

Saimaa University of Applied Sciences
Faculty of Tourism and Hospitality, Imatra
Degree Programme in Hotel, Restaurant and Tourism Management

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Optimizing the Role of Hotel Front Office Staff in Modern-Day Revenue Management

Thesis 2019

Abstract

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The purpose of this research-based thesis was to examine the possibilities for optimizing the role of front office staff in a hotel's revenue management strategy. The thesis was not intended to generalize, but to demonstrate challenges and missed opportunities that are possibly occurring in practice, thus provoking front office clerks and their managers to review their performance. With a focus on these customer-facing associates, the study also aimed to address a holistic revenue culture beyond the traditional yield management team in a hotel.

The author followed a qualitative methodology and collected empirical data by conducting semi-structured interviews with hotel front office practitioners, including staff and managers, from several countries. Since very limited literature on the topic itself was found, various research streams in revenue management and front office operations were reviewed to first identify useful themes and concepts. A conceptual framework was built to form a base for the interview questions and the thesis report structure. The key themes to be investigated include the hotel revenue management system and the role of front desk agents in it, revenue management tools they can employ, customer-related factors, and impacts of external market conditions and of internal communication, training and incentive schemes.

The results of the study indicated considerable gaps between the perceived and actual influences the front desk staff can have on hotels' bottom line, hence a basic need for a change of mindset. The interviewees' responses implied many more ways they could support hotel revenue management than they acknowledged. The shift towards "total" and "customer-centric" revenue management further highlights the importance of front office staff's involvement. The thesis proposes ways to integrate revenue management practices into the daily front desk functions, and benefits of standard training in ensuring consistent revenue optimization efforts.

Keywords: hotel revenue management, front office staff, total revenue, customer-centric revenue management

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Appendices

Appendix 1 Interview Question Matrix

1 Introduction

To date, revenue management (RM) has become a mature area of research in the hospitality field, and an important methodology more and more hotels have adopted for maximizing revenue from their resources. The discussion, however, has mostly centered on the role of the Revenue Manager. More recent research (for example Wang et al. 2015) suggests a major shift of focus in the practice of RM from educating revenue managers towards developing an RM culture across the organization. As revenue managers are searching for more sources and channels of business and revenue, this thesis aims to draw attention to a wider revenue culture in the hotel, and particularly to an often overlooked area in this regard – the hotel front desk.

Traditionally, the front desk or Front Office (FO) department is viewed as a hotel's center for communication and transactions with its guests. The FO undeniably has a significant role to play in a hotel's daily operations and a profound influence on the guests' first and overall impression of the property. Nonetheless, whether in the academic literature or in practice, rarely is the role of FO employees associated with strategic, revenue-generating aspects of the hotel business. It was not until online booking platforms experienced an exponential growth and automation technologies were introduced into hotel operations that industry experts began to question the need for the guest-registering and room-assigning FO clerks. To reinforce the role of these FO staff and prove their worth, a logical way for hoteliers is to ensure that their FO associates actively contribute to the hotel's profitability.

Inspired by the author's internship experience as a hotel FO agent as well as by a literature review on the evolving nature of RM in hotel operations, this thesis is an attempt to explore the potential of hotel FO personnel to support modern RM strategies. A study on this topic offers the author an opportunity to reflect on her first-hand learnings and the issues she herself encountered on the job. The research findings, however, should generically benefit the FO practitioners and their managers. The ultimate goal is to raise all parties' awareness of a more strategic role FO employees can adopt, and help hotels better utilize the manpower that are closely interacting

with their valuable customers. Simultaneously, the FO staff, as well as hospitality students heading for FO positions, may learn from this study about their potential to enhance their job performance, and about strategic hotel management, in order to improve professional competence and widen their career horizons.

Since not much research has been dedicated to this subject, this thesis may also contribute to RM research field. It can give current insights and encourage further research into the literature gaps, such as the training and upskilling aspect for the entire staff to understand their responsibility in running a profitable hotel. Research has thus far focused on customers' perceptions and technical facets of RM, and overlooked, for instance, educational matters for people implementing RM (Wang et al. 2015).

Overall, this research should answer the question as to why involving and empowering the FO team in RM activities is important to the success of a hotel's RM program. This primary question can be broken down into more specific issues to examine, or the following research questions.

(1) How do hotel companies appear to be tapping the potential of their FO staff to practice RM?

(2) In what ways can FO staff contribute to their hotel's RM strategies and integrate RM practices into their daily working routine?

(3) How can the FO team influence a hotel's approach to a more holistic and customer-centric RM model?

(4) How can FO staff be trained and incentivized to become efficient revenue generators within the constraints of their conventional task profile?

These research questions will be discussed throughout the thesis, but definite answers will be given in the final chapter. In view of these research issues, conducting in-depth semi-structured interviews with FO practitioners is the method chosen to

gather empirical data for the study. A research question can be answered through the results of several interview questions discussed in different chapters.

2 Overview of the theoretical and conceptual framework

2.1 Revenue management

This section gives an overview of the essence and principles of RM defined in the literature, especially in the area of hospitality management research. A broad understanding of the RM concept as well as recent developments in RM practice and their implications for hotel management should help justify the choice of the thesis topic as well as serve as background knowledge for the entire research.

The concept of Revenue Management refers to a planning system, especially for capacity-constrained service industries such as airlines and hotels, to optimize revenue and profit from a fixed supply of perishable goods or services. In practice, RM is an umbrella term for numerous strategies and tactics, including but not limited to pricing strategies, to allocate the right (proportion of) capacity to the right end-user at the right price at the right time. These strategies are developed based on an understanding and forecast of demand and behavior of different customer segments with different levels of willingness to pay. (Ivanov 2014; Kimes & Wirtz 2003; Padhi & Aggarwal 2011.)

From several studies (see, for example, Kimes & Wirtz 2003; Sanchez & Satir 2005, cited in Padhi & Aggarwal 2011), it emerges that RM has been, by definition, largely about pricing strategies. In the case of hotel businesses, RM has traditionally implied short-term techniques of varying room rates according to projected demand and supply patterns. For instance, a principle for RM tactics proposed by Orkin (1988) is that when demand is high, maximize room rates, restrict availability of low-rate categories, and give priority to groups that are willing to pay higher rates; when demand is low, maximize room sales, open all rate categories and provide promotional rates to price-sensitive customers. However, some significant shifts of focus in RM have been discussed in more recent literature. Kimes (2010), as cited in Wang et al.

(2015), suggests a shift from short-term RM tactics towards a more strategic and holistic RM approach, which would involve all revenue centers in a hotel beyond the guestrooms. Among proponents of this shift, Wang et al. (2015) further support a change of focus from educating revenue managers only to developing an RM culture organization-wide, as well as from a revenue-centric approach to a customer-centric approach. These shifts, which require more internal cooperation between all hotel departments and external engagement with customers, will be taken into consideration throughout this research work to identify if they carry any implications for the role of FO staff in practicing RM.

Before leaping to an analysis of the role of hotel front office staff in practicing RM, it can be beneficial to review the functions of the officially designated revenue manager or RM team. As Ivanov (2014) infers from a review of several literature sources, human resources including revenue managers or RM teams are crucial to the success of an RM system. Depending on the property size and how advanced the RM system of the hotel is, RM specialists can have different job descriptions, but they usually come from hotel management board, reservation department, sales and marketing department, or also from the front office (Ivanov 2014; Wang et al. 2015). Since market segmentation, timing (matching demand and supply) and pricing are considered the bedrock of RM (Padhi & Aggarwal 2011), the RM team's functions also center around forecasting each market segment's demand, setting and adjusting room rates, and managing room inventory and booking channels (Wang et al. 2015). Decisions as to, for instance, how many rooms should be available for each rate, whether to take transient guests or business groups, when a rate restriction is needed, or when a discounted rate would be more profitable, typically rest with a hotel's RM team.

The RM team can optimize their decision-making process by using various RM techniques and based on historical and current data from the hotel's property management system (PMS), other departments, and their own insights or judgement, such as predicted occupancy, no-shows or cancellations for a given period. Alongside technical and mathematical skills, a revenue manager or RM team also needs to

have interpersonal competence to communicate to all the revenue centers and motivate all the hotel staff to implement the RM strategies that have been developed (Legohérel et al. 2013, pp. 50-51).

2.2 Hotel front office

This section presents a preliminary review of literature on the FO department and its traditional functions in the hotel industry. The term "Front Office" is used in hotels worldwide and refers to employees working directly with guests and often also as the first point of contact for the arrivals. FO department can be part of the Rooms Division department and consist itself of different function areas namely reception, reservations, guest relations, concierge, switchboard, bell service, and so on. Irrespective of the hotel size or type, and whether some of those sub-departments are included or not, FO is still considered a highly visible department and an important information center for both guests and employees throughout the hotel.

Traditionally, the front desk staff have been depicted (see, for example, Bardi 2003) as primarily responsible for checking the guests in and out, creating and processing reservations and guest accounts, answering phones and maintaining correspondence with guests, assisting guests and coordinating hotel services for them, accurately posting charges on guest folios and collecting payments, and many other tasks. Of course, the scope and nature of FO operations vary from hotel to hotel depending on the amount of contact and interaction between the FO staff and the guests, before and during a guest's stay, according to Baker et al. (2001). As FO tasks can be very broad-ranging, segmenting FO functions based on where and when they are performed can provide a clearer definition of FO operations, which will be referred to in the rest of this paper.

This research focuses on the position of the front desk clerk, also known as receptionist or guest service agent, rather than on other positions such as bell staff, telephone operator or the position of the FO manager. Firstly, FO functions can be divided into front-of-the-house operations such as handling booking requests, collecting and providing information at check-in, or settling guest bills, and back-of-the-

house operations, such as managing guest accounts, rate check, or preparing guest bills and reports (Baker et al. 2001). Secondly, FO functions can be organized into the different stages of the guest stay including pre-arrival, arrival, occupancy, and departure, as presented also by Baker et al. (2001) in the form of a so-called Guest Cycle (see Figure 2.1).

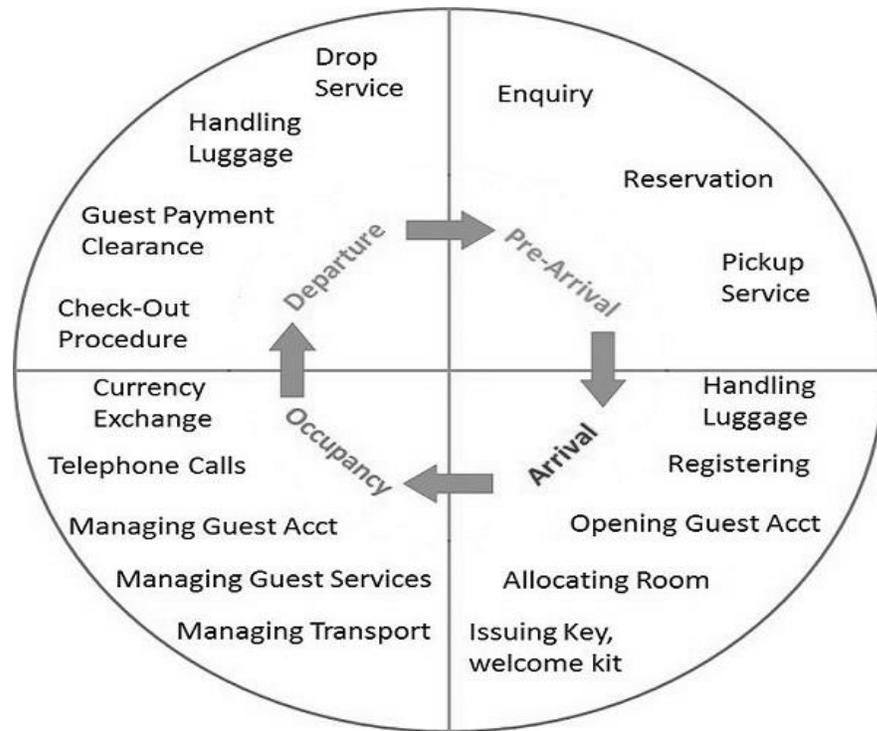


Figure 2.1. The guest cycle (Baker et al. 2001)

2.3 The conceptual framework

This study follows the deductive (or theory-driven) approach and is reported using the so-called “zipper method”, meaning that empirical findings on each research issue are juxtaposed against the respective theoretical viewpoints expressed in the literature (Altinay & Paraskevas 2008, p. 168; Hämäläinen 2017). Since the theories will be discussed along with the findings from the interviews later in the paper, this chapter presents only the general conceptual framework developed for the thesis. The framework encompasses the key theories and concepts examined throughout the study, and illustrates how they are interconnected, as well as the order in which

they are going to be discussed in the report. For the empirical work, the framework also helped design the preliminary interview structure.

