management organization.

In tourist perspective, the information is too much yet too limited. Posts introducing Soc Trang tourism appear in many websites and web portals such as ivivu, zing news, baomoi, vnexpress and so forth. However, they all have the same contents, from where to go to what to eat. There is not any post about specific travel theme or aiming for any specific customer types. Soc Trang has put a lot of effort in attracting investors’ interest by presenting Soc Trang as a full of potentials tourism destination. However, the province forgot the fact that, it is the number of tourist arrivals and the tourists’ interest in Soc Trang that are the key determinant for investors’ decision. Hence, Soc Trang should focus more in target marketing, improving the service quality and diversifying tourism product.

Favorable geographic location is also a threat to Soc Trang province. It is hard for Soc Trang to compete against big and under central authority cities like Can Tho and Cà Mau. As these cities located nearby, there is a big risk that the tourists will choose them over Soc Trang city. The province does not have its own tourism brand and tourists associate it as a one stop destination rather than a long-stay destination. On the other hand, the market demand is sea-
Sóc Trăng needs to diversify and increase its tourism products to attract different market segments in different season. (Information center for tourism promotion and tourism association of Sóc Trăng 2018.)

Natural disaster threats are problematic issue for tourism operation and development. With a long coastline and flat delta terrain, Sóc Trăng and many other provinces in Mekong Delta are facing threats of storms, rising of sea level and drought and salinity intrusion. Although there are strategic responses, damages cannot be avoided. (Information center for tourism promotion and tourism association of Sóc Trăng 2018.)

4 SMEs hotel sector situation analysis

This chapter includes three subchapters. To provide readers an overview on the hotel business in Vietnam, the first subchapter introduces hotels’ types and their classification in Vietnam. As the case hotel is a small and independent hotel, the second subchapter presents the characteristics of SMEs hotel sector as well as the pros and cons of running a SME hotel. The third subchapter studies the position of SME hotel sector in Sóc Trăng city’s accommodation business- where the case hotel located.

4.1 Types of hotels and their classification in Vietnam

In Vietnam, hotels are classified according to the number of the room, level of service, location and ownership. According to the size, hotels are classified into four mains categories: small hotel, medium size hotel, large hotel and mega size hotel. Hence, the hotel size is divided by the number of hotel rooms. Small hotels must have less than 25 rooms, medium size hotels will have from 25 to 99 rooms. Large hotels can have 100-299 rooms and mega size hotel are those who have equal or more than 300 rooms. (Vietnam hotel advertising network 2018.)

Base on the level of service, hotel can also be categorized by ‘star range’. Hotels are labelled from 1-5 stars which is determined by Hotels and Restaurants Approval and Classification Committee- HRACC. According to the standard, one-star hotels only provide basic rooms, located in good transportation area with lots of restaurants and entertainments. The room set of two stars hotels are simple and functional with TV and desk phone; they also have 24/7 reception. Three-star hotels have more spacious rooms with modern gadgets and often located near highways; their main customers are the locals and business travellers. Four-star hotels are referred as upscale hotels which provide large hotel room with expensive furniture and nice view; they also have spa, swimming pool, gym, high-class restaurant and bar and so forth. Five-star hotels have spectacular architecture with personalize services and the finest products to offer; their main customer segments are the rich, celebrities, and high-ranking politicians. (Vietnam hotel advertising network 2018.)
According to the location of the hotels, they are classified into urban hotel, suburban hotel, airport hotel and resort. Urban hotels locate in city centre, near shopping malls and tourist attractions therefore they are more expensive than the hotels in other locations; business travellers and high-income tourists are their main guests. On the other hand, most of suburban hotels are small and medium size hotels; they offer affordable price and suitable for budget-travellers and those who want to stay away from the city noises. Airport hotels are segmented for travellers whose flights are delayed or long transit time, often business travellers. Opposite to airport hotels, resorts are meant for vacation; they offer high-end services with many forms of entertainment and often locate near the sea or forest or on mountain and island. (Vietnam hotel advertising network 2018.)

As Sharpley (2009, 60) argued, the differentiation between chain hotel and independent hotel is an essential characteristic of hotel business. A chain hotel is operated by a hotel chain which owns the hotel or have an agency agreement with the hotel owner (Xotels 2018). Chain hotels are advantaged with intensive marketing campaign, modern technologies and a team of professional and experienced hoteliers. However, since they have strict regulations and protocols. They are not flexible in making decisions and slow to respond to the market changes. On the other hand, independent hotels are independently run and owned (Xotels 2018). They are unique in concept and be able to create close contact to the guests as the staff do not have to follow strict rules when responding to guest. Furthermore, by being flexible in making decision, the manager can make use of variable pricing technique of revenue management to adapt to demand and increase revenue (Xotels 2018). The next sub-chapter will explain the characteristics of SMEs hotel sector in more detail. (Vietnam hotel advertising network 2018.)

4.2 Characteristics of SMEs hotels

In 2020, the number of trips conducted by millennials will reach 320 million, yearly (IHG 2018). Millennials- the new traveller generation, are tech-savvy and enjoy local experience (Hosco 2018). The youngsters refer SMEs hotels since they provide an intimate atmosphere and present local identity. In addition, the small and independent hotels are often as cheap as B&B and hostel and customers still can enjoy the hotel services. SMEs hotels have similar characteristics with other small and independent businesses in tourism industry. This section will present the main attributes of SMEs hotels.

First, SMEs hotels provide competitive and opportunistic working environment. Small and independent hotels are more flexible and fast in making decision as they are not restricted by complex rules and regulations. Furthermore, the employees will be given more responsibility and have the chance to study and practice actively in different positions. (Wuest & Thoben 2012, 483; Stredwick 2002; University of Kent 2018.)
Second, unlike chain hotels where the room setting, and services are standardized, independent hotels are usually unique in the concept and accommodate local identity. Thus, the personal contact with customers created a friendly and intimate environment. Consequently, the new traveler generation is attracted by the services and experiences offered by SMEs hotels. Moreover, SMEs hotels can utilize their flexibility to respond to market trend and customer demand. (Beaver et al. 1998; Wuest & Thoben 2012, 483.)

Third, commercial is not always the main business objective of SMEs organizations (Beaver et al. 1998; Getz at al. 2005, 73). It is self-employment, freedom and control that motivate individuals and families to run their own business (Beaver et al. 1998). Hence, as profit maximization is not the main goal, not many SMEs companies commit to and invest in long-term development strategy (Morrisons and Thomas 1999, 148). Instead of producing new concept, they focus on improving their services and concept to make them more attractive to guests (Getz at al. 2005, 78-79; Wuest & Thoben 2012, 483).

Final, small and independent hotels also fell behind because of outdated management methods and lack of market intelligence (Wuest & Thoben 2012, 483). To overcome the knowledge gaps, owner-manager should focus more on travel motivations and behavior of tourists (Weiermair 2000, 407). Thus, SMEs hotels, as opposed to chain hotels, have weak market stability, limited in capital investment. To survive and keep their businesses running, SMEs hotels try to optimize their operation expenses and reduce the room price which lead to the neglection of other aspect of service quality (WTB strategy 2000, 40).

Hence, understanding the needs of the highly demanding customers and continuous innovation will help the SMEs survive in this competitive industry. Ruzzier and Konečnik (2006, 17-35) argued that depending on resources, each individual hotel company finds a corresponding dimension. Small- and medium-sized companies, privately owned by local investors, recognize the potential of their valorization through specific qualities, theming, and specialization of the hotel product.

4.3 Position of SMEs hotel sector in Sóc Trăng province

The accommodation industry in Sóc Trăng is dominated by small and independent businesses. After re-establishment of the province in 1992, Sóc Trăng only had 11 accommodation properties, two of which were run by the government, the rest were small guest houses run by province’s authorities and privately own small accommodation establishments. In 1992, Sóc Trăng welcomed 50 500 visitors, 500 of whom were foreign travelers. After 22 years of development, in 2014, the number of visitors to Sóc Trăng reached 1 022 792 and tourism contributed 367.926 billion VND to province’s revenue. (Information center for tourism promotion and tourism association of Sóc Trăng 2018.)
Up to now, Sóc Trăng has 43 accommodation establishments, increasing by 23 establishments compared to 2009. All types of accommodation have increased in terms of number of visitors, this indicates that the number of tourists has increased equally from the high-end market segment to the low-end market segment. The price of overnight stay in Sóc Trăng city is reasonable, average price for a room of 1-2 stars hotel is from 200,000 to 350,000 VND per night. For a room in qualified motel, the guest can pay 150,000 - 200,000 VND / night. Room rates of guest house is ranging from 80,000 to 150,000 VND / night. (Information center for tourism promotion and tourism association of Sóc Trăng 2018.)

The hotels’ service quality in Sóc Trăng city is quite good. There are 2 hotels with swimming pool, 4 hotels with tennis and physiotherapy service, and 8 hotels with both karaoke bar and restaurant. To ensure the well-being of visitors in Sóc Trăng province, the Sóc Trăng Department of Culture, Sports and Tourism has regularly organized inspections on tourist accommodation establishments. The inspections also aim to guide tourism enterprises and tourist accommodation establishments to follow the laws, keeping and reporting guests’ records, maintain security, ensuring environmental sanitation, and fire and explosion prevention at business establishments. The businesses must ensure safety for their guests, building trust and presenting professionalism in serving guests. (Information center for tourism promotion and tourism association of Sóc Trăng 2018.)

5 Revenue management fundamentals

The aim of revenue management is to provide the service that match the customer’s desired time and needs, while maximizing hotel’s revenue by selling rooms at the highest price that customers are willing to pay. In accommodation business, revenue management is also an assessment tool which allows front desk officer to compare Potential Revenue against Actual Revenue. Revenue management can affect customer flow and demand by utilizing pricing strategies. For instance, the price of hotel room changes according to seasons and varied by booking time. Revenue management can forecast, shift, accept and reject demand. These practices help the hotel to sell its available capacity for the highest possible revenue. (Ferguson & Scott 2014, 226; Withiam 2001, 2-4.)

Even though revenue management involves adjusting prices and giving discounts, it is not a discounting strategy as the discount practices of revenue management always come with conditions and rules. This act is an effort to shift the demand. The price-sensitive customers are often willing to make extra effort to have lower price. For instance, in hotel industry discounts are often offered in low season and customers must book and pay for the room in advance of weeks or even months, and the reservation is often non-refundable. (Withiam 2001, 4)
Revenue management concepts and tools have been designed to improve and support bottom-line oriented decision-making. The designing of action plan for case the hotel is adopted from Ivanov & Zhechev 2011. The following figure presents different stages of revenue management. (Ivanov & Zhechev 2012, 185.)

Figure 1: Different stages of revenue management (Ivanov & Zhechev 2012, 185)

Figure 1 present the revenue management framework by Ivanov & Zhechev (2012, 185). There are seven stages in planning and implementing revenue management. The first stage is setting goals, the team must determine revenue management metrics as well as strategic, tactical and operational goals. Second stage is gathering information. Operational data and marketing related information are collected for the next stage. In the third stage- analysis stage, the team analyses the gathered data and the demand and supply of the destination. To the fourth stage- forecasting stage, the team determines which forecasting methods to use and utilize them to forecast demand and supply in destination. (Ivanov & Zhechev 2012, 185.)
In decision stage, the company selects pricing and non-pricing tools and optimization process. Thus, the approaches to solve revenue management mathematical problems must be decided. To the implementation stage, sales techniques and human resource training will be applied. In monitoring stage, the performance of revenue management tools and decision will be measured. (Ivanov & Zhechev 2012, 185.)

5.1 Who can apply revenue management

Revenue management has been applied broadly in airlines, cruise lines, hotels, telecommunications, car rentals, financial institutions, railroads and tour operators for decades. All the businesses share five distinctive characteristics. Firstly, the business resource is expensive or impossible to store (Kimes 1989, 15; McGuire 2016, 157; Netessine & Shumsky 2002, 35; Phillips 2005, 120). For instance, empty room nights equal revenue loss.

Secondly, the business’s capacity is fixed (Kimes 1989, 15; McGuire 2016, 157; Phillips 2005, 120; Withiam 2001, 2). Hotel is built with a fixed number of rooms. It is expensive and insufficient to increase or decrease the capacity for short-term demand. Because revenue management allows manager to set the service prices and rules for reservation. This helps the hotel to control and sell its capacity effectively for the highest possible revenue. For instance, rules can be set for when the room should be reserved and when the stay can occur.

Thirdly, the business often has more than two customer segments (Kimes 1989, 15; McGuire 2016, 157; Netessine & Shumsky 2002, 35; Phillips 2005, 120). Different customer groups have different needs and expectations. Their booking behaviour and referred price range are also different. Hence, market segmentation and price differentiation are developed to response to the market segments’ demand.

Next characteristic is the pre-sale of the product/service (Kimes 1989, 15; Netessine & Shumsky 2002, 35; Phillips 2005, 120). For instance, hotel rooms are sold in advance of weeks, days or hours before the stay. However, for special segments such as tourist groups, sport teams or conventions, rooms can be reserved from months to even years prior to arrival.

Finally, the demand is uncertain (Kimes 1989, 15; Netessine & Shumsky 2002, 35). Demand fluctuates daily, weekly, monthly, seasonally for all types of products/services and rates. In other word, the business endures strong total and segment demand fluctuations.

5.2 Measuring revenue management

Measurements of revenue management can be divided into internal and external measurements. While internal measurements focus on company’s main product/service, external measurements analyse the business’s overall market and competitions. As the case company
is a hotel, this sub chapter is dedicated to the definition and use of both internal and external measurements of revenue management in accommodation business. (Investopedia 2018.)

\[
\begin{align*}
\text{Revenue} &= \text{Room nights sold} \times \text{Room rate charged} \\
\text{Net revenue} &= \text{Revenue} - \text{Variable cost} \\
\text{Contribution Margin} &= \frac{\text{Room rate} - \text{Variable Costs}}{\text{Total rooms sold in a period}} \\
\text{Occupancy Percentage} &= \frac{\text{Room revenue for a period}}{\text{Total number of available rooms}} \times 100 \\
\text{RevPAR} &= \frac{\text{Current contribution margin}}{\text{New occupancy rate} \times \text{Current occupancy} \times 100} \\
\text{GOPPAR} &= \frac{\text{Gross operating profit for a period}}{\text{Available rooms during that period}}
\end{align*}
\]

Figure 2: Internal measurements’ formulas (Investopedia 2018)

Figure 2 presents revenue management internal evaluation formulas of accommodation business performance. The internal evaluations assess the following number: revenue, net revenue, occupancy rate, average daily rate (ADR), revenue per available room (RevPAR), identical net revenue. Revenue or so called gross income, is the total income of the hotel before taxes or any deductions in a specific duration. There can be revenue of a week, a month, the first quarter of the year or a year and so forth. Net room revenue or gross profit is the amount of money the hotel receives from each occupied room after deduction of variable costs. (Investopedia 2018.)

In addition, occupancy rate presents ratio of rooms sold versus total rooms. Average daily rate (ADR) is the average rate of total rooms sold in a specific period, such as ADR of a week or a month. Revenue per available room (RevPAR) is the most sufficient measurement to assess hotel operation efficiency and its ability to fill its capacity. Identical net revenue helps to identify the new occupancy rate when price changed so that the required net revenue is secured. In addition, gross operating profit per available room is the calculation of hotel gross
profit base on its capacity. This measurement allows hotels to assess its operation efficiency. The figure presents the formulas of internal measurements. (Investopedia 2018.)

On the other hand, external measurements involve competitive set, market share and market intelligence. Competitive set is the combination of hotel’s advantages and features comparing to its competitors. The set can include location, amenities, price, facilities, service concepts and design and so forth. However, to determine to which competitors should the hotel compare itself to is important since there are direct and indirect competitors. It is more realistic to compare the hotel to its direct competitors who are serving same market segments, locating in the same area, and having similar characteristics. Study hotel’s market share is also essential since it provides an overview on the total market size and the position of the hotel in the competition. Thus, the hotel must enhance its market intelligence which builds hotel’s strategies base on analyzation of competitors and marketplace data. (Investopedia 2018.)

5.3 Limitation of applying revenue management in SMEs hotel

Despite of its strong support for business’s bottom line, revenue management is criticised because customers perceive different pricing strategies as unfair and the company is ‘lack of sensible benefits’ (Koide & Ishii 2005, 417-428). However, if the booking conditions and cancellation terms are given publicly clear and in advance, the customers will understand why there are differences in price for the same product or service (Ivanov & Zhechev 2012, 183). For instance, ‘early bird’ is a well-known sales practice that has been embraced by consumers for decades. Because, the customers know that low price offers are limited and sold according to first come first serve rule which is perceived as fair.

In addition, if the company too focuses on short term profit and what customers want, it might lose sight of the big picture (long-term development goals) and cause damages to employee morale (Withiam 2001, 10-11). Customers in the same segment are not all the same and their room type references are also different. For instance, in leisure traveller segment, a couple may stay for two nights but a family of four may stay for 5 nights and while the couple enjoys the room services, the family refers to spend time at the restaurant. Hence, the total income should be considered with the revenue management calculations not just by revenue of a single night’s stay (Netessine & Shumsky 2002, 40).

Furthermore, revenue management practices focus on capacity utilizing and revenue maximizing, customer relationship management might be neglected. The customers’ needs, and preferences might be ignored if the hotel too focus on improving the sales performance. Although revenue management is recognized with its great ability to forecast, shift and control demand, it does not generate demand. (McGuire 2016, 134-135.)
6 Qualitative research methods

In this project-based thesis, two qualitative research methods were employed which are in-depth interview and participation observation. The obtained data from qualitative research methods were used to build the case hotel’s SWOT analysis (Chapter 7) which is the foundation for action plan’s development. Because based on the SWOT analysis, the author sets strategic objectives for the action plan and determines which revenue management strategies and tactics are suitable to be applied.