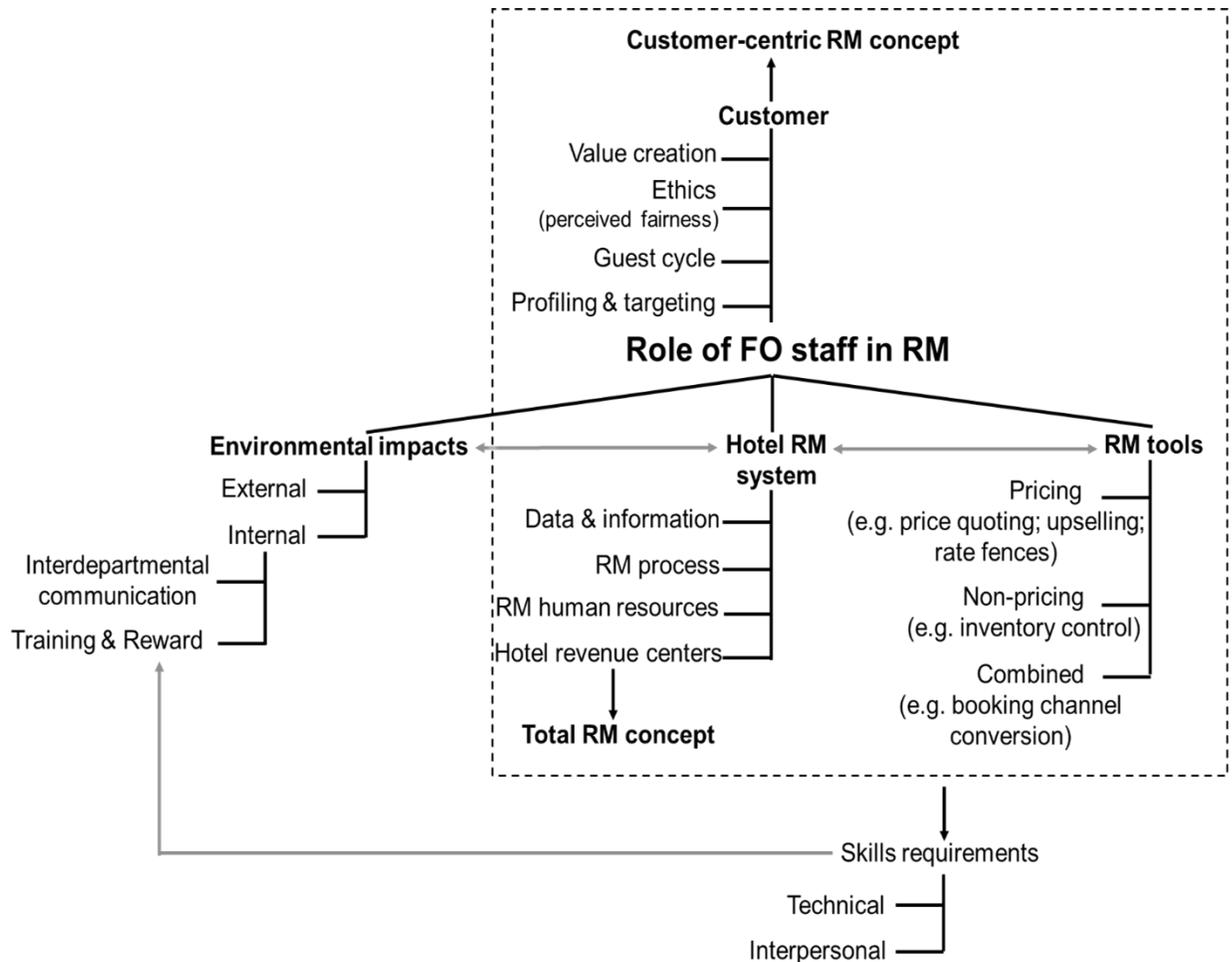


Figure 2.2. Conceptual framework developed from the literature review, including RM system (Ivanov & Zhechev 2012) and RM concept map (Ivanov 2014)

Multiple sources and streams of research have been consulted for establishing the framework as illustrated in the figure above. The principal sources, however, are literature on the RM system in Ivanov and Zhechev (2012) and the RM constellation concept map in Ivanov (2014). Due to the lack of research into the thesis subject itself, the preparatory approach adopted was to search for allusions to the role of hotel FO staff in the existing literature on various RM activities and techniques. That

way, a more concrete idea of the FO staff's potential (when, where and how) to integrate RM practices into their usual work routine could be formed from the theory.

With that purpose in view, the first key concept to be studied is "hotel RM system". According to Ivanov and Zhechev (2012) and Ivanov (2014), the RM system incorporates a range of structural components (such as data and information, and the hotel's revenue centers), processes, techniques, and human resource elements, for the purpose of achieving the hotel's RM goals. From the general literature on the composition of the hotel RM system, where booking requests are processed and concrete RM decisions are made, the potential of FO employees to be involved and make impacts could be interpreted.

Discussed together with the RM system in Chapter 4, "RM process" is one of the RM system elements to take into consideration. Literature on the stages of the RM process may indicate specific RM tasks and activities that FO agents can bring into their own roles. The main model to be studied is Ivanov and Zhechev's (2012) seven-stage RM process illustrated in Figure 4.1. Regarding the "data and information" element, data requirements and performance metrics for practicing RM will be studied in Chapter 5 in order to determine which information the FO staff can already find or still lack access to in their position to be able to support RM operations.

Another component of an RM system that is worth studying is "hotel revenue centers" i.e. the potential sources of revenues for a hotel, including but not limited to room revenues (Ivanov 2014). Linked with this element in the conceptual framework, the concept of "total RM" will be discussed in Chapter 7. The new focus on optimizing total profit from different hotel revenue centers (Kimes 2017; Wang et al. 2015) will be reviewed, as it may carry current implications for the front desk functions.

Since this study is centered on individual staff members at the front desk, their conventional duties and their potential for upskilling, the "human resource" element will also be discussed as part of the hotel RM system. The discussion is on the one hand

about the role of hotel RM leaders in communicating and engaging with FO employees, and on the other hand about human resource issues with the FO staff themselves, and how these issues affect their involvement in implementing RM.

The second key theme in the conceptual framework is RM tools, which refer to techniques or instruments hotels can utilize to execute RM strategies. This theme will be discussed in Chapter 6 and include three groups: pricing, non-pricing and combined tools. Only certain RM tools derived from the literature review based on their relevance to FO staff's functions are to be investigated in the empirical research. Originally, RM tools are also an element of the RM system model developed by Ivanov and Zhechev (2012). However, they are featured in the conceptual framework for this particular research as a separate factor determining the potential of FO staff to contribute to RM. This is supposed to direct a clearer focus towards RM tools as techniques and skills of the individuals, rather than merely as an element of a technical system run by revenue managers and RM software.

The third major theme, which will also be discussed in Chapter 7, is the "customer" factor and the concept of "customer-centric RM". The concept of RM and CRM as complementary functions has mostly been discussed in RM research literature, but not yet embraced by the practitioners, although RM involves reacting to, predicting and influencing consumer behavior for the formulation of pricing and inventory control strategies. Literature on the relationship between RM and CRM will be reviewed to see if FO can contribute to RM in this regard, considering that FO staff interact directly with both in-house and potential guests, and may need updated training to be able to adopt RM while working on guest service (Noone et al. 2003). Adapted from Ivanov's (2014) RM constellation concept map and reviewed from the FO staff's perspective, this "Customer" theme includes concepts such as "profiling and targeting customers", "value creation", and "ethical issues". Adding the Guest Cycle (see Section 2.2) to this theme, the author continues to examine the potential of integrating RM practices into the daily work routine at the front desk.

A hotel's RM system is also affected by a variety of external and internal environmental factors (Ivanov 2014). Likewise, FO staff's involvement in RM can fall under

certain environmental influences alongside customer-, system- and technique-related factors. The impacts of “training and rewarding” will be discussed in Chapter 8, whereas other environmental factors will be addressed under the respective themes where they are at play. The “training and rewarding” element is also linked with the “skills requirements” emerging from all other themes, in order to complete the cohesion among all elements of the conceptual framework.

To conclude, the conceptual framework should serve as a concept map of key themes derived from the literature review or, as termed by Altinay and Paraskevas’s (2008, p. 168), a “coding schema” with “codes” referring to concepts or issues that the author has recognized as important for the thesis subject and that will be later discussed in detail in this paper. The framework has also influenced the design of the empirical research in terms of data collection and analysis methods. This is also the reason why Altinay and Paraskevas (2008, p. 80) consider the conceptual framework as a crucial *input* into a theory-driven research. The analysis of collected data will be structured in a similar order to the order of introducing the themes in this chapter. This order was meant to express the hypothesized linkages between different themes, which will also be investigated in the empirical study. Only a few elements, such as human resource and external environmental factors, will be mentioned where applicable rather than under separate chapters of their own.

3 Empirical research methods and process

3.1 Overview

After the preliminary literature review, an empirical research was conducted in order to test and interpret in reality the theories postulated in the conceptual framework. Figure 3.1 is an illustration of the research methodology adopted.

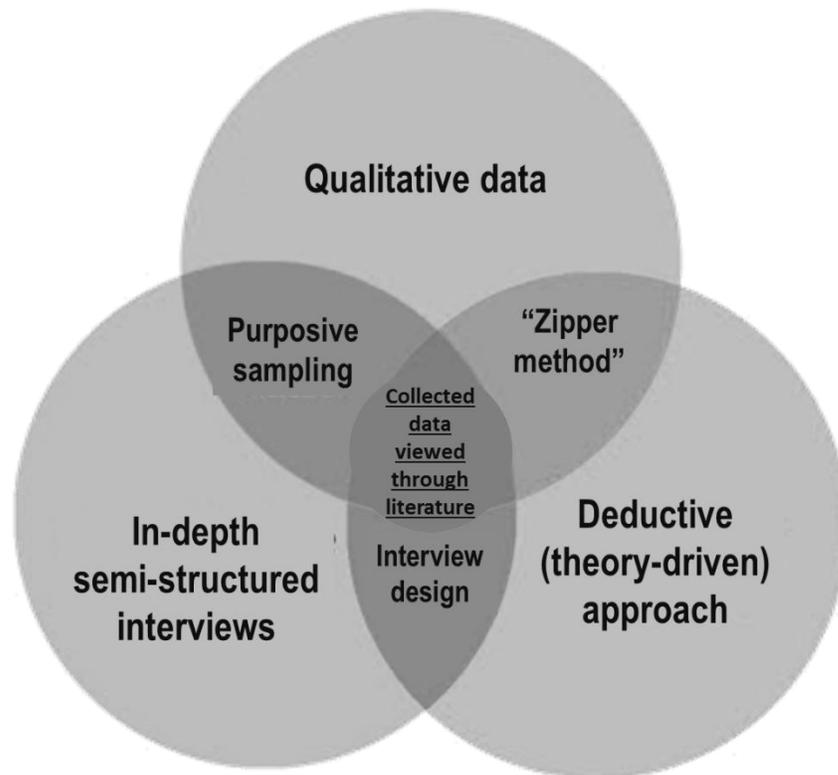


Figure 3.1. Research methodology

A qualitative methodology was adopted with a view to gaining non-quantifiable insights into opinions, attitudes, experiences and professional knowledge from people working in the real-life contexts. Such insights would allow this research to draw practical implications for the issues under investigation. Considering that a lot of probing might be required to get the target informants to give some thought to a topic they would not have noticed otherwise, qualitative study methods were deemed to be more effective in encouraging a small sample of individuals to give an in-depth representation of their experiences and perspectives. Indeed, Altinay and Paraskevas (2008, p. 75) describe the nature of qualitative research as *probing*, and therefore, it helps reconstruct a wider diversity of situations that the researcher has never reckoned with.

Towards the aim of achieving an intimate knowledge about the professional working environment, in-depth semi-structured interviews were conducted with a selection of FO workers to collect empirical data. Purposive or self-selection sampling method

was employed for drawing the interview sample based on certain characteristics they possess as described later in Section 3.3.1.

Since the main research approach is deductive, the preliminary interview structure was designed based on the theories and conceptual framework. Also, the “zipper method” is used for this report, meaning that empirical data will be structured hand in hand with the respective theories, in order to facilitate an easy-to-follow analysis of a heavy volume of qualitative data. All in all, as a result of all the elements of the methodology, the collected data will be viewed through the “lenses” of the literature themes selected for the conceptual framework (Altinay & Paraskevas 2008, p. 168).

3.2 Semi-structured interview and formation of interview questions

When it comes to collecting in-depth data for describing how and explaining why an issue is taking place, semi-structured interview is usually a desirable method to strike a balance between structure and flexibility. This method allows the researcher to tailor the predefined set of questions for each interviewee, to provide explanations and to probe into details where needed. (Altinay & Paraskevas 2008, pp. 113-114; Gillham 2009.) While semi-structured interviews were conducted with the majority of informants, a slightly different interview format, which is email interviewing, was offered as an alternative to two FO managers due to their tight schedule. According to Gillham (2009, p. 108), an email interview can capture as good quality data as an interview done in person. Furthermore, follow-up emails were exchanged in order to ensure all the important questions were covered and all the interviewees gave comparable opinions. In fact, while personal semi-structured interviews encouraged the respondents to give more detailed and spontaneous answers, but possibly also wordier and unguarded or exaggerated ones, email interviews are normally less intrusive and allowed the busy managers to spend ample time giving more considered responses at a controlled pace when it suits them, although this medium may offer less interaction.

Whether done face-to-face or via email, all the interviews were semi-structured in essence, hence the importance of preparing a list of interview themes and questions

in advance. The questions were designed on the basis of the thesis's research questions (see Section 1.1) and the key themes featured in the conceptual framework. Around 21 interview questions were formed and presented in the Interview Question Matrix in Appendix 1 to explain which interview questions were meant to answer which research question, and where in the thesis report the result of each interview question can be found. Meanwhile, on the list for interviewees, the interview questions were divided into three themes, each of which started from more general and background-related questions. The first theme collected demographic data about the interviewees and their hotels, and their general opinions on the topic. The second theme concentrated on exploring the revenue-optimizing potential of FO staff. The last theme was comprised of questions on training and rewarding issues for FO employees in practicing RM. Most of the questions were open-ended and followed by probing questions that allowed closer investigation into the initial answers.

The question list not only served to give the informants an overview of the interview content, but also to prevent the interviewer from digressing. By preparing the questions, the interviewer also prepared to clarify the questions without ending up giving leading questions, and to provide timely prompts during the interviews to ensure equivalence among questions for all interviewees (Gillham 2009, p. 76).

3.3 Data collection process

3.3.1 Sampling and recruitment methods

In view of the time constraints and difficulty in reaching suitable interview subjects, who would be articulate enough about their professional knowledge as well as willing to disclose it, the author decided to select only a small sample for the in-depth qualitative interviews. Alasuutari (1995) explains, as cited in Altinay and Paraskevas (2008, p. 101), that qualitative research does not attempt at generalizing, but at achieving a rich understanding of the subject at issue. Due to the lack of rigorous, generalizable statistics typically obtained by quantitative sampling methods, an increased focus here should be on the accuracy and depth of data collected from each

respondent. As a result, the researcher needed to select the interviewees more meticulously, and self-selection sampling, or “purposeful (purposive) sampling”, was employed. A selection of interviewees or “cases” that are rich in information but at the same time different from each other in certain predetermined aspects should be drawn. The principle behind this method, according to Altinay and Paraskevas (2008, p. 103), is that the assemblage of responses from a small and, in some senses, elusive sample, can still represent the research population with reasonable accuracy, as long as the sample cuts across a wide range of population variation.

Deemed important to pre-define the suitable sample, the key characteristics the interviewees need to have in common include the size of their hotel and the presence of an RM system in the organization. Considering that RM is typically applied by hotel companies handling sales volumes of at least 100 rooms (Legohérel et al. 2013, p. 7), interviewees were recruited from four- to five-star hotels with around 150 rooms and more. Hotels of such sizes normally have a more fully developed organizational structure and service range for the application of diverse RM tools and techniques. All the hotels selected are part of international chains, apart from Caravelle Saigon Hotel (Vietnam) which is an independent international five-star hotel. The geographical locations of the hotels are therefore not likely to make a significant impact on the background equivalence of interview cases considering the aims and focus of this research.

From this common background of hotel size and type, every informant should be different from one another in some respect(s). The interviewees are working in different countries, and can differ in terms of professional education background, knowledge about RM, or years of experience and position in the FO department. Thorough and representative findings can be achieved by collecting distinct opinions and varied situations while detecting common patterns and implications for the whole research population (Altinay & Paraskevas 2008, p. 103).

Suitable interviewees were recruited through personal connections as well as through scouting directly at suitable hotels. The sampling and recruitment process ended as soon as the already conducted interviews inferred that data saturation

might have been reached. This was when enough data on the key issues have been achieved and the chance to get new information was minimal (Fusch & Ness 2015), in view of the interviewees' lack of either willingness or ability to reveal more information to the questions asked. Table 3.1 below gives an overview of the nine interview participants selected.

| | Interviewee (referred to by hotel's name and location) | Position in FO | Years of FO experience |
|---|---|--|-------------------------------|
| 1 | Holiday Inn Doha (4-star, Qatar) | FO clerk | 1 |
| 2 | IntercityHotel Dresden (4-star, Germany) | | |
| 3 | Sheraton Saigon (5-star, Vietnam) | | |
| 4 | Caravelle Saigon (5-star, Vietnam) | | 1.5 |
| 5 | Ritz Carlton Abu Dhabi (5-star, UAE) | | 2 |
| 6 | Four Seasons St. Petersburg (5-star, Russia) | Guest Experience assistant manager (former receptionist) | 3 |
| 7 | Holiday Club Saimaa (4-star, Finland) | FO manager | 8 |
| 8 | Scandic (Patria) Lappeenranta (4-star, Finland) | FO manager | > 10 |
| 9 | Sheraton Hanoi (5-star, Vietnam) | FO manager (former Revenue manager) | |

Table 3.1. Overview of the interview participants

3.3.2 Data documentation and analysis

Among nine interviews conducted for this research, four were done through Skype, two via email as mentioned in Section 3.2, one through IMO App, one through Facebook Messenger and one through VK (a Russian online social network). While Skype was the preferred medium, other media were used at the interviewees' request on the basis of their convenience or familiarity with a certain medium, the call quality in the particular countries where they live, or for reasons of blocked access

to Skype and similar services in Middle Eastern countries. All the interviewees received the question list by email before the interview day, after they accepted the invitation. Follow-up questions were put to the interviewees in emails, Skype messages or in a live chat. This follow-up stage was essential to ensure equivalent amounts of data can be collected from all interviews, especially from the email interviews with managers, who tended to give shorter and simpler answers.

All of the interviews were audio-recorded with the interviewees' consent and then transcribed into text for analysis. After translation and transcription done with a fresh memory, the responses remain as close as possible to the original. Editing was only required to omit irrelevant remarks and certain features of colloquial speech such as filler words, to correct grammar mistakes, and to rearrange a few parts in the original conversation flow to match the structure of the official interview agenda without affecting the context for those parts.

The data analysis stage involves breaking down the interview transcripts and the researcher's own comments into *manageable clusters* that correspond to the key theoretical themes, and reporting the empirical data under each theme (Altinay & Paraskevas 2008, p. 168). When discussing a similar approach to analyzing a qualitative data set, namely "thematic analysis", Brunt et al. (2017, pp. 242-243) also emphasize the importance of this framework method in that it keeps the researcher following a logical sequence towards the aims of the research. Selected commentary from the interviews is included in this report, and the interviewees that are quoted will be referred to by their hotel's name and location.

4 Perceived role of front office staff in hotel revenue management system

This chapter investigates how the role of FO staff in a hotel's RM program is generally perceived in practice. This can be ascertained by juxtaposing the theories on hotel RM system with the interviewees' views on FO staff's overall contribution to that system.

To begin with, an overview of how the hotels selected for the interviews are running their RM system will be given. As gathered from the interviews, most of the hotels have a team or a person in-house that specializes in RM. Exceptions are Resort Ritz Carlton Abu Dhabi where it is Reservations and Sales departments who take care of RM, and Holiday Club Saimaa where there is no RM specialist in-house. Hotels with only one or no in-house person officially in charge of RM usually have their RM issues handled by the chain's central RM department. These facts are worth discussing as they accentuate the meaning of choosing for this study only interviewees from hotels with a more highly developed RM system. The FO employees are viewed in more "extreme" circumstances to see if they can play any role when RM has become a specialization. In fact, the FO used to play a more pronounced role in hotel RM as portrayed by academics and industry experts as well as seen in practice, where FO managers used to take care of RM issues (Interviewee Scandic Lappeenranta).

The size and organizational structure of the hotel also determine the perceived nature of FO functions. Continuing the discussion about hotel FO functions in section 2.2, it can be pointed out at this point that duties of an FO employee can vary considerably from hotel to hotel, for example depending on the separation of reservation functions from FO department. All the five five-star hotels and one four-star hotel in the interviews run an in-house Reservations department separately from the FO. The remaining three four-star hotels have their reservations come mostly to the chain's call center or Central Reservation Office (CRO). This is noteworthy because the process of handling booking requests is where traditional FO agents could play a big role in the RM system, where specific booking decisions towards optimal revenue can be produced, such as on prices, duration of stay or types of rooms allowed for a certain guest (Ivanov & Zhechev 2012). The low level of participation in reservation activities consequently affects the perception of FO staff's role in practice. Little need for rate and RM knowledge is acknowledged, because the FO clerks can always transfer booking calls to the Reservations department or CRO when it is available. Most interviewees also attributed this reduced need of rate knowledge to the ready availability of information in the PMS.

The interviewees' responses to the question "What do you consider as an FO agent's main missions?" further reflects their perception of FO staff's role in practicing RM. Eight out of nine interviewees shared the opinion that the main missions of a front desk agent are to perform check-in and checkout procedures and to offer guest service and assistance. Two respondents added *upselling* and two mentioned processing guest accounts, or specifically *rate check* (i.e. checking rates and all other booking details applied to every upcoming arrival), as one of their major tasks.

In general, the responses indicate that FO staff's role perceived in practice is more of a clerical and customer service function than a strategic or point-of-sale operation that could actively generate revenues. All the interviewees, whether staff or managers, claimed to have some idea of the RM concept, but most of them did not regard FO staff as involved in the RM operations. One interviewee mentioned upselling and cross-selling, one mentioned *selling rooms to the guests without reservations or upselling*, and one mentioned the responsibility to *not undercharge the guests or make any money or revenue losses* as their only contribution to RM.