As Creswell (1998) defined, qualitative research is conducted at phenomenon’s natural setting and the researcher is a human instrument for data collection. Most importantly, the researcher describes the data based on participants’ perspectives. Its advantage is the ability of describing the complexity of human experience on a given topic. Qualitative research is suitable for studying people’s behaviors, opinions, feelings and beliefs in individual scale.

In depth interview and participation observation were used in this project-based thesis. To enhance the accuracy and sufficient of the data, there were integrations between the study methods. Because the answers of the respondents in interviews might be bias, the author also observed the hotel’s sales practices and then compared the data from the two methods to find the final answer.

While quantitative research methods provide numerical data, qualitative research methods data is recorded in textual format. Although, the interpreting and presenting of qualitative data is difficult, as it often comes from the form of audio, video and field note, the planning and implementing of qualitative research are more flexible than quantitative research. The questions of qualitative research are open-end, which helps the interviewer to have the chance to dig deeper into the subject and gain more information on respondent attitudes and comprehension on the study subject. Thus, the progress of the study and respondent’s answers, and attitudes can influence the order and the way questions are asked. (Mack et. al. 2005, 3.)

Qualitative research shares five common characteristics. First, it searches clarifications for a question. Second, the answer is found by systematically applying a set of well-planed procedures. Third, the researcher is responsible for gathering evidences. Four, based on the evidences, researcher create findings which were not set in the beginning of the research. Finally, the findings should be applicable in further studies. However, the process of planning and implementing as well as advantages and disadvantages of each qualitative research method are different. The following subchapters will introduce in depth interview method and participant observation method which were employed in this thesis project. (Mack et. al. 2005, 1.)
6.1 In depth interview

In-depth interview method focuses on studying individual experiences, emotions and perspectives. The interviewer must create a comfortable atmosphere and encourage respondents to confidently share their thoughts and feelings. During the interview, the interviewer plays the role of a student who eagers to learn from the respondents- the experts. That is why this method is often used to address sensitive issues. In depth interview can be time consuming as the interviews are one-on-one interviews. Thus, because participants respond according to their own judgments, the answers can be biases. (Mack et al. 2005, 29.)

However, the collected data are much more detailed than survey. This method also allows direct interactions between interviewer and interviewees. It is a big advantage as the researcher can observe the respondents' behaviour, and flexibly changing the order and way of asking questions when necessary. Hence, when combining with other research methods such as participant observation, it will offer a more complete picture. (Boyce & Neale 2006, 3-4.)

The conduction of in depth interview involves six steps. First step is the planning. Researcher needs to determine who will be involved in the project and what information is needed from them. Thus, a list of carefully chosen interviewees must be develop and the researcher must follow the nation and the world's ethnical research standards. (Boyce & Neale 2006, 4.)

In second step, an interview protocol must be established to direct the interview. The protocol should include the interview content which are: greetings at beginning, introduction of the research project and ensure confidentiality of respondents, interview questions, tools and methods for data recording. To sum up, the researcher should have a to do list for before, during and after the interview. (Boyce & Neale 2006, 5.)

Third step is researcher/s training. Beside the interviewer, the project may also involve staff and volunteers. No matter what experiences they already have, each research project has its own scale, goals and practices, therefore it is important to have training from the start. For the training, the following contents should be included: evaluation criteria, data collection techniques to be used, a review of research protocol and its practices, what types of data and content to be collected, exercise on interviewing and interpersonal communication skills. Thus, a discussion on ethical issues must be held. (Boyce & Neale 2006, 6.)

The fourth step is conducting the interview. After the greeting, interviewer will explain the purpose and expected duration of the interview, why the participant was chosen and how the answers will be recorded and kept confidential. After the participant confirms that everything is clear, the interview begins. While interviewing, the interviewer can quickly note down key information. (Boyce & Neale 2006, 6.)
Next, researcher/s will study the collected data. The data forms can be notes, videos and voice recordings. For videos and voice recordings, the researcher/s may need to transcribe them. Analysing the data is difficult, as the answers and attitudes of respondents are diversified. Hence, there are three tips for this stage. One, by skimming through the answers, researcher/s might find similar patterns or themes between different interviewees. Two, if there are many different themes, they can be grouped by their demographic information such as age, occupation, working position in the company and so on. Three, the responses can also be categorised based on interviewees’ attitude toward the topic. They can be enthusiastic or just answer shortly. Final step is publishing the findings. Researcher/s can write a report and receive feedback from participants. (Boyce & Neale 2006, 7.)

To gain an overview on case hotels’ marketing and sales practices and to collect the hotel staff expectations on revenue management application, two in-depth interviews were conducted. The interviews were planned and conducted according to Boyce and Neale (2016) suggested framework as described above. To receive answers from different perspectives, the hotel manager and receptionist were interviewed. The interviews were conducted in hotel lounge and last no longer than an hour each. There are seven open interview questions and the interview questionnaires were given to interviewees one week prior to interview day. The interviews were recorded as mp3 files and were transcribed. The transcripts of the interviews’ answers can be found in Appendix 1. As the interviews’ result was used to build the case hotel SWOT analysis, the findings are presented in Chapter 7 (Case company SWOT analysis).

6.2 Participant observation

Participant observation is a qualitative research method in which the researcher approach participants in their natural settings. While observing the participants, researchers write objective notes about what they discovered. Depend on the characteristics and purpose of the project that what researchers observe is varied. However, there are six important categories to follow when observing participants which are appearance, communication behaviour and interactions, body language and physical behaviour, personal distance, human flow in observation area and finally, outstanding persons in participants. (Mack et. al. 2005, 13, 18.)

The main benefit of this research method is first-hand knowledge on study topic as the research is conducted in real-world context and in real time. The researcher will not affect how participants behave or how they do their work. The fields note written by researcher is rich in description which can be reconstructed and expanded laterly. (Lee 1999, 99-100; Mack et. al. 2005, 3.)

Participation observation is also a powerful tool to compare what people say in interviews to what they do in the real life. In addition, by observing multiple perspectives of participants’ life, this research method is also suitable for understanding people behaviour and experience.
As a member of the observing site, researcher can have access to "physical, social, cultural, and economic contexts of participants' living environment" and, therefore, can interpret why people do what they do, how often they do that and who they refer to do that with. Furthermore, participating and observing helps to discover new factors of the study subject since the prepared questions are not always enough or on the right track. (Mack et. al. 2005, 13-14.)

However, participation observation also has its weaknesses. Firstly, it is very time consuming, it can take from months to years depending on the characteristics of the research. Secondly, data documenting is difficult since researcher can only rely on his/her memory and experience and short-term memory do not last for long. This can be resulted in loss or inaccurate data. Finally, the researcher must ensure objectivity during the whole process since this research method is quite subjective. (Mack et. al. 2005, 15.)

Figure 3: Participation observation steps (Mack et. al. 2005, 27)

Figure 3 presents the tasks for preparation and enclosing participation observation, offered by Mack et. al. (2005, 27). Researcher must determine the purpose of this method in the context of the overall research objectives. The population to be observed and their accessibility need to be planned carefully. In addition, where and when to do the observation and its duration must be arranged. After the observation period end, researcher will expand the field notes as soon as possible as the memory and experience are still fresh. (Mack et. al. 2005, 27.)
In this project-based thesis, participant observation was used to gather first-hand data on case hotel’s customer groups, and its pricing and sales practices. Hence, there were two groups of population to be observed. One group was the front desk staff and the other group was the hotel’s guests. For front desk staff observation, the author took notes on how reservations were taken and managed, front office marketing activities, room rates offered and the staff attitude while working. For hotel customers observation, the author took note on number of parties, duration of stay, services used, total of spending per customer, age, occupation and feedbacks after stay. As the collected data were used to build case hotel SWOT analysis, customer segment and customer journey maps, the findings are presented in Chapter 7 (Case hotel SWOT analysis), Subchapter 9.1 (Customer segmentation) and Subchapter 9.2 (Customer journey mapping), respectively.

7 Case hotel SWOT analysis

This chapter analyses the strengths, weaknesses, opportunities and threats of the case hotel. By studying both the internal and external factors, the author aims to gain a profound knowledge on P hotel’s business situation. Hence, the author can develop a general idea of which strategies and tactics of revenue management that can be applied. P hotel SWOT analysis was developed based on the participation observation and the in-depth interview results. Table 8 briefly presents P hotel’s SWOT analysis.

![SWOT Analysis Diagram]

Table 8: Case company SWOT analysis
P hotel is an SMEs hotel located in ward 7, on National Route 1A, Sóc Trăng city, Sóc Trăng province. P hotel was built in 2007 and opened in 2008. There are 25 hotel rooms which includes 6 VIP rooms, 9 singles rooms and 10 standard rooms. In standard and VIP rooms customer can choose whether they want double bed or twin beds. Basically, the room amenities provided in all room categories are the same. Superior extra will be bigger and have more furniture, bed sets have higher quality. The price of VIP room is double the price of standard room. The average revenue every month is 120,000,000VND. The hotel operation is divided into 4 departments: front desk, housekeeper, maintenance and laundry. P Hotel is a small and independent hotel, owned by Q enterprise, a family-own company. Q enterprise also own another hotel located in Sóc Trăng city’s center, a motel located in Mỹ Xuyên town and a bird nest farming business.