The interviewees were then probed into whether they think they may have a strength in supporting RM. Five pointed out the advantage of their direct contact and interaction with guests, which for instance helps to make effective upselling offers.

"If we have a strength, then I think it's the position that we can meet the guests personally. Because when the reservation agents talk with guests on the phone or via email, they don't see the guests' face expressions, how they may be feeling. We, in comparison, can guess from the conversation with guests at check-in what they might want." (Interviewee IntercityHotel Dresden.)

The advantage of being at a strategic position to cross-sell for other outlets of the hotel was mentioned four times, thus being the second most common response. Two manager interviewees from five-star hotels maintained that FO staff should not be engaged in RM activities, because they have enough to do and should focus on the guest service (Interviewee Sheraton Hanoi), and RM tasks would be too intense to handle given that RM knowledge would not help them much in their own job (Interviewee Four Seasons St. Petersburg).

At this point, after yielding the first insights into how FO practitioners perceive their own role in RM, the study returns to examining the theoretical hotel RM system in the conceptual framework. First, an “external environmental factor” is here at play, namely the growth of online travel agency (OTA) markets and of internet technologies and the consequential changes in the way guests make hotel reservations (Deloitte 2018, p. 14). In an enhanced system which can store data on guest preferences and corresponding booking details readily set up by the revenue manager, including even the room assigned, the guests are in a sense already “checked in” before their arrival. On the one hand, there was a consensus among the interviewees that FO employees just need to follow the system and do not have to make any RM-related decisions. On the other hand, this factor can imply an increased need and opportunity for the FO staff to influence guests’ purchase decisions, thanks to the fact several interviewees mentioned that they are the first hotel representative to meet guests and be able to judge the immediate situation.

To determine FO staff’s potential inputs into the RM process, Ivanov and Zhechev’s (2012) seven-stage model in Figure 4.1 below can be a good reference point as mentioned in section 2.3. Considering Interviewee Four Seasons St. Petersburg’s remark that *receptionists do not directly change any rates or prices, but they have to make sure the prices are correct*, together with similar responses from others, it is arguable that FO staff are actually involved in the implementation stage of the RM process. The underlying question is whether they are trained to understand which price is “correct”, as well as which customer, product, channel or timing is “correct” for that price. These are elements that define the essence of revenue management according to Kimes and Wirtz (2003) and Ivanov (2014) among others. Technically, FO staff are considered responsible only for applying the policies set by the revenue manager. However, the made decisions may not be properly executed if they are not fully understood by the employees who implement them (Ivanov 2014, p. 41).

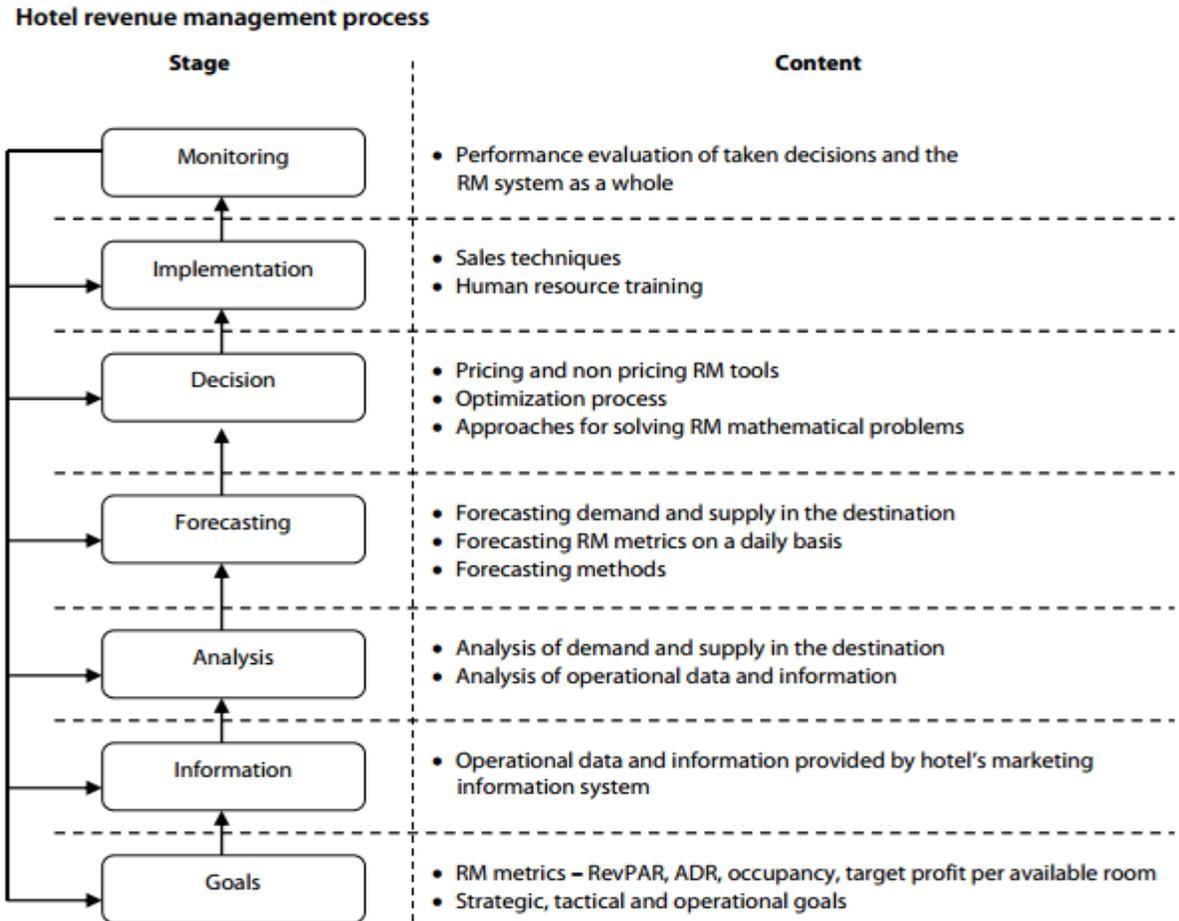


Figure 4.1. Hotel revenue management process (Ivanov & Zhechev 2012)

When assessing the role of FO staff in RM, all stages in the RM process other than Implementation should be kept in mind as well, starting from the Goal-setting stage. It is only sensible to integrate RM practices into the working routine of the front desk staff if their FO functions can share or adopt the same goals as RM, and if there are concrete metrics to guide and measure FO staff's performance in RM. In fact, the interviewees' perception of their contribution to RM was largely limited to the pure profits gained directly through upselling and cross-selling, while there can be many more RM metrics (see Section 5.3). Access to certain data also implies that the FO agents could well participate in the stages Forecasting and Analysis of demand and supply patterns (see Sections 5.1 and 5.2).

Up to this point, a review of the RM system and process has suggested a closer relation between front desk and RM operations than apparently perceived by the FO practitioners. Their perception can be explained by the high degree of specialization in organizing RM functions as typically seen in more upscale hotels and hotel chains. The following chapters will continue to investigate how hoteliers can expect more, and thus yield more, from their FO staff, if they succeed in incorporating RM practices into the conventional operation at the front desk and giving FO agents the instruments for that purpose. Involvement in each stage would require numerous skills, even in the Implementation stage. Indeed, FO staff's implementation of RM is often taken for granted inasmuch as they simply have to follow the policies dictated, according to a common statement among the interviewees. Necessary RM data for FO staff will be the subject of the next chapter, followed by chapters about influences of the other RM system elements on FO staff's role.

5 Front office staff's access to revenue management data

Ivanov (2014) portrays data and information as a decisive factor behind the quality of RM decisions, and therefore one of the core elements constituting hotel RM system. To take part in the RM process, FO agents among all staff members should be informed about which RM-related data they can access and utilize. Ivanov (2014) also classifies the data requirements for practicing RM under multiple dimensions, including operational (internal), customer, competition, and distribution data. In terms of the level of data requirements, it is realistic to infer that FO staff can access and handle *operational* RM data and implementing *operational* decisions, rather than data at *strategic* and *tactical* levels.

5.1 Operational (internal) data

Operational RM decision-making is carried out daily or weekly and only for the next few days or weeks. The decisions are communicated with the FO as a revenue center of the hotel along with all other revenue-generating outlets. (Ivanov 2014, p. 73.) Regarding FO staff's access to data for practicing RM at this level, the interviewees

were asked if and how they capture RM-related data when preparing for their everyday work shift. Common responses include (1) briefing on the situation of the day at shift handover meetings; (2) checking Traces list and Alerts from Opera PMS as well as emails for new offers, last-minute promotions or changes in pricing and booking policies; (3) checking house status in terms of room demand - supply, occupancy, departures and arrivals of the upcoming day(s), which category is closed and arrival time of groups; and (4) identifying with which guests to follow up at check-in or check-out, for instance to collect charges or correct bills.

The information above is categorized as operational (internal) data by Ivanov (2014). Such data help FO staff to not only make timely arrangements for guests, but also to better prepare themselves e.g. for upselling opportunities to different guest segments, and for cases that require special RM decisions such as clarifications of the right prices to apply. Based on operational data, the FO clerks apparently can help monitor and optimize the use of hotel inventory as well. For instance, they keep an overview of room availability, by number and room type, and other special instructions in order to judge if they can accept a last-minute reservation, day-use booking or stay extension request on a particular day.

Some interviewees mentioned *rate check* as one of their daily preparations. FO agents who take part in such activities obviously have more knowledge and influence on RM issues as they process reservation details and monitor rates for each arrival. For example, according to Interviewee IntercityHotel Dresden, the more rate knowledge they have, the more target groups they can appeal to by offering helpful alternatives to the guests. Rate check was claimed to give receptionists a good insight into which segments the arrivals belong to (Interviewee IntercityHotel Dresden), an overview of room pre-allocations to plan for optimal inventory management (Interviewees IntercityHotel Dresden & Holiday Inn Doha), and the time to leave notes of billing problems or upselling possibilities for fellow workers (Interviewee Four Seasons St. Petersburg). For instance, check-in for group arrivals should be well planned to speed up the process and leave time for upselling to other guests, considering that group reservations are often fixed and extra services rarely desired.

Other internal RM data FO staff may need include historical patterns of cancellations, early departures, unexpected stayovers, and no-shows (see Section 6.2), and sales in other hotel revenue centers (see Section 7.1).

5.2 Environmental data

Data on the environmental factors affecting RM practices are broadly divided by micro- and macro-environmental dimensions. The first type of micro-environmental RM data the FO staff can gain access to is customer data. It is important for a hotel's RM decision-making process that the revenue manager and managers of all revenue centers have up-to-date guest profiles at their disposal. (Ivanov 2014.) FO staff can enrich this database not only by registering guests' personal information, but also by gathering guests' preferences from conversations with them. Information on guests' previous stays or membership status facilitates pre-assigning rooms and thus a forecast of the day's house status and upselling potential. According to Interviewee Sheraton Hanoi, *how effective the upselling offers are depends on many factors, such as occupancy of the day and whether there are potential guests for upselling.*

"Sometimes, guests don't even notice which room category they will get, and for those, we can upsell based on their stay history and previous preferences. Some guests may express their wishes or preferences while making reservations and we can upsell then or at least leave a note in the reservation to remind another receptionist to upsell at check-in." (Interviewee Caravelle Saigon.)

Additionally, the interview responses indicate FO staff's need for RM data on the hotel's distributors and competitors - the other two micro-environmental dimensions besides the customer dimension. Despite not being directly involved in channel management, front desk clerks should have a general knowledge of their hotel's distribution channels to be able to apply suitable pricing and cancellation policies. Interviewees IntercityHotel Dresden and Sheraton Hanoi, for instance, suggested that FO staff may need to explain to guests the price differentials between third-party and the hotel's direct channels. FO staff could also help gain competition insights, though not profound, by taking notice of regional demand and competitors' situation, for instance *as they talk with guests, they can also find out if other hotels in the nearest*

cities are fully booked, because customers then start to call to the reception (Interviewee Holiday Club Saimaa).