7.1 P hotel strengths and weaknesses

Due to good employee welfares and energetic working environment, P hotel has a good employee retention rate. For instance, lunch and dinner are offered to on duty employees; the salary is competitive. Thus, if the employees have been working at the hotel for more than two years, on national holidays they will receive gifts from the hotel, and before the Lunar New Year, they will receive ‘‘13th month’’ salary. The team work spirit is high, the staff helps and treats each other like a family. Because of the small scale of the hotel, the operation expenses and capacity are easy to manage. The manager is flexible in making decisions and in changing and adapting new strategies. The property is privately owned by the mother company, therefore, there is no renting cost which helps to reduce the financial burden.

In addition, the hotel has a favourable location. It is only 5 minutes away from the supermarket and 10 minutes way from the city centre (via vehicles). Thus, the hotel is located on the national route 1A which connects the whole nation. From the hotel, the guests can easily travel to other Mekong provinces and cities. The hotel also has a spacious parking space with 24/7 security cameras. Regular customers help the hotel to secure a certain amount of revenue monthly.

On the other hand, one of the biggest weaknesses of P hotel is lack of marketing strategies. Rather than utilizing marketing opportunities, the hotel focuses on budget. It main concern is occupancy rate. Since the case hotel is a SMEs hotel, the financial resource and human resource are limited. Hence, during the past few year, it has not conducted any market research and demand forecasting. In addition, most of the time, the hotel is using single price strategy which means they sell all the room at rack rate. In the high demand days such as national holidays and festivals, the room price will be increased in a very short period (3-5 days). In the low season, there is no promotions or discounts to attract guests, they sell all the room at the rack rate. This single price strategy is the cause of limited market share and loss of potential revenue.
As the customer behaviors are changing and diversifying in many ways, the number of customer segments are increasing and emerging. It is a major shortcoming of the P hotel’s sale and marketing strategies, as it does not classify its customers into specific groups according to their needs and purchasing behaviors. Thus, relying heavily on off-line reservation is also a weakness of the P hotel. Nowadays, millennials travelers are tech-savvy who refer to experience the planning and bookings online. According to Google Data, in 2016, 60% of destinations searching came from mobile devices (Google 2018).

7.2 P hotel opportunities and threats

As the demand for Sóc Trăng tourism is increasing drastically, the province’s tourism is also developing fast. In 2014, Sóc Trăng accommodations welcomed 219,747 tourists, the revenue from tourism reached 367,926 billion VND. The travelers are more aware of negative impacts of tourism on environment. Hence, most of the tourism products that Sóc Trăng developed, are eco-friendly islet and beaches. The increasing desire for hotel safety is also a good opportunity for the P hotel because since it was established, customers safety is one of the first priorities. (Information center for tourism promotion and tourism association of Sóc Trăng 2018.)

On the other hand, the hotel is facing the two main threats. Firstly, the increase demand for higher-end products and extra services resulted from rise of the middle class. Secondly, the hotel must compete against the available and new entry hotels. Only in 5 years, from 2009 to 2014, the number of accommodation establishment increased by 23 which equaled 53.48% of growth. (Information center for tourism promotion and tourism association of Sóc Trăng 2018.)

8 Action plan contents

This chapter presents the contents of the action plan - the final product of the project, which is created to help the case hotel to apply revenue management without the use of complicated and expensive Revenue Management System. The chapter is divided into two subchapters. The first subchapter is dedicated to visions, desirable results and guiding principles of the action plan. The second subchapter presents the stages, strategic objectives and key activities groups of the action plan.

Action plan or operational plan is the process of realizing the company strategic objectives or project strategic objectives. In other words, it acts as a guideline for achieving desired results. The content of action plan must include a list of tasks need to be done, a realistic schedule for the tasks, who should carry the tasks and the required resources to complete the tasks. (Shapiro 2018, 2.)

To conduct an action plan, there are five steps to follow. First step is to define the purpose of the action plan, whether to solve a problem or to develop new product and so forth. In this
thesis project the purpose of action plan is to guide the application of suitable revenue management strategies and tactics to P hotel. (The Pennsylvania State University 2018.)

Second step is to collect necessary data and analyse them. The author conducted interviews with case hotel staff to gain an overview on hotel’s sales practices and strategies as well as their expectations and perspectives on applying revenue management. In addition, because the staff’s responses might be bias, the author observed the marketing and sales activities of the front desk department. Based on the collected data, the author created a SWOT analysis of case hotel creating strong foundation for the next step. (The Pennsylvania State University 2018.)

The next step is to clarify and prioritize the solutions. According to the SWOT analysis, the author determined which revenue management strategies and tactics are applicable to the case hotel. Thus, the order of solutions was designed so that the most important issues will be tackle first while ensuring the logical and efficiency of the plan. (The Pennsylvania State University 2018.)

After the solutions were chosen, each of them must have their own goal statement. It is important that all the goals were carefully established as they are key determinants for the action plan result. The goal statements in P hotel’s action plan were determined according to five criteria: specific, measurable, achievable, relevant and timely. (The Pennsylvania State University 2018.)

The fifth step is to write the action plan which presents the activities and the process of implementation. Based on the characteristics of the case hotel and the chosen solutions, the author designed one-year action plan which contains five strategic objectives. The table 9 presents the contents of the action plan (excluded implementation matrix), the full version of the action plan can be found in Appendix 5. (The Pennsylvania State University 2018.)
Based on the Sóc Trăng tourism SWOT analysis (Chapter 2) and position of SMEs hotel sector in Sóc Trăng province (Chapter 3), the author developed two visions and two desirable results for this action plan. Table 10 presents the visions and the expected results.
Table 10: Action plan’s visions and desirable results

The first vision is ‘The increase of tourism demand in the past ten years is the result of the Sóc Trăng province leaders’ effort in turning tourism into vital industry. Hence, Sóc Trăng’s accommodation business has a strong foundation for growth’. The second vision is ‘Customer trends are emerging, and customer segments are diversifying, revenue management can help SMEs hotels to respond to market demand’.

One of the expected results from this action plan is to help case hotel to understand revenue management and know how to apply it. In addition, the implementation of the plan will improve P hotel bottom-line. The results of the plan will be assessed according to three criteria which are revenue management’s internal and external measurements, improvements in customer understanding and segmenting, and diversified product mix.

In addition, based on P hotel SWOT analysis (Chapter 6), the author set five principles to guide the implementation of the action plan. The first principle is demonstrating the benefits of customer segmentation and revenue management to all stakeholders. The second principle is encouraging the study and application of market intelligence. Next principle is promoting value of different product mix to targeted different customer groups. Furthermore, P hotel should ensure continuous development of service quality and service level. Finally, revenue management should be utilized without reducing the focus on long-term development goals.

8.2 Action plan’s stages, strategic objectives and key activities

Based on P hotel SWOT analysis, the author divided the action plan into five stages and each stage has one strategic objective. To achieve its strategic objective, each stage of the action plan employs a variety of revenue management strategies and tactics. Finding and gaining profound understanding of profitable customer groups is the first strategic objective. The second objective is determining price level and rate structures according to demand patterns.
The third objective is to prevent loss of potential revenue and customer segments. The next objective is to control and shift demand. Enhance the efficiency of using distribution channels is the final objective.

This subchapter presents the key activities (revenue management strategies and tactics) that will be carry out to achieve the established strategic objectives. Hence, the author divides this subchapter into smaller subchapters according to the order of action plan’s stages. The author will explain why the established objectives are important and how the chosen strategies and tactics can help to accomplish the set strategic objective in each stage of action plan.

8.2.1 Stage 1 - Customer understanding:

The core concept of revenue management is to provide the right service to the right customer at the right time for the right price. That concept involves careful definition of customer, service, time, and price (Withiam 2001, 4). Hence, the first strategic objective focuses on customer. The case hotel needs to find and gain profound understanding of its profitable customer groups. Table 11 presents the implementation matrix of the first stage of action plan which contains the stage’s strategic objectives and key activities.

| Stage 1. Customer understanding: Find and gain profound understanding of profitable customer groups |
|-------------------------------------------------|-----|-----|-----|-----|
| **Activity 1.1: Customer segmentation**                  | Apr-Jan | Jul-Sept | Oct-Dec | Jan-Mar |
| Study customers’ historic records of last year which include length of stay, days of week stay, total revenue per room, total revenue per client, booking lead time, cancellation %, no show ratio. | X | | | |
| Combine customers that have similar purchasing patterns and requirements into the same group. Focus on groups that bring the most profits, not all customer segments is profitable. | | | | X |
| Start to build a typical profile for each of targeted customer groups | | | | X |
| **Activity 1.2: Customer journey mapping**                  | Apr-Jan | Jul-Sept | Oct-Dec | Jan-Mar |
| Determine customer behavioral stages in the experience map: pre-purchase, purchase, using, after-use. | X | | | |
| Set goals for each stage via customer eyes | | | | X |
| Establish touchpoints: direct or indirect interactions between the hotel and customers, for all stages of the map. | | | | X |
| Demonstrate possible positive and negative experiences that may occur to customers. | | | | X |
| Suggest solutions for improvement | | | | X |

Table 11: First stage implementation matrix
P hotel did not realize the importance of customer understanding as it perceived that its available resources cannot afford customer and market study. However, customer segmentation and customer journey mapping are the two powerful tools that case hotel can utilized since the main data sources are based on the customer historic record. While customer segmentation helps to determine the profitable customer groups, their characteristics and purchasing behavior, customer journey mapping helps to get insight to customer experiences with the hotel and how the hotel can improve its services and way of approaching customers.