As for macro-environmental dimensions of RM data, it is important that FO staff stay informed of information regarding changes in legislation, such as VAT or tourist tax charges, and of inventory control policies due to special events to take place in the destination (Interviewees IntercityHotel Dresden & Ritz Carlton Abu Dhabi).

5.3 Metrics and performance indicators

According to Ivanov and Zhechev (2012), the application of RM requires clear RM metrics and goals as a guide for decision-making and execution processes. As a participant in the RM process at operational level, FO staff would need to understand basic RM metrics related to their job to work towards revenue-optimizing decisions. According to Bardi (2003, pp. 166-168), metrics to measure the front desk's efficiency include occupancy – an indicator of FO agents' competence in capturing walk-ins and advance bookings, and average daily rate (ADR) – a measure of efforts in selling available rooms at optimal rates. By extension, other metrics for FO staff's contribution to RM can range from revenue per available room (RevPAR), gross operating profit per available room (GOPPAR), to revenue per available customer (RevPAC), depending on the hotel's objectives and approaches to RM. At operational level, the FO staff need to be aware of daily or weekly changes to the metrics (Ivanov 2014).

In fact, most interviewees associated RM performance indicators for FO staff solely with the upselling targets established for the FO team or individuals based on the previous period's upselling revenue statistics. On the presumption that occupancy and ADR, for instance, are readily determined before a guest arrives, FO clerks are often deemed to have little impact on those metrics, except for the upselling revenue as an addition to ADR.

Planning and communicating RM goals and metrics to the FO employees would be a crucial step in the process of engaging them in RM. A clear understanding of goals

would ensure their consistency in applying RM techniques during their normal tasks. In practice, revenue and FO managers can establish these goals based on the overall RM decisions, historical performance records, current situation and forecasts of changes, and review the metrics in FO department meetings. For example, Scandic Lappeenranta's FO manager answered that *"The Revenue Optimization Manager makes room revenue budget and weekly forecasts. I communicate with the team members about the goals."*

5.4 Media for revenue management data communication

Since FO staff can and need to obtain data from various sources to make informed decisions concerning revenue optimization, it is crucial that they know where to find those sources. Operational data are easier to get, typically from sources such as email, intranet system and regular team meetings, whereas tactical or strategic data are often exchanged in quarterly and annual meetings (Ivanov 2014, p. 39). Indeed, most interviewees mentioned that FO staff would be briefed on RM-related policies during shift handover and department meetings, through email or group chats, or sometimes directly by the revenue manager. They also suggested another essential data source for FO staff in practicing RM – the hotel's PMS. *"The receptionists are, for the most part, working with the Opera as their primary source of information"* (Interviewee Four Seasons St. Petersburg).

In fact, a synchronized and streamlined PMS platform, where *all the information is integrated and accessible* (Interviewee Caravelle Saigon), can increase the productivity of the front desk staff in using data to influence guest behavior and make profitable decisions. Most interviewees implied that an up-to-date PMS would enable them to easily track and record guest information and preferences, which form the base for RM decisions. PMS features such as OPERA's "Traces" and other reporting functions also facilitate interdepartmental communication.

"I also check from Opera Traces list the notes my colleagues left. Traces can be "This guest specifically wishes a certain (type of) room." I also check the Comments made by reservation agents in guest reservations such as which costs have been

paid (...). I myself also leave Traces for later shifts (...)." (Interviewee Caravelle Saigon.)

A slow computer or frequent system downtime can take FO staff the time they could otherwise invest in upselling and cross-selling efforts (Interviewee IntercityHotel Dresden). Besides, in order to remind the FO clerks of revenue opportunities, automated suggestive selling alerts can be set into the PMS where applicable. The built-in offers can include for instance upgraded room categories, early check-in or late checkout, service add-ons and dynamic promotional packages.

6 Front office staff's involvement in applying revenue management techniques

"RM tools" is another component of Ivanov and Zhechev's (2012) hotel RM system model, and is featured in the conceptual framework of this thesis as a key factor determining the role of FO staff in RM. Ivanov and Zhechev (2012) define RM tools as a variety of pricing and non-pricing techniques a hotel uses to optimize the revenues it can gain from its guests. This chapter will concentrate on evaluating the FO staff's ability to apply these techniques within the constraints of their daily duties.

6.1 Pricing techniques

Pricing techniques refer to techniques that make direct impacts on the level, structure and presentation of hotel's prices, as well as the rules, or "barriers", to get a certain price (Ivanov & Zhechev 2012).

6.1.1 Price presentation

Price presentation refers to the technique of presenting a price to guests so that their perceived value of the product is increased. The goal of RM in terms of the "right" price is not merely to increase the charges and about how much is charged, but rather about how to present it to the customers, and maximize average guest spend without guests feeling as if they are overcharged. (Ivanov 2014, p. 107; Lieberman

2011, p. 185.) This section examines the way FO staff communicate the prices to guests to influence their purchase intentions.

In fact, most of the interviewees implied that FO agents nowadays do not need to quote rates as often as before, since a majority of hotel reservations are made in advance, online or with the hotel's call center, without any interaction with the front desk staff. Corporate guests can reserve rooms through contract, and member guests through mobile loyalty applications (Interviewee Sheraton Saigon). Nonetheless, the interviewees agreed that FO staff continue to be active in taking reservation requests. They are especially in charge of handling walk-in reservations, as well as reservation calls during the reservations staff's break or after their business hours (Interviewees Four Seasons St. Petersburg & IntercityHotel Dresden).

For that reason, skills at price presentation would enhance the desk clerks' ability to optimize sales and revenues. In the first place, this requires rate knowledge and skills in analyzing availability statistics, which have been discussed in Chapter 5. Besides, according to Lieberman (2011, p. 185), the technique of choosing the right order in which the options are offered may also increase the probability that guests decide on the more expensive one. The interviewees were therefore asked whether they are following any rate quoting procedure. While a few respondents did not show many thoughts on this issue except that *FO staff should always offer only the rates available in the PMS*, the others stated that they usually quote rates in a certain order. Some would always offer the highest rate or most expensive package first. Examples include offering Club rate first before a lower-priced option of Deluxe room rate with an upgrade for Club access (Interviewee Ritz Carlton Abu Dhabi); or quoting first the refundable, non-guaranteed rate whereby the receptionist can claim commissions per booking, and offering the lower, full-prepaid rates only if guests decline the other rate (Interviewee Caravelle Saigon).

The above, as Lieberman (2011, p. 185) also argues, does not mean that higher prices should always be quoted first. There are other rate quoting techniques, such as offering first the average room categories (unless guests specially request a room of higher categories) and then the lower ones (Interviewee Caravelle Saigon), or

offering the whole price range – *first the advance booking rate, then the standard rate, and then compare both rates with each other* by cancellation terms, need for prepayment and other features (Interviewee IntercityHotel Dresden). For price-sensitive guests, the more effective approach may be to quote rates “bottom-up” as the guests request, start from the lowest rate and inform them after that of possibilities for upgrades at a small extra charge. The most suitable rate-quoting order can be best determined based on a particular guest’s needs. Therefore, it is crucial that the FO agent can detect from the conversation with guests their purpose of stay and emphasize the added values the guests would appreciate depending on their needs to convince them to choose a certain price option.

For capturing walk-in guests, it is equally important to offer them a menu of room type choices rather than the standard one only. FO staff are also in a good position to offer to show the walk-ins the rooms in person if needed. *“The receptionists can also take booking reservations, mostly for walk-ins, and in our case, for some brides-to-be, who come to see the room before their wedding day and may decide to book it right away at the reception”* (Interviewee Four Seasons St. Petersburg).

When presenting prices, FO staff should be careful about whether to offer discounts. Hayes and Miller (2011, p. 87) imply that to make one’s own judgement on giving discounted rates in the hope of securing a walk-in or last-minute booking, front desk staff need to be trained. In fact, some hotels do allow their FO staff, while following the given rates from PMS rate query, to use their discretion to negotiate the prices with guests, such as on the rate guests have found online (Interviewee Holiday Club Saimaa). If the receptionists are allowed to offer discounts to walk-ins, then they have to consider what would be the right discounted rate and when to offer, for instance depending on how late it is and if the guest may choose another hotel, and that *“such a rate is usually only available for late-night walk-in guests when there are many rooms available and the demand is low”* (Interviewee Scandic Lappeenranta). In principle, the interviewees considered it advisable not to voluntarily mention some

discount unless the guests specifically inquire or are officially eligible for it. For example, Interviewee IntercityHotel Dresden responded, *“I quote rather seldom the discount rates, only upon request.”*

6.1.2 Upselling

Closely related to the idea behind price presentation, which is FO staff's ability to offer price alternatives as a sales technique based on an understanding of guests' needs and perceived benefits, upselling will be discussed separately in this section. Indeed, upselling is one of the few well-documented revenue-generating techniques, especially those applicable to FO agents.

Upselling is not just a sales technique by which guests are offered a higher-priced product or a service add-on to what they already purchased (Ivanov 2014, p. 40; Sharma & Sharma 2015). As Kotler et al. (2017, pp. 333, 319) define RM as involving *upselling, cross-selling, and analysis of profit margins and sales volume for each product line*, they view upselling as *one of the basics of effective revenue management*. In the research field, upselling is also usually identified as an FO task (Sharma & Sharma 2015). Hayes and Miller (2011, p. 219) even single out this technique as the most important attempt at RM an FO agent can make during a guest's stay. As the first people to interact face-to-face with and assign rooms to an ever-increasing percentage of guests who already have a reservation, FO staff can make a strong impact on their hotel's ADR and RevPAR from the same occupancy.

“The upsells are indeed pure profits for the hotel, because the hotel does not have to pay any higher costs for a Business room than for a Standard room. That way, the FO already contributes a lot to the profit maximization. (...) the upsells can be sold much better in person than through intermediary channels (...) than when on the phone or by email, because when the guests see the staff in person, sympathy for one another can play a big role.” (Interviewee IntercityHotel Dresden.)

Considering that all the interviewees in this research associated their role in RM with the act of upselling, it seems to be a fact that upselling is also among the rare RM activities that FO personnel and their hotel managers explicitly acknowledge as an FO function. In view of the level of specialization in their hotels, the interviewees

added that the FO clerks can mostly upsell to only leisure OTA guests or Fully Independent Tourists (FITs). They usually sell upgrades to a higher room category or to a package that includes breakfast, late checkout or VIP lounge access. Technically, upselling can be practiced at any touch point such as pre-arrival, upon check-in, and during the guest's stay. Most of the interviewees reported that upselling is an important standard step in their check-in procedure, while some also mentioned other opportunities to upsell during the guests' stay, for example *in case they have an extra person or want to change the package* (Interviewee Ritz Carlton Abu Dhabi). Another suggestion for good opportunities to offer room upgrade is when guests arrive too early, so that they can get a room of another category that is already available. At checkout, receptionists can also ask for new bookings for future stays (Interviewee Scandic Lappeenranta).

According to M. G. Sharma and Dr. K. Sharma (2015), the principle of effective upselling is to make the right offer which clearly presents benefits to better fulfill the particular guest's needs, and at the right time when guests are ready to buy. Otherwise, in certain circumstances clarified in Section 7.2, the receptionist should forgo upselling. The interview participants largely agreed that they base their upselling offers on multiple factors in a specific situation. Frequently mentioned prospects for upselling include guests with pre-paid reservations, whose memory of the original payment has gradually faded, or guests who request special room locations or features. *"The advantage of the room should be emphasized rather than the extra charges the guests have to pay for it"* (Interviewee IntercityHotel Dresden).

Upselling is another example of FO agents' role in interpreting guest preferences and translating them into extra sales. According to the interviewees, they can observe guests' needs and offer for instance honeymoon arrangement package, early check-in or late checkout, transportation to airport, or pickup service to guests that plan to return, larger room to family with kid(s) (Interviewee Sheraton Saigon), or breakfast to business guests who are *very likely to find it most convenient to have breakfast daily at the hotel* (Interviewee Sheraton Hanoi). Indeed, FO clerks have the possibility to explain the benefits directly to guests at the property, for example

the benefit of upgrading to a breakfast-inclusive package by emphasizing the high price of the breakfast alone. Receptionists can also easily inform guests about options they were not aware of.

“For example, when you notice that guests have a big family, it is easy to upsell them a bigger apartment in villas with sauna and kitchen and more space. Normally they take it as a good service. (...) You just need to clarify customers’ needs beforehand.” (Interviewee Holiday Club Saimaa.)

While upselling, FO staff can maintain an overview of room allocation and help avoid overselling a certain room category, typically the standard one, in order to optimize revenue. According to Interviewee IntercityHotel Dresden and Interviewee Caravelle Saigon, for example, guests who booked Standard rooms but arrive later in the day when there are no Standard rooms left, then they will get an upgrade free of charge. Therefore, by upselling guests to higher room types beforehand, especially to early arrivals, FO agents help maximize the yield from the room inventory.

Given that FO staff can contribute to RM by practising upselling, hoteliers need to give them a base i.e. a schema of the service range or of alternative room features with various tiers of room sizes, locations, bedding, view, and facility access. From that base, FO staff can make their upselling offers more appealing by describing and comparing the price differences to guests. When there is a range of offers, they can flexibly package or bundle offers to better target different guests. Some interviewees admitted that they are not actively engaged in upselling due to the hotel’s limited range of room and service categories, and when for example Deluxe rooms are used as Standard by high demand, the receptionist simply checks guests in (Interviewee Holiday Inn Doha). Another example from Four Seasons St. Petersburg’s case is that there are only two rates to offer from the reception desk: one standard rate and one including breakfast, and special packages can only be booked either online or through the reservations department.

6.1.3 Price discrimination and maintaining rate fences

It can be argued at this point that FO employees can be involved to a certain extent in quoting rates and charges to guests and working directly with them, especially with FITs and individual OTA guests, on billing and payment. In the process, they may well deal with price discrimination policies and thus should be capable of maintaining the rate fences established by their hotel. Weisman and Kulick (2010, cited in Liu et al. 2014) defines price discrimination as the practice of charging different customer segments different prices for the same service. The restrictions used to determine which guest gets what price are called rate fences. How to properly apply these fences is an important consideration in practicing RM, as they help to prevent guests from gaining access to lower prices than what they could pay. According to Kimes and Wirtz (2003), rate fences can be applied to physical and non-physical features of the whole purchase. Physical rate fences include hotel room location, size, bedding, view, other furniture and extra amenities. Non-physical fences include customer status (i.e. membership/loyalty privileges, senior citizen discounts), time and flexibility of the booking, and duration or frequency of stay.

On this issue, the interview participants were asked about FO agents' need to explain and defend the rate fences to guests. They generally answered that they need to follow the policies and explain clearly to guests all the booking and cancellation terms from the point of making reservation, for example between non-guaranteed rates and full-prepaid rates (no changes to the reservation allowed) or between member and non-member guests. FO agents are also responsible for applying booking terms by distribution channel (such as requirements for credit card guarantee, prepayment, cancellation and amendments to the reservation), especially in hotels where they participate in "rate check" (e.g. IntercityHotel Dresden, Four Seasons St. Petersburg) or "credit check" (e.g. Sheraton Saigon, Caravelle Saigon). Some mentioned the need upon check-in to collect necessary documents, for example from guests booking with discounts or through a certain OTA, or the need to explain to guests and confirm with signature all the charges and benefits they are entitled to.

“(...) the problem with the extra bed for the child when guests book through Booking.com. The guests enter “2 adults, 1 child” into the reservation and think that each of them gets a bed. However, the room is indeed able to occupy three people, but only a kid up to 12 years old can sleep free of charge in their parents’ bed, and an extra bed would cost €30 extra per night. Unfortunately, many guests overlook that detail in their booking confirmation and often end up getting upset at check-in.” (Interviewee IntercityHotel Dresden.)

To be able to justify rate differentials to guests, which is in fact a very regular task at the reception according to most interviewees, FO agents themselves need a current and broad enough knowledge of the hotel’s rate fences. For example, Interviewee Sheraton Saigon mentioned that she needs to keep in mind special rate policies.

“For the Explore Rate for staff and their families, we need to ask guests at check-in to show an authorization form. For crew rates, e.g. from Cargolux, Fedex or Lufthansa, we need to know and inform guests that they won’t get any Platinum/Gold benefits or earn any loyalty points. We also need to notice Group Rates, because we are not allowed to make changes to a group booking, such as to shorten the stay for somebody in the group.” (Interviewee Sheraton Saigon.)

Some respondents, especially the managers, maintained that front desk associates can easily view all kinds of rate fences and conditions in the system, and in case of dispute simply need to check with guests their confirmation letters. Meanwhile, some others, especially the staff with less experience, expressed some concerns about not feeling prepared and confident when confronted with the need to defend the rate restrictions. According to Interviewee Caravelle Saigon, *“a challenge is that the receptionists do not get any proper training for working with rates and reservations. For instance, there are some rate codes only the reservation agents understand.”*

“I once sold the advance booking rate, which requires prepayment, but did not ask the guest for his credit card number. It was therefore impossible to charge the total price of the booking as guarantee. Or I used to sell a Studio to two adults and a kid, and quoted the wrong rate, because I thought and told the guests that the extra bed was included.” (Interviewee IntercityHotel Dresden.)

As a result of today’s highly transparent booking platforms and the use of multi-channel distribution, customers can easily compare prices from various channels at once and put to the hotel reception questions as to why the rates are different.

“It is also often very difficult when the guests ask me why the rates I offer from Opera are higher than those they found online e.g. in Booking.com, but I can never really answer this question (...) In the beginning, of course I had difficulties in explaining the different booking and pricing policies, (...) as a trainee, I was still not familiar with and very uncertain of such information.” (Interviewee IntercityHotel Dresden.)

Guests’ unfamiliarity with hotel policy or terminology can cause them a feeling of unfairness or inconvenience, hence the need to explain and defend rate fences and policies. On the other hand, FO staff may have difficulty dealing with the regular guests as well. For example, *“in other Marriott brands, certain guests are entitled to complimentary club access, but not in the Ritz. Therefore, we have some complaints about this difference as well, because the guests who are members of Ritz are also members of other Marriott brands”* (Interviewee Ritz Carlton Abu Dhabi). Another example is when the regular guests request a stay extension, the FO agent may need to explain to them that they must pay the normal price if their contract rates do not apply to bookings for weekends (IntercityHotel).

These interview responses revealed a possibility that hotels are not paying enough attention to the influences FO staff can make on the implementation of rate fences and consequently on the revenues. If they succeed in maintaining or justifying the rate fences, they can help the hotel maintain profitable price structure and levels. Otherwise, they may cause for guests a feeling of unfairness, or override the rate fences just to satisfy the guests. Depending on the hotel’s size, product mix, distribution channels, and other factors, FO staff may need certain knowledge and skills to tackle this issue, and the managers should address this need promptly.

6.2 Non-pricing techniques

Non-pricing RM techniques, including capacity management, length-of-stay control and overbooking tactics, do not influence the rates directly but rather concentrate on controlling hotel inventory for revenue optimization (Ivanov 2014).

6.2.1 Capacity management and length-of-stay control

Ivanov (2014) describes capacity management as activities aimed at controlling a hotel's room supply. These activities can include limiting the available room capacity, controlling guest arrival or departure times, and so on. Capacity management, besides other inventory management techniques, is worth discussing in this thesis because empirical findings imply that FO personnel can still play a part in certain sales and inventory decisions, and yet they may know very little about RM principles. Indeed, to the question if FO staff are in charge of implementing any inventory control policies, a few interviewees remarked that the FO should accept any new booking, *no matter how long they stay* (Interviewee Holiday Inn Doha). According to Legohérel et al. (2013, pp. 5-6), this approach might lead to "price dilution", meaning that the new revenue generated from a booking is still lower than that which would have been achieved if sold to another guest or at another time.

Interviewees Caravelle Saigon, Sheraton Saigon and Holiday Inn Doha indicated that FO staff are in the position to control stay-over and due-out guests, make sure the rooms are returned and cleaned on time so that they can be sold later as needed. Depending on room availability, receptionists may need to apply varying policies for late checkout or early check-in. For properly handling day-use reservations, last-minute bookings or stay extension requests, FO staff need briefing on the day's situation at the beginning of their shift (Interviewees Sheraton Hanoi & Sheraton Saigon) or through chain instructions (Interviewee Holiday Club Saimaa).

Another non-pricing RM tool indicating the role in RM of FO associates is length-of-stay control. Length-of-stay control refers to the technique of setting a minimum or, very seldom, maximum limit on the duration of stay. Minimum length-of-stay requirement is typically applied in times of high demand, such as during major events like festivals, popular concerts, exhibitions and sport events. (Ivanov 2014, p. 121.) Five out of nine interviewees stated that they are aware of and can implement this technique along with sales and reservations departments. Besides, the interviewees often mentioned the general policy of favoring more profitable, longer stays over transit

one-night bookings. Examples include Interviewee Ritz Carlton Abu Dhabi's response *"We only book villas for at least two nights in order to avoid guests who may throw parties if they book only for one night"*, and Interviewee IntercityHotel Dresden's answer *"In high season, at weekends, a minimum length of stay of two nights is often required."*

FO staff may also be involved in applying minimum length-of-stay policy for example due to limited number of available rooms during the hotel's renovation (Interviewee Caravelle Saigon), or based on the hotel's occupancy, such as minimum two-night bookings required at 80% occupancy and at least three nights required at 90% occupancy (Interviewee Sheraton Hanoi). However, the interviewees also noted that the main responsibility to manage and operate length-of-stay control policies rests with the RM or sales team, especially with long-staying contract guests.

6.2.2 Overbooking

In order to buffer the effects of forecasted no-shows, last-minute cancellations or early departures on their revenue, many hotels practice overbooking i.e. accept more reservations than the available capacity (Bardi 2003, p. 137; Lieberman 2011, p. 183). Management of overbooking is also one of the few RM research areas where the role of front desk staff is expressly mentioned. In most cases, FO agents are involved in implementing overbooking and its recovery programs at practical level (see, for example, Ivanov 2006).

There are, however, two types of situations considered overbookings in practice. The interviewees reported that they have mostly experienced only overbookings for specific room types rather than overbookings of the entire hotel. In this case, solutions are much easier to find. Interviewees Sheraton Saigon, Caravelle Saigon and Holiday Club Saimaa mentioned similar solutions including giving guests a room of another type and promoting it as a free upgrade, and refraining from taking rooms for walk-in guests, late checkout or room moves.

On the other hand, some interviewees also mentioned how they would proceed in a more aggressive overbooking situation. In principle, FO clerks are considered able to work with the revenue managers towards an overbooking plan. This can be justified by comparing practical insights with the procedure of managing overbookings proposed by Baker et al. (1994, cited in Ivanov 2006). Firstly, the interview responses coincide with the step of checking details of arrival bookings and house status, such as early departures versus late-checkout groups, to forecast demand and behavior patterns. FO staff's access to reservation database also provides them with information on historical cancellations. *"If the hotel is overbooked for the entire day, we and the reservations agents will have to consider contacting certain guests and identify which booking is prone to cancellation, as well as cancelling non-guaranteed rooms right after 2pm [checkout time]"* (Interviewee Caravelle Saigon).

On sold-out nights, FO staff can check for duplicate reservations and contact guests to inquire if they need all the rooms reserved (Interviewee Sheraton Hanoi). They may search for internal sources to expand the usable capacity (Baker et al. 1994, cited in Ivanov 2006) by getting housekeeping or technical staff to speed the maintenance for out-of-service or out-of-order rooms (Interviewee Sheraton Saigon).