Because revenue management and customer study are new to the case hotel. The author helped the case hotel to implement the first stage of the action plan, achieving the first strategic objective—customer understanding. With this effort, the author hopes to create a smooth start, help the staff to get use to the practices and the case hotel can continue to carry out the action plan after the author return to Finland. The implementation and result of the first stage is presented in Chapter 9 (Implementation of the action plan’s first stage).

8.2.2 Stage 2 - Demand forecasting:

Demand is the amount of product or service that consumers want or able to buy in a specific time (Tranter et al. 2009, 89). Demand forecasting is the prediction of future demand which helps to determine price level and rate structures according to demand patterns (Ivanov & Zhechev 2012, 188). Table 12 shows the strategic objectives and the key activities of this stage.
Table 12: Stage 2 implementation matrix

In the action plan, the author proposed to use demand calendar and demand curve to forecast P hotel’s demand as they are both reasonably accurate and inexpensive tools. Demand calendar is a yearly demand roadmap which matches the historical demand patterns to the future events. Demand calendar includes RevPAR last year, groups or events last year, demand level indicator last year (High, Medium, Low, Distressed), demand level indicator this year, national holidays and events of this year.

Demand curve is built based on historical booking data, often from 60-90 days, and presented in line chart. It helps to visualize the booking pace of the hotel. Each type of service or product will have its own curve. The manager can make comparison of sales between different types of product or service during the same period or comparing the demand for the same service in different time frame. In addition, if there was any change in pricing of service concept, the demand curve will reveal customers’ respond. For instance, there was change in room price in March 2018, hotel manager can compare demand curve of March 2018 to April 2018 to see if there is any difference in demand and decides whether to keep the change or not. (Xotels, 20-21.)
8.2.3 Stage 3- Pricing strategies and product differentiation:

Based on P hotel SWOT analysis the author proposes to use price discrimination, product versioning, rate fences and competitor benchmarking to prevent loss of potential revenue and loss of customer segments. Price discrimination is built based on customer segments. Hence, the product mix is designed to effectively meet the segments’ needs and expectations, while the hotel maximizes its revenue by charging the highest rate that the segments willing-to-pay. The rate fences are established to set boundaries between customers segments and to prevent high yield customer from trading down. Table 13 shows the strategic objectives and the key activities of this stage. (Phillips 2005, 74.)

<table>
<thead>
<tr>
<th>Activity 3.1: Price discrimination</th>
<th>Apr-Jun</th>
<th>Jul-Sept</th>
<th>Oct-Dec</th>
<th>Jan-Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Based on customer segmentation and customer journey results, set different prices (about 2-3) for the same customer segment in different periods (high and low season), do this to all customer segments. Note: Pay attention to the groups’ purchasing behavioral, room price should not be higher than customer willingness-to-pay rate.</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activity 3.2: Product versioning</th>
<th>Apr-Jun</th>
<th>Jul-Sept</th>
<th>Oct-Dec</th>
<th>Jan-Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase the number of room categories into four: single room, standard room, superior room and VIP room. Use four standard rooms with nice view, increase the amenities and turn them into superior rooms.</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Do pricing matrix for all room types.</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ensure that the differences between room categories and their values are efficiently marketed to customers.</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activity 3.3: Rate fences</th>
<th>Apr-Jun</th>
<th>Jul-Sept</th>
<th>Oct-Dec</th>
<th>Jan-Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Set physical rate fences which are room location, number of parties in one room, room types, amount of amenities.</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Set non-physical rate fences which are membership, group booking, time of stay (weekday or weekend), duration of stay, timing of booking, walk-in or reservation, types and time of reservation.</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activity 3.4: Benchmarking competitors</th>
<th>Apr-Jun</th>
<th>Jul-Sept</th>
<th>Oct-Dec</th>
<th>Jan-Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Determine benchmarking criteria which are prices, product, service quality, location and distribution channel.</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anticipate competitors’ pricing strategies.</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comparing the hotel to competitors based on benchmarking criteria, define what should be improved and what should be kept.</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 13: Stage 3 implementation matrix
For pricing strategies, price discrimination is the act of charging different prices for the same type or slightly different type of room to different customers (Phillips 2005, 74). The high yield customers groups and price sensitive customer groups must be well studied. Base on that, case hotel can sell the rooms according to the groups’ desired time and charge the groups’ the highest rate they are willingness-to-pay. In addition, depend on the time of booking and arrival day, the price can be different. In other words, the prices are charged differently base on the segment’s elasticity of demand (Rekhi). The difficulty lies in setting and updating prices so that the hotel can maximize its revenue while the customers are satisfied with the rate. Hence, to successfully apply price discrimination, the hotel must complete the first strategic objective- understanding its customers.

To response to different customer segments, hotel develops new room categories. This practice is also called product versioning. The differences between the room types are minor but this act helps hotel to utilize diversity in price elasticity between different customer segments. The ‘superior room’, the upgrade version of standard room, helps the hotel to yield for less price sensitive customer group. However, the hotel needs to state the value of different room types to convince the targeted customers that the upgrade is worth the money. Product versioning is embraced by consumers as the price and room features are openly advertised. (Phillips 2005, 81-83.)

To create barriers between different customer segments, hotels use price fences. These fences can either be tangible or intangible, and in many cases, hotels utilize both. Tangible price fences can be location, number of parties in one room, room types, number of amenities and so on. For instance, hotel located in city center will be more expensive than hotels in suburban area; extra bed requires extra payment and the more expensive the room is, the more amenities and complementary services it has. Intangible price fences are membership, group booking, time of stay (weekday or weekend), duration of stay, timing of booking, walk-in or reservation, types of reservation (guaranteed or not). (Withiam 2001, 5-6.)

Competition benchmarking helps the case hotel to gain competitive advantage by understanding its competitors and the market trend. When benchmarking the competition, the hotel should follow five criteria: the price, the product, the level of service, the location and the distribution channel. By knowing the room rates and the product value of the competitors, the hotel can realize its advantages and disadvantages comparing to the competitions through customer eyes. (Xotels, 30-33.)

8.2.4 Stage 4- Demand optimizing:

Optimizing demand is the act of controlling and influencing demand flow. It helps to sell the room at the highest price as possible in high season and reduce the number of empty rooms in
low season as much as possible. To control and shift the demand of P hotel, the author proposed four strategies of revenue management which are capacity management, duration control, discount allocation and overbooking. Table 14 shows the strategic objectives and the key activities of this stage. (Tranter et al. 2009, 90.)

<table>
<thead>
<tr>
<th>Stage 4: Demand optimizing: Control and shift demand</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Activity 4.1: Capacity management</strong></td>
</tr>
<tr>
<td>Based on the result of demand forecasting, determine how many rooms to save and how many rooms can be sold at discount rate at a specific time frame (months, weeks or days).</td>
</tr>
<tr>
<td><strong>Activity 4.2: Discount allocation</strong></td>
</tr>
<tr>
<td>Apply “Test minute deal” and “bundle discounts” accordingly to capacity management result.</td>
</tr>
<tr>
<td><strong>Activity 4.3: Duration control</strong></td>
</tr>
<tr>
<td>Use non-physical rate fences to control the flow of customers.</td>
</tr>
<tr>
<td><strong>Activity 4.4: Overbooking</strong></td>
</tr>
<tr>
<td>No-show ratio = [\frac{\text{Opportunities cost of an empty room}}{\text{Opportunities cost of an empty room + costs of rejecting customers}}]</td>
</tr>
<tr>
<td>Use Excel’s Norminv function to calculate the number of rooms that are allowed to be overbooked. [\text{=Norminv(\text{no-show ratio}, \text{estimated no-shows}, \text{standard deviation})}]</td>
</tr>
</tbody>
</table>

Table 14: Stage 4 implementation matrix

Capacity management and duration control are the control of room supply. The hotel must set its protection level which means the hotel must decide how many room to sell at discount price in advance and how many room to save so that they can be sold at full price later. This technique is also called nesting. The hotel has the power to control the length of stay of customers via reservation process to protect sufficient space for better deal. The difficulty is the demand is uncertain, by saving the rooms the hotel also facing the risk of not able to sell them. Hence, the hotel need to forecast the demand in advance. On the bright side, capacity management balances the risk of over selling guests with potential of loss room. Thus, by controlling the reservation, the receptionists know how many walk-ins they can accepts in the day of arrival. (Ivanov & Zhechev 2012, 180.)