Secondly, regarding the step of walking guests to another hotel and arranging assistance or compensation (Baker et al. 1994, cited in Ivanov 2006), the desk clerks' active contact with guests gives them a meaningful role in communicating the situation in a tactful way to the guests who need to be walked. *"The FO agents are in charge of applying the directors' decisions and explaining to the guests who have to be walked so that they are satisfied (...)"* (Interviewee Sheraton Hanoi).

Most importantly, FO staff should be well informed of their responsibility in oversell situations. For instance, they may be allowed to cancel certain bookings during the night audit, but if overbooking happens during the day, they must keep the rooms for guests (Interviewee Sheraton Saigon). They should be briefed on the concrete plan in department meetings (Interviewee Scandic Patria) or at the start of a shift.

“We are always briefed before each shift, when we get informed e.g. that on that day, the hotel is overbooked for Twin or King rooms, or we have high occupancy, or we have to prepare the rooms for a group that comes tomorrow. During the day, if there comes any walk-in guest, we have to consult with our manager.” (Interviewee Sheraton Saigon.)

It appears that many hotels do practice overbooking regularly. As Interviewee Sheraton Hanoi put it, *“overbooking is a very usual practice”*. Some hotels may even set targets for Reservations and FO departments to overbook the hotel capacity (Interviewee Sheraton Saigon), while some remain conservative about this tactic. In any case, hotels need to make their policy clear to the FO staff, as lack of communication and standard training may lead to inconsistencies in their approach to such situations. Some interviewees expressed their own opinions on the overbooking tactic, for instance they would feel more comfortable avoiding the risk of overbooking even though the hotel’s policy is different. *“We are of course supposed to sell all the rooms, so that the hotel achieves the optimal occupancy. But in my opinion, it is good to keep one or two rooms in reserve.”* (Interviewee IntercityHotel Dresden.)

Although overbooking is an RM technique, it is often considered by FO staff as an unfortunate situation, as long as they do not understand the potential benefits, or the “invisible revenue” potential, that could be achieved by tactfully managing the risk of overbooking (Lieberman 2011; Wirtz et al. 2003). For example, Interviewee Sheraton Saigon remarked *“I don’t think moving guests to another hotel is a good thing, because that’s like we are turning the guests away.”* As a result, they may fear to handle oversell situations rather than engage in supporting the tactic, considering the reasoning that they may well be left to make decisions alone when overbooking occurs, typically on late duty.

“I can understand that hoteliers adopt this tactic so that the hotel is as fully booked as possible. (...) However, I would say it is very stressful for the FO staff personally, as one has to arrange a new hotel and is also the person who has to deliver the news to the guests – and never knows how they would react to that.” (Interviewee IntercityHotel Dresden.)

In general, when it comes to non-pricing RM tactics, the role of FO staff is mostly to implement policies set by the revenue managers and hotel executives. They need

to possess enough data and knowledge as well as an RM-oriented mindset to be able to apply them in an optimal way. It is crucial that FO staff follow a consistent approach that complies with the hotel's strategies.

6.3 Combined techniques

The term of “combined RM tools” refers to techniques that can influence both the room rates and the number of rooms available at each rate (Ivanov 2014, p. 27). Considering the FO staff's functions, booking channel conversion and optimization of room-rate allocation are two techniques to be discussed in this section.

6.3.1 Booking channel conversion

Originally, Ivanov and Zhechev (2012) wrote about “channel management” as a non-pricing tool for hoteliers in RM. While its focus has been largely on managing a network of multiple distribution channels to acquire more customers, hotels are on the other hand trying to counter the power of third-party distributors, especially of OTAs, through their efforts to encourage direct bookings (Deloitte 2018). This is because direct bookings help reduce intermediary commission costs and maximize the margins. Despite these efforts, hotel managers often overlook a direct booking channel – their FO personnel. (Kotler et al. 2017, p. 352.) This section investigates their actual potential to convert a booking from higher-cost channels to lower-cost, or direct, channels. This combined technique involves both aspects of channel management and application of pricing tools i.e. price presentation and upselling.

The interviewees were asked to share any experience they have had in converting a phone call, information inquiry or previous OTA client into a direct booking. To start with, large-sized hotels may leave very little of the channel-converting task to the front desk employees. Three interviewees (Ritz Carlton Abu Dhabi, Sheraton Hanoi, Holiday Club Saimaa) claimed that FO clerks have nothing to do with this technique, because the hotels have their corporate and VIP guests book directly with the Sales department or the General Manager, and other reservations passed on to the Reservations department. Some other respondents believe that they could apply the

technique, but the situation does not arise so often. Nevertheless, there were numerous remarks and shared experiences that do indicate FO staff's role in securing direct bookings and thus are worth discussing.

Deloitte (2018) argues that OTAs and hotels should collaborate instead of competing. Similarly, some interviewees remarked that they do not try to compete against third-party channels, which they believe actually benefit everyone – lower rates for customers, more bookings for the hotel, and commissions for the intermediary (Interviewee Holiday Inn Doha). An FO agent may therefore lack a good argument for encouraging guests to book directly.

“(...) if I am honest, I often advise the guests to book through another channel or a tour operator, because they sometimes have much better offers. (...) Of course, that is not the goal of the hotel, but I often lack the arguments why the guests should book directly with us, when there are better offers somewhere else.” (Interviewee IntercityHotel Dresden.)

However, Interviewee Holiday Inn Doha also said the following:

“In case a guest calls and asks us to check if the price offered on an OTA is the lowest or if we have a better deal for them, we cannot really offer any lower rate (...) against our third-party booking channels. The only thing that we can offer to them is the promotions that we have. That you tell the guests that the OTAs may have much lower rates than ours, but we can provide the refundable rates. Because reservations made on Booking.com are mostly non-refundable.”

Therein lies a tactic how FO staff can be empowered to convert channels – they can be allowed to offer added value and exclusive benefits to encourage direct bookings. Interviewee Caravelle Saigon noted, *“In order to convert and secure direct bookings, we explain and offer better benefits to guests.”*

Firstly, direct bookers can be given exclusive incentives such as free cancellation, changes to reservation allowed, or flexible party split, although the hotel's published rates seem to be higher than OTA rates (Interviewee Caravelle Saigon). A good opportunity is when guests, who have booked through an OTA, call to request an additional service, such as late checkout. FO agents can then offer an all-inclusive booking which includes late checkout along with breakfast, or offer a room upgrade

with exclusive VIP benefits including the late checkout. Because the charge for a service add-on alone, such as for late checkout, is often very high, offering packages as good value for money can increase the chance of guests turning to directly booking with the hotel (Interviewee Caravelle Saigon).

Secondly, FO staff is in an advantageous position to secure direct bookings for return visits, because they typically develop an intimate knowledge of or a personal relationship with regular guests. Converting repeat guests from higher-cost to lower-cost channels helps increase the net ADR yield (Hayes & Miller 2011, p. 269).

“For example, after guests arrive and see the room, they may realize that they did not understand the room features as they read on the OTA site. That can be an opportunity for us to persuade them to book directly with the hotel for the next stay by explaining that if they book with the hotel, the reservation agents can recommend to them the most suitable room category for their needs. (...) We can suggest that they book directly next time, not just for our hotel but also for other hotels in the chain.” (Interviewee Four Seasons St. Petersburg.)

Thirdly, several responses referred to member-only offers, such as loyalty points, as a handy tool for FO associates to incentivize direct bookings. *“The difference between third-party bookings and direct bookings from InterContinental Hotel Group’s own channel is that we encourage and allow the direct bookers to participate in our membership program”* (Interviewee Holiday Inn Doha). According to Deloitte (2018), while OTAs effectively compete in the segment of budget travelers, hotel brands can gain a significant advantage by offering exclusive benefits for more loyal, higher-spending segments. Member-only rates can allow hotels to bypass rate parity agreements with the OTAs, meaning that hotels can provide an exclusive rate option besides their published rates for the same room, which they are bound by rate parity to match with all their distribution channels (Interviewee Sheraton Hanoi).

The desk clerks also need to handle guests’ phone calls properly as an opportunity to capture direct, commissions-free reservations and consequently higher net ADR yield (Hayes & Miller 2011, p. 273). According to the interview responses, it is not uncommon that guests may call just to inquire after something, or double-check if they can get a better rate than the one found online. If not adequately trained or

informed, the FO employees and especially new recruits might well leave the guests to the OTA and miss out on the opportunity to make direct sales. In contrast, they can offer to make the booking straightaway, and guests are likely to agree if they are convinced by useful information given directly from a hotel representative.

Generally speaking, FO associates should be properly informed or trained to be able to identify the right opportunity and method to convert third-party and new customer prospects to direct bookers. They have potential to do that, *but only with discretion and with consideration* (Interviewee Scandic Lappeenranta). Indeed, FO agents are likely to miss or disregard opportunities for securing direct bookings if they lack knowledge about the hotel's distribution costs and strategies.

"I personally know about the intermediary costs (...). However, other receptionists just don't really care about that. The main goal of their job is to provide good service. So basically, they won't try making efforts to convert the guests' booking channel unless (...) they aren't satisfied with the information from other booking channels." (Interviewee Four Seasons St. Petersburg.)

The FO clerks might fail to encourage direct bookings especially when they cannot justify to guests a difference between an OTA's and the hotel's rates. As a result, they might easily refer the potential guests to the OTA, while the price difference is maybe simply because an inexperienced receptionist does not notice the extra benefits packaged with the hotel's direct rate. For instance, Interviewee IntercityHotel Dresden admitted, *"It is also often very difficult when the guests ask me why the rates I offer from Opera are higher than those they found online e.g. in Booking.com, but I can never really answer this question."*

6.3.2 Optimal room-rate allocation

From what was gathered from the interviews, room allocation is still an important FO function to perform a day prior to and upon a guest's arrival. During the course of assigning rooms as per type of guests, room type and services reserved, VIP and membership treatments, and other special requests, FO agents can exert their influence on the hotel's room-rate allocation. An optimal room-rate allocation is defined in Ivanov (2014, p. 147) as an optimal limit on the number of rooms sold at each

price level. By pre-blocking rooms that have all their features and criteria specified by guests, the FO clerks help prepare for the following day a clearer overview and forecast of the house status, such as how many rooms are left in each price class. Based on this, FO staff can re-allocate guests into different room types available, for instance by upselling room type alternatives, and avoid having to offer room upgrades for free in case lower room categories are not anymore available when the guests arrive. In the latter case, when more rooms are sold at lower rates, the same occupancy brings a lower ADR (Ivanov 2014, p. 147).

During room allocation process, the receptionists can also be tasked with informing the housekeeping the arrival time of certain guests as needed, so that housekeeping staff find enough time to prepare for those arrivals accordingly, and that the guests would not needlessly receive a free room upgrade as they arrive. *“I check the traces in Opera, the arrivals and departures, room assignment for the upcoming days, and make sure that early arrivals for the next day have rooms ready by the time they arrive in the hotel”* (Interviewee Ritz Carlton Abu Dhabi).

By upselling and allocating discounts to the current number of guests in-house, FO agents also help maximize the average rate per night, and spending levels per guest. *“For example, when the occupancy is 90%, we can offer an upselling package at 45 USD rather than 69 USD as usual, in order to sell to more guests from the increased number of guests in-house”* (Interviewee Sheraton Saigon).

7 Front office staff’s contribution to modern revenue management approaches

7.1 Total revenue management

According to Ivanov and Zhechev (2012), modern hotel RM systems have acknowledged a broader range of profit sources, or “revenue centers”, which encompass both rooms and other service outlets such as restaurants, bars, casino, spa, room service, and meeting facilities. Connected with the *hotel revenue centers* element in

the conceptual framework, “total RM” is one of key concepts or trends that are defining the future of RM practices. While RM has focused largely on the Rooms Division as a hotel’s main source of revenues, the concept of total RM brings into focus the need to optimize all revenue streams within the hotel beyond the guestrooms. Rouse et al. (2011) specifically define RM as strategies for enhancing a company’s competence in capturing all revenue streams possible from its resources. A “total RM” culture should be developed, involving associates across the organization and aiming for total profit and GOPPAR rather than just room revenue metrics like ADR and RevPAR (Kimes 2017; Wang et al 2015).