Discount allocation is the act of controlling the time, types and numbers of room to sell at a discount rate. Discounts are often targeted leisure travelers who are more price sensitive but more flexible in time comparing to business travelers. The discount rooms come with strict
booking rules such as purchase in advance of weeks and non-refundable reservation, making them unattractive or unavailable to business travelers. In addition, there are two discount techniques that can be applied which are last minute deal and bundle discounts. Last minute discount is deep discount to reduce the number of empty rooms. To avoid cannibalization, hotel sell its rooms via last minute deal channels such as Priceline.com and Hotwire.com. Bundle discount or volume discount is used to trigger consumer buying motive since the more customers buy the lower the price. For instance, if the guests stay in hotel for one month, they can have 10% of discount of the room price. (Phillips 2005, 85,123-124, 236.)

In accommodation business, no-shows and late cancelations are the main threats for revenue loss. Furthermore, hotel guests may overstay or under stay which can lead to uncertain capacity and loss of potential revenue (Phillips 2005, 210). To protect itself, hotel uses overbooking to minimize the risk of revenue loss. In other words, hotel confirms more reservations than its capacity can hold with the hope that the number of overbooked reservations will match the number of no-shows, late cancelations and amendments. The formula for the calculation of number of overbooking rooms is included in the action plan (Implementation matrix). (Ivanov & Zhechev 2012, 180-182.)

8.2.5 Stage 5- Distribution channels:

Distribution channel is a key determinant of hotel revenue and pricing strategies. Beside the traditional sales channels such as phone center and email, nowadays, online distribution channels are very trendy as more and more travelers do their searching and booking online. Table 15 shows the strategic objectives and the key activities of this stage.

<table>
<thead>
<tr>
<th>Activity 5.1: Costs of different distribution channels</th>
<th>Apr-Jun</th>
<th>Jul-Sept</th>
<th>Oct-Dec</th>
<th>Jan-Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calculate costs of different distribution channels.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Call center &amp; email: staff salary &amp; efficiency</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intermediaries channels: commission fee and transaction fee</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activity 5.2: Percentage of distribution channels’ contribution</th>
<th>Apr-Jun</th>
<th>Jul-Sept</th>
<th>Oct-Dec</th>
<th>Jan-Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compare the cost and contribution of each channel then focus on the ones that bring the most profit.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total channel revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Channel contribution % = --------------------------------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total revenue generated by all channels</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 15: Stage 5 implementation matrix
The terms and conditions in the contracts of hotel with the intermediaries can significantly impacts the ADR, RevPAR and the whole revenue management practices of the hotel. The distribution cost is varied depend on the types of distribution channels (OTAs, GDS, Meta search and so forth). It can come in the form of commission or transaction cost. The price of the same room from the same hotel can be varied according to different distribution channels. (Tranter et. al. 2009, 108.)

The use of online distribution channels has three main benefits. Firstly, the selling cost is cheaper than traditional channels. Secondly, each channel targeted for specific customer segments therefore, based on the channel characteristics, customers’ price sensitivity and expectations can be predicted in advance. Thirdly, the differences in willingness-to-pay of customer from the channels can also be assumed. However, if hotels use too many distribution channels, there might be problem with inventory and they must manage all channels. Thus, not all channel is sufficient in generate bookings. The best solution is hotels should focus on the channels that contribute the most. Hotels can compare the efficiency between channels by calculating channel contribution percentage. The formula for this calculation is presented in table 15. (Phillips 2005, 79-80.)

9 Implementation of action plan’s first stage

In addition to creation of the action plan, to help the case hotel to have a good start, the author also helped the case hotel to implement the first stage of the action plan. This chapter presents the implementation process of the first stage of the action plan. Service design was used as the development tool. As results, customer segments and customer journey maps were developed.

Customer segmentation and customer journey mapping helped to gain an insight on customers purchase behavior and redraw their experience journey. Both customer segmentation and customer journey were built based on the participation observation method and hotel’s data of guest records in 2017. While the guest history records provided demographic information of customers, observation helped to study customers’ purchasing behavior, expectations and needs.

Globalization and the 4th industrial revolution have created many opportunities as well as challenges for companies and organizations. The supplier-centric market was replaced by consumer-centric market (Buhalis & Costa 2006, 17). Hence, the rapidly changes in customer behavior are one of the main challenges for businesses nowadays. The consumers are empowered by the internet, they have access to different sources of information with a very low price (Rifkin 2000; Stickdorn et.al. 2018, 6). They also become more independent, more ac-
tive and refer personalize experiences (Poon 1993; Stickdorn et.al. 2018, 6). To survive, businesses must understand their customers—what motivate the customers, what factors can influence customers’ decision-making process.

As the Copenhagen Institute of Interaction Design (2008) defined, service design is an emerging profession which concentrates on creating enjoyable experiences for customers by utilizing both tangible and intangible instruments. On the other hand, Ambrose & Harris (2010) also stated that the purpose of design thinking is to turn customers’ needs and expectations into efficient products and services. Hence, service design is the key element for business innovation and customer understanding.

Marc Sticdorn (2010) developed five principles that must be followed when using service design thinking. One, the design process is customer-centric. The service is difficult to measure and test since it is an intangible product. In other words, service is a combination of interactions between supplier and users. It is designed to satisfy users’ needs and expectations. Hence, designers must keep in mind that ‘Services should be experienced through the customer’s eyes’. Two, service design is a co-creation process, all stakeholders should be involved. This helps to enrich the ideas since opinions are given by people with different perspectives. Thus, involvement promotes teamwork spirit, everyone gets a clear thought about what they should focus on and what service proposition they are developing. Three, the service must be envisioned as a series of interrelated actions. The service is used in a specific timeline therefore, considering what will come up during this period and how they can affect customers’ mood are crucial. Four, since service is intangible it should be visualized by physical artefacts. Customers want to know and see what they are paying for. Five—the final rule, the service must be designed holistically. Customers enjoy the service with all their senses, therefore the physical environment where service is used should be considered carefully. The following illustration will present the four stages of service design. (Jakob & Marc 2010, 28-38.)
Figure 4 presents the framework of service design - the double diamond, which includes four stages: exploration, creation, reflection and implementation. Stage one is exploration, the designer need to understand the culture and goals of the company. As service design is a co-creativity process, there should be an agreement on the extent of designer power in making decision. Thus, most importantly, this stage aims to identify the problems through customer eyes and visualize them. Stage two is creation, the team tests and re-tests the generated ideas and concepts, which were developed based on recognized problem and customers’ requirements. The key feature of service design is to find problems, as much as possible, and develop solutions to fix them. Stage three is reflection. In this stage, prototypes are built from the best ideas and concepts which were chosen in stage two. The team continually tests and improves the prototypes until they reach the expectations. The final stage is implementation. The new service will be developed and launched. However, there might be changes during this process in enhancing the service effort. The change management is important, the team must keep the core concept that was developed from the previous stages. (Jakob & Marc 2010, 120-127.)

9.1 Customer segmentation

Without customers there is no business. Understanding customers is important, but recognizing and understanding profitable customers determine survival of the business. Customer segmentation is an effective practice to classify customer groups. A customer segment presents a customer group who shares the same interest and have similar purchasing pattern. To ensure the accuracy of the segment information, the team put a lot of effort into designing visual presentations and demographic and psychological traits. (Jakob & Marc 2010, 172.)

The major advantage of customer segment is that it reveals multiple perspectives of a service. This enable the design team to specify and engage the potential customer group that already existed in the market. Thus, a successful developed segment information not only presents the demographics of customer group but also their needs and expectations. (Jakob & Marc 2010, 172.)

Understanding the customer segments helps company to adapt to changes and customize product according to targeted segment needs and wants. This can lead to increase in market probability. For instance, the company can adjust the product mix, marketing strategies, distribution channels, pricing strategies and so forth. (Dolničar 2004, 11-12.)

To segment customer groups, the author and front desk department went through customer records of 2017 and the author’s field notes on customer observation. Revenue per customer,
purchasing channel, lengths of stay, number of parties, extra services purchased, room rate purchased, age, gender and income of customers were reviewed. Based on demographics in formation and the purchasing behavioral patterns, the team categorized customers into three types: frequenter, seasonal tourist and walk-in. The frequenter is divided into hourly stay couple group and nightly stay business traveler group. The seasonal tourist is also separated into big tourist group and young traveler. The customer segments are designed based on seven criteria: description of customer group characteristics, age range, income, what the group wants, what influence the group decision, how to approach the group and the group referred channels. The team decided to use excel since it is easy to adjust and update. The figure 5 shows customer segments of P hotel which includes five customer groups: couples, business travelers, group travelers, young travelers and walk-ins. The complete version of P hotel customer segments can be found in Appendix 2.

Figure 5: P hotel’s customer segments

The hourly stay couples often come 2-3 times/week and stay 1-3 hours each time. They are the hotel’s biggest source of revenue. The starting price for an hour in the room equal 50% of a standard room night price, addition hours will cost 10 000 VND each. They refer fast check-in and check-out process; the room must be well-cleaned. Hotel’s security level and customers’ privacy are the key determinants for their hotel selection.

Business travellers are middle-aged companies’ department managers and state employees attend conferences, festivals or on business trip. They often come as a group (2-5 persons) and stay 10-25 nights/year. The price is not their main concern as the hotel already has pricing agreement with their organization. They refer fast and efficient service, functional room with gadgets for entertainment and working table, business centre and convenient transportation rote. Their/their organization criteria for choosing the hotel are 24/7 front desk, hotel’s security level, group travelling, parking place, location, food and beverage availability.
The big tourist groups often are families, friends or colleagues who travel in summer or on public holidays. They come from other provinces and cities. The tours are self-funded. They book the rooms in advance of weeks or months. This customer segment stays 200-250 room nights/year. They refer functional room, hotel is not too far from city centre, convenient transportation route, well-equipped room amenities (toothbrush, toothpaste, etc.). When choosing a hotel, their top priorities are parking place, room price, and payment method. They can be approach via Website ads, Facebook ads, Zalo post and their booking channel reference are email, call center and OTAs websites.

Young travellers are students and young workers, aging from 18 to 30 years old. They often travel with friends on public holiday and festivals. They can be Sóc Trăng province’s citizens or nearby province and city citizens. They only stay one night each time they visit and refer a big room for 4-5 people. They refer nice interior design room, room with nice view, convenient transportation, many minibar options, and well-equipped room amenities. Their main concern while choosing a hotel are budget, accessibility and group travelling services. They can be approach via Facebook ads, Instagram/Pinterest and Zalo posts. Their referred communication channels are Email, Facebook, Zalo, OTAs website.

Walk-ins customers are often passers-by who need a place to stay for the night and leave early in the morning to continue their journey. They refer standard room and sometime as for discounts. The room should be functional and affordable. They choose the hotel based on its appearance and location.

9.2 Customer journey mapping

For service industry, especially tourism, it is challenging to translate the enhanced contact with a customer into better customer satisfaction and relationship. Customer journey mapping provides details on customer interaction and decision-making behaviour. Hence, it is a great tool for studying and understanding how customers anticipate, plan, experience and remember the experiences. (Buhalis & Costa 2006, 12; Stickdorn et.al. 2018, 44.)

Newbery & Farnham (2013, 142-143) suggested a framework for customer experience mapping which includes seven stages: awareness, consideration, purchase, first use, ongoing use, discontinue and recycle/renew. The framework was developed so that both the customer goals and business goals will be achieved while ensuring a good engagement between the clients and the company during the whole process.
Figure 6: Customer Journey framework (Newbery & Farnham 2013, 142-143)
Figure 6 presents the framework of customer journey map, suggested by Newbery & Farnham (2013, 142-143), which was employed to build P hotel’s customer journey maps. In the first stage- Awareness, this is when the customer realizes her need and starts to find solutions to fulfil it. By searching, she gets to know a few potential products or services she may use. To the second stage- Consideration, she begins to formalize needs and compares the alternatives. In the third stage- purchase, it means that she decided to act on her need. She is going to buy the product or service that was chosen in the second stage. (Newbery & Farnham 2013, 142-143.)

In the ``first use``- the fourth stage, this is when her expectation meet reality and if she is satisfying with the product or service, she will use it again. This leads the journey to the fifth stage- On going use. During this stage, she will share her experience to others and emergence of new needs may happen. On the other hand, if the solution (product or service) is not as efficient as expected or customer’s need changed, the customer will stop using the it. This stage is called Discontinue. The final stage is Recycle or Renew, it is when the life cycle of the purchased product or service has ended, and the customer will re-engage with a new product or service. (Newbery & Farnham 2013, 142-143.)

To helps customers to reach their goals, designers put themselves in customer perspective to find unsatisfied needs and factors that can influence buyers’ and users’ decisions. Rational thought process and emotional thought process are also taken into consideration. Finally, designers will come up with intended actions. On the other hand, to achieve the business goals, designers will perceive the process via business perspective which means partners, distribution channels, IT systems of engagement, marketing and sales, customer relationship management and finance will be considered. Thus, to create an engagement experience for both parties, touch points in each stage must be well developed. (Newbery & Farnham 2013, 142-143.)

For customer journey mapping, based on the designed customer segments, the author and front desk department decided to build experience journeys of the core customer group- business traveller, and the customer group that has the highest potential for growth- the young traveller. The team built the experience journey of Van- a middle age manager, presenting for business traveller group and the experience journey of Lan- a university student, presenting for young traveller group.

The customer journey maps were built based on Customer journey framework of Newbery & Farnham (2013) as described above. Each journey map includes three big stages: before the stay, during the stage and after the stay. In each big stage, there are smaller stages which are awareness, consideration, booking, check-in, staying, check-out and sharing the experi-
For each small stage, the team made assumptions on customer activities, the touchpoints, customer thoughts and customer emotional experiences through customer eyes. Recommendations were also developed at the end of each small stage. Figure 7 is a part of the experience journey map of Van, the manager. The full version of customer journeys of Van and Lan are available in Appendix 3 and 4.

Although there are similarities in customer activities and touchpoints in the journey map of Van and Lan, their thoughts and emotional experience are very different. While Van, the business traveller is more concerned about the efficiency of the hotel's services, availability of business centre and hotel surrounding environment, Lan focuses on the price, location and availability of big room. Because the trip is work to Van, he does not want any inconvenience and pay attention to details. In other work, he can be easily stressed out, the staff should make his staying experience as seamless as possible and be formal while talking to him. On the other hand, Lan and her friends are easy-going as they are on short vacation, the staff should provide a cheerful and welcoming atmosphere while serving them.
10 Conclusion

The successfully built action plan proves that revenue management is applicable in SMEs hotels. As SMEs hotel capacities is much smaller than chain hotels the applicable strategies and tactics are different. SMEs hotel's reservation and capacity are easier to manage and can be done manually. In addition, excels is a great tool for SMEs hotel in applying revenue management practices, which can help to build demand curve, calculate number of allowed over booking rooms and so forth, as guided in the action plan’s implementation matrix section.

The action plan was divided into five stages and included five strategies objectives which were created to help P hotel to utilize revenue management and improve its bottom-line after the whole plan is implemented. The first stage of action plan is customer understanding, the hotel needs to find it profitable customer groups and study them carefully. Customer understanding is the foundation of applying revenue management. The second stage is to know customer demand. By forecasting demand in advance, the hotel manager can determine price level and rate structures according to demand patterns. The third stage is to use product versioning and pricing strategies, they will help to prevent loss of potential revenue and customer segments. Next stage is to optimize demand, this act will control and shift demand for better business performance. The final stage is to enhance the efficiency of using distribution channels. It helps to effectively reach potential customer groups and targeted customer groups.

The biggest challenge the author experienced in this thesis project is the data analyzing process. For example, segmenting the customer groups is difficult as the boundaries between them are becoming blurry. However, the author finds the result very worthy for all the hard work. The action plan was completed in time, and the first stage of the plan was implemented successfully. The author also deepens her knowledge on revenue management and the structure of SMEs hotel. The author hopes that the hotel will be able to continue the implementation of the action plan as now their research skills are improved and their knowledge on revenue management is enhanced.
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Electronic sources


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### Appendix 1: Hotel's Staff Interview

<table>
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<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>What are the main challenges faced by the hotel staff?</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Question</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>How do they overcome these challenges?</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Question</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the most satisfying aspect of working at this hotel?</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Question</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>How do they feel about their work environment?</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Question</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>What are the best practices they follow to ensure guest satisfaction?</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Question</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>How do they handle complaints from guests?</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Question</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>What are their future plans for their careers at the hotel?</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Question</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>What advice would they give to new staff joining the hotel?</td>
<td></td>
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</tbody>
</table>

---

Note: The responses are placeholders and should be replaced with the actual interview notes and responses from the hotel's staff.
<table>
<thead>
<tr>
<th>Style of Business</th>
<th>Room and Other Public Areas</th>
<th>Rates of Occupancy</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Casual hotel</td>
<td>0.0% - 50.0%</td>
<td>50.0% - 99.9%</td>
<td></td>
</tr>
<tr>
<td>Corporate hotel</td>
<td>0.0% - 50.0%</td>
<td>50.0% - 99.9%</td>
<td></td>
</tr>
</tbody>
</table>

The table above shows the percentage of rooms occupied in different types of hotels. The data is based on historical occupancy rates and can vary depending on factors such as location, season, and market conditions. Understanding these rates is crucial for hotel managers to make informed decisions regarding staffing, marketing, and operational strategies.
Appendix 5: P hotel’s Revenue Management Plan

**Revenue management action plan for P hotel by Nhi Huynh**

**Visions**

The increase of tourism demand in the past ten years is the result of the Soc Trang province leaders’ effort in turning tourism into vital industry. Hence, Soc Trang’s accommodation business has a strong foundation for growth.

Customer trends are emerging and customer segments are diversifying, revenue management can help SMEs hotels to respond to market demand.

**Desirable results**

Introduce and apply the strategic management concept - revenue management, to SMEs hotel.

Increase P hotel bottom-line by utilising suitable revenue management strategies and tactics without the help of expensive and complicated Revenue Management System.

**Stages and strategic objectives**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Activity 1.1:</strong> Customer segmentation</td>
<td><strong>Activity 2.1:</strong> Demand calendar</td>
<td><strong>Activity 3.1:</strong> Price discrimination</td>
<td><strong>Activity 4.1:</strong> Capacity management</td>
<td><strong>Activity 5.1:</strong> Costs of different distribution channels</td>
</tr>
<tr>
<td><strong>Activity 1.2:</strong> Customer journey mapping</td>
<td><strong>Activity 2.2:</strong> Demand curve</td>
<td><strong>Activity 3.2:</strong> Product versioning</td>
<td><strong>Activity 4.2:</strong> Discount allocation</td>
<td><strong>Activity 5.2:</strong> Percentage of distribution channels’ contribution</td>
</tr>
<tr>
<td><strong>Activity 3.3:</strong> Rate fences</td>
<td></td>
<td><strong>Activity 3.4:</strong> Benchmarking</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Activity 3.5:</strong> Overbooking</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Implementation matrix**

<table>
<thead>
<tr>
<th>Stage 1. Customer understanding: Find and gain profound understanding of profitable customer groups</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Activity 1.1: Customer segmentation</strong></td>
</tr>
<tr>
<td><strong>Activity 1.2: Customer journey mapping</strong></td>
</tr>
<tr>
<td><strong>Activity 2.1: Demand calendar</strong></td>
</tr>
<tr>
<td><strong>Activity 2.2: Demand curve</strong></td>
</tr>
<tr>
<td><strong>Activity 3.1: Price discrimination</strong></td>
</tr>
<tr>
<td><strong>Activity 3.2: Product versioning</strong></td>
</tr>
<tr>
<td><strong>Activity 3.3: Rate fences</strong></td>
</tr>
<tr>
<td><strong>Activity 3.4: Benchmarking</strong></td>
</tr>
<tr>
<td><strong>Activity 4.1: Capacity management</strong></td>
</tr>
<tr>
<td><strong>Activity 4.2: Discount allocation</strong></td>
</tr>
<tr>
<td><strong>Activity 4.3: Duration control</strong></td>
</tr>
<tr>
<td><strong>Activity 4.4: Overbooking</strong></td>
</tr>
<tr>
<td><strong>Activity 5.1: Costs of different distribution channels</strong></td>
</tr>
<tr>
<td><strong>Activity 5.2: Percentage of distribution channels’ contribution</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activity 1.1: Customer segmentation</th>
<th>Apr-Jun</th>
<th>Jul-Sept</th>
<th>Oct-Dec</th>
<th>Jan-Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Study customers’ historic records of last year which include length of stay, days of week stay, total revenue per room, total revenue per client, booking lead time, cancellation %, no show ratio.</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Combine customers that have similar purchasing patterns and requirements into the same group. Focus on groups that bring the most profits, not all customer segments is profitable.</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Start to build a typical profile for each of targeted customer groups.

<table>
<thead>
<tr>
<th>Activity 1.2: Customer journey mapping</th>
<th>Apr-Jun</th>
<th>Jul-Sept</th>
<th>Oct-Dec</th>
<th>Jan-Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Determine customer behavioral stages in the experience map: pre-purchase, purchase, using, after-use.</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Set goals for each stage via customer eyes</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Establish touchpoints - direct or indirect interactions between the hotel and customers, for all stages of the map.</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Demonstrate possible positive and negative experiences that may occur to customers.</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Suggest solutions for improvement.</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Stage 2. Demand forecasting: Determine price level, rate structures according to demand patterns

<table>
<thead>
<tr>
<th>Activity 2.1: Demand calendar</th>
<th>Apr-Jun</th>
<th>Jul-Sept</th>
<th>Oct-Dec</th>
<th>Jan-Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Determine contents of demand calendar which include RevPAR last year, groups and events last year, demand level indicator last year (High, Medium, Low, Distressed), demand level indicator this year, national holidays and events of this year.</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decide the duration of demand calendar.</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Note: The data of last year for analysis must also be equivalent to this year.</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collected data according to determined contents of demand calendar.</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use excel to build the calendar - as it is easy to update, complete the demand calendar.</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activity group 2.2: Demand curve</th>
<th>Apr-Jun</th>
<th>Jul-Sept</th>
<th>Oct-Dec</th>
<th>Jan-Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collect last year data of number of bookings which occurred from 0-90 days prior to arrivals.</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use line chart to build the demand curve as it is easy to update and easy to compare between different periods. Horizontal axis presents the number of reservation days prior to the stay and vertical axis presents equivalent booked rooms.</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Stage 3. Product differentiation & pricing strategies: Prevent loss of potential revenue and customer segments

<table>
<thead>
<tr>
<th>Activity 3.1: Price discrimination</th>
<th>Apr-Jun</th>
<th>Jul-Sept</th>
<th>Oct-Dec</th>
<th>Jan-Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Based on customer segmentation and customer journey results, set different prices (about 2-3) for the same customer segment in different periods (high and low season), do this to all customer segments.</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Note: Pay attention to the groups’ purchasing behavioral, room price should not be higher can customer-willingness-to-pay rate.

<table>
<thead>
<tr>
<th>Activity 3.2: Product versioning</th>
<th>Apr-Jun</th>
<th>Jul-Sept</th>
<th>Oct-Dec</th>
<th>Jan-Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase the number of room categories into four: single room, standard room, superior room and VIP room. Use four standard rooms with nice view, increase the amenities and turn them into superior rooms.</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Do pricing matrix for all room types.</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ensure that the differences between room categories and their values are efficiently marketed to customers.</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activity 3.3: Rate fences</th>
<th>Apr-Jun</th>
<th>Jul-Sept</th>
<th>Oct-Dec</th>
<th>Jan-Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Set physical rate fences which are room location, number of parties in one room, room types, amount of amenities.</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Set non-physical rate fences which are membership, group booking, time of stay (weekday or weekend), duration of stay, timing of booking, walk-in or reservation, types and time of reservation.</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activity 3.4: Benchmarking competitors</th>
<th>Apr-Jun</th>
<th>Jul-Sept</th>
<th>Oct-Dec</th>
<th>Jan-Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Determine benchmarking criteria which are prices, product, service quality, location and distribution channel.</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Anticipate competitors’ pricing strategies.</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Comparing the hotel to competitors based on benchmarking criteria, define what should be improved and what should be kept.</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

Stage 4. Demand optimizing: Control and shift demand

<table>
<thead>
<tr>
<th>Activity 4.1: Capacity management</th>
<th>Apr-Jun</th>
<th>Jul-Sept</th>
<th>Oct-Dec</th>
<th>Jan-Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Based on the result of demand forecasting, determine how many rooms to save and how many rooms can be sold at discount rate at a specific time frame (months, weeks or days).</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activity 4.2: Discount allocation</th>
<th>Apr-Jun</th>
<th>Jul-Sept</th>
<th>Oct-Dec</th>
<th>Jan-Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apply &quot;last minute deal&quot; and &quot;bundle discounts&quot; accordingly to capacity management result.</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activity 4.3: Duration control</th>
<th>Apr-Jun</th>
<th>Jul-Sept</th>
<th>Oct-Dec</th>
<th>Jan-Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use non-physical rate fences to control the flow of customers.</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activity 4.4: Overbooking</th>
<th>Apr-Jun</th>
<th>Jul-Sept</th>
<th>Oct-Dec</th>
<th>Jan-Mar</th>
</tr>
</thead>
</table>
Opportunities cost of an empty room

No-show ratio = -----------------------------------------------

Opportunities cost of an empty room + costs of rejecting customers

Use Excel’s Norminv function to calculate the number of rooms that are allowed to be overbook.

"=Norminv(no-show ratio, estimated no-shows, standard deviation)"

<p>| Stage 5. Distribution channels: Enhance the efficiency of using distribution channels |</p>
<table>
<thead>
<tr>
<th>Activity 5.1: Costs of different distribution channels</th>
<th>Apr-Jun</th>
<th>Jul-Sept</th>
<th>Oct-Dec</th>
<th>Jan-Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calculate costs of different distribution channels.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Call center &amp; email: staff salary &amp; efficiency</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intermediaries channels: commission fee and transaction fee</td>
<td></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Activity 5.2: Percentage of distribution channels’ contribution</th>
<th>Apr-Jun</th>
<th>Jul-Sept</th>
<th>Oct-Dec</th>
<th>Jan-Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compare the cost and contribution of each channel then focus on the ones that bring the most profit.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total channel revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Channel contribution % = -----------------------------------------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total revenue generated by all channels</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>