As an information and guest activity center in a hotel, the FO can play an important role in a total revenue culture as such. They can promote to guests at multiple touch points services of all other departments and judge when the offer would best suit a guest’s immediate needs. While four interviewees directly pointed out this advantage as their unique contribution to RM, all the interviewees mentioned cross-selling as opportunities for them to generate additional revenues. Cross-selling is a sales technique whereby an employee attempts at selling product or service add-ons provided by other departments, typically upon arrival and during the guests’ stay (Ivanov 2014, p. 29). Cross-selling is considered essential to effective RM and an example of how RM should rely on other individual operating departments (Hayes & Miller 2011, p. 219; Kotler et al. 2017, p. 319). The interviewees suggested various ways they can cross-sell, from promoting to the guests upon check-in what ancillary services are on offer to suggestive-selling during guest stay.

“Our best and easiest way to support RM is (...) to advertise and sell all hotel products, such as to recommend our own restaurant, make table reservations, promote our food and beverage campaigns, promote Scandic Shop (...)” (Interviewee Scandic Lappeenranta.)

“We recommend our member guests to visit the restaurants or spa by informing them of member discounts on restaurant and spa bills” (Interviewee Sheraton Saigon).

“We promote all the outlets, especially the restaurants and the spa. Our spa is in crisis at the moment, so we’re pushing the promotion for spa services – we tell the guests about all the treatments offered in the spa, about the dining menus and our

restaurants, and about room service and concierge as well.” (Interviewee Four Seasons St. Petersburg.)

Other responses include cross-selling tourist activities such as sightseeing tours or cruises, and access to facilities such as Club Lounge or Health Club, or lounge promotional package. They can also cross-sell, for instance dining reservations, to guests who do not book accommodation (Interviewee Caravelle Saigon). The interview participants implied that how active the role of FO staff is in assisting sales for other hotel revenue centers depends on the hotel type, standard check-in procedure and duration, and complexity of the service range. Interviewee Sheraton Hanoi believed that his front desk staff are not actively engaged in cross-selling because it is difficult for a city, business hotel to cross-sell in-door services, such as food and beverage (F&B) or spa, compared to a resort hotel.

Despite their potential contribution to the total RM approach, FO staff's role should be taken into account more seriously when hotel managers develop promotional programs for other departments. Since FO managers are not likely to set concrete cross-selling goals for the FO staff according to all the interviewees, the remaining issue to study is the interdepartmental communication between FO and other revenue centers. The interview participants were asked about (1) how they receive notification of new offers and promotions, and (2) what kind of communication or cooperation FO staff may have with the RM team and other revenue centers at the hotel.

Regarding communication within the FO department, responses to the two interview questions above largely coincided: Information about rates, restriction policies and promotions from all other departments are updated to the PMS centrally, as well as communicated by the FO manager to the team members by phone, e-mail, group chat or intranet. PMS features such as “Comments”, “Traces” list, and other reports that can be drawn from the PMS are typical media among FO team members for checking and leaving notes for each other and with reservation agents.

Meanwhile, there emerged from the interviews only patchy evidence of FO's communication with RM or sales department. Theoretically, the liaison between RM team

and other departments is crucial to the cooperation towards the same goals. For the front desk team, this communication should be even more important, since FO is by nature responsible for communicating with all other departments in the hotel to coordinate the guest service. For example, they should understand the reasons behind important changes in rates or pricing policies, or the conditions in which a discount or incentive can be offered, for instance to persuade guests to book directly. A few interviewees did mention some cooperation activities between FO and the sales or RM team, such as receiving information about certain guests' requests, about contract rates details from companies and travel agencies (Interviewees Ritz Carlton Abu Dhabi & IntercityHotel Dresden), or about issues with rates and billing (Interviewees Sheraton Hanoi & Four Seasons St. Petersburg). Otherwise, the interviewees claimed that they usually do not communicate with the RM department. While most of them explained that there is no need for the communication, Interviewee IntercityHotel Dresden raised a possible issue that *there is a lack of communication* concerning updated information about hotel offers and policies.

"The Revenue department modifies the rates and creates the offers, and the FO doesn't get to understand much about that. (...) When the guests inquire on the phone about a certain offer, which is new on our website and I don't know about it at all, then I cannot give the guests any information and have to check with somebody else first, which appears unprofessional."

Lack of communication may result in information updates not being circulated and known by the FO clerks, who could then give outdated data to guests. In case the incorrect information provided to guests leads to problems that requires compensation, the hotel's revenue will also be affected.

7.2 Customer-centric revenue management

Another paradigm shift of hotel RM that has been well researched in RM literature is the integration of RM and CRM, or "customer-centric RM" (Noone et al. 2003; Wang 2011; Wang et al. 2015). In fact, when defining RM as *strategies to allocate the right capacity to the right customer at the right price at the right time*, Kimes and Wirtz (2003) already stressed that "right" implies achieving the most revenue possible

while providing the most value to customers. In light of the potential for integrating RM and CRM, the hotel FO – a highly customer-concentrated department – can take on an added importance in RM, which is to help resolve the conflicts between short-term-oriented RM and long-term CRM strategies.

At first sight, RM and CRM seem to have very different objectives: the former aims to grasp transient revenue opportunities, the latter pursues long-term customer relationships. Interim empirical findings reported in Chapter 4 suggest that FO practitioners generally perceive RM and customer service as completely separate functions rather than complementary. As a result, they tend to view any RM practice integrated into their daily routine as time-consuming and an extra burden on their workload. For instance, Interviewee Sheraton Hanoi remarked, *“I just focus FO functions on customer service”*. In order to evaluate the FO workers’ actual importance to a customer-centric RM system, their contributions will be viewed through different aspects including profiling and targeting customers; value creation; and their impacts on customer’s perception of fairness in RM policies.

As can be seen from the FO staff’s potential to implement RM techniques such as rate-quoting, upselling or cross-selling, they do practice profiling and targeting to be able to offer what customers need or want at the price they are willing to pay. They record guest preferences and identify sales possibilities based on guest profiles, for example different offers for member and non-member guests, or between FITs and OTA bookers. While generating extra revenues, front desk agents can serve as an important force for value creation. They customize and present greater perceived benefits and added value with a view to convincing guests of the offers, which in turn can also enhance guests’ experience and their perception of the total bill value. For instance, Interviewee Caravelle Saigon noted that *“During conversations with guests at check-in, I’ll try to find out guests’ needs and preferences, and emphasize the small amount of extra charge in return for a larger amount of added value.”*

A risk inherent in an upsell program is that the FO staff may place more focus on the revenue than on guests’ interests and comfort. Hayes and Miller (2011, p. 232) also argue that incentive programs can tempt front desk employees to work towards their

own interests rather than the hotel's *long-term customer-centric revenue optimization efforts*. When asked about their techniques for upselling, most of the interviewees noted that they would skip the upselling step to speed up the check-in for regular guests, guests who look busy or stressed, or when there is a line at the reception. Some interviewees, such as Interviewee IntercityHotel Dresden, suggested FO agents should upsell in a helpful manner, and showcase benefits of the upgrade without pushing the guests or disparaging the currently reserved room.

By and large, the implementation of RM tools, such as upselling, cross-selling, maintaining rate fences and overbooking, all indicate the importance of understanding and influencing customer behavior. If done properly, these RM tools can increase customers' perceived value for money, thus facilitating long-lasting profitable relationships with them. However, implementation of RM also carries the risk of guests perceiving the hotel as unfair (Kimes & Wirtz 2003; Wirtz et al. 2003). To mitigate this risk, the pricing policies and rate fences applied need to be easy to manage and to communicate to customers (Kimes & Wirtz 2003; Stenlund et al. 2015). Since the FO staff typically stay in direct contact with customers, they can play a critical role in countering perception of unfair RM practices. Conflict situations may arise during daily interaction, in which FO clerks need to explain to guests how the system works, and apply compensation policies to soothe unhappy guests.

Some interviewees such as IntercityHotel Dresden and Holiday Club Saimaa did mention the need to answer guests' inquiries about booking and cancellation terms, rate fences, or capacity restrictions such as minimum length-of-stay, especially those applied against the regular guests during periods of high demand.

"We have a partnership program at Holiday Club, in which guests have their own prices and discounts. Sometimes, we need to put restrictions on them so that they cannot get the discounts, or we need to limit the number of the rooms booked at such rates." (Interviewee Holiday Club Saimaa.)

"We need to explain clearly to guests when giving them a free room upgrade that we do so because of the currently high occupancy (...), so that the next time the guests return, they won't demand to have the same room type they get this time" (Interviewee Sheraton Saigon).

According to Interviewee IntercityHotel Dresden, it is difficult to convince guests of the restrictions because they do not understand RM principles. She also admitted not being instructed how to tackle this problem. *“We just acquiesce to such situations, try to explain as much as we know, and hope that the guests won’t get angry.”* In fact, FO staff do not often have to handle serious complaints or compensation requests on their own. Nonetheless, in certain establishments such as in Scandic Lappeenranta’s case, FO employees are still left to make their own decisions in these cases and given more responsibility to determine the solution or compensation than in other organizations. The interviewees acknowledged the need for skills in resolving such conflicts and clearing up the guests’ misunderstandings; yet they assumed that one can learn such skills only through work experience.

“I don’t offer right away a compensation, but try first to solve the problem, and only when the guests are very upset and there is no “right” solution will I offer a compensation. Indeed, there are unfortunately many guests who complain about every little thing only to get something free.” (Interviewee IntercityHotel Dresden.)

“Our staff are also trained to handle requests for compensations, and they do that very carefully but actually also easily by keeping in mind that customer is our biggest leader. They learn such skills on the job by observing each other.” (Interviewee Holiday Club Saimaa.)

“Every situation, with each person, requires a different solution, even if the situations are similar in essence. (...) The FO job is always dependent on guests’ feelings and behaviors, and the art of it is to identify what the guests are feeling or thinking after a short conversation and find satisfactory solutions.” (Interviewee Sheraton Hanoi.)

8 Training and rewards

After investigating and demonstrating to what extent FO staff can contribute to hotel RM scheme, the author will discuss in this chapter the implications of the findings for the reality of training FO staff, especially entry-level recruits, to practice RM. It is beneficial to first reflect on the skills requirements for FO work in a new light.

8.1 Skills requirements for practicing revenue management

According to Baum (2008) and Duncan et al. (2013), factors such as low pay, little need for academic qualifications and high staff turnover create the perception of FO employees as low-skilled labor. This perception was even heightened when it comes to more professional knowledge such as about rates and revenues, which was reflected in the interview responses to questions as to which level of skills and knowledge in RM is required from the FO job applicants. All the interviewees indicated that there are no requirements for specific skills, and the FO staff are recruited based on their generic education and employability. *“We don’t need to have knowledge about rates or revenues. Just interpersonal skills such as communications and language skills were required.”* (Interviewee Holiday Inn Doha.)

Most interviewees used to learn about RM during their professional studies but claimed to not be using it in the daily job as an FO employee. According to the FO managers participating in the interviews, it is not compulsory even for FO managers to know about RM if they do not directly cooperate with the revenue managers.

“Because FO has nothing to do with RM. FO is all about check-in, check-out, providing guests with correct information and a wonderful experience during their stay at the hotel. Ensuring that your FO staff fulfill those tasks is enough for you to become a good FO manager.” (Interviewee Sheraton Hanoi.)

“Not so much if I don’t want to [know], because we have separate people to do that. But of course, knowledge about RM helps a lot to understand the business and also gives the possibility to make more money.” (Interviewee Holiday Club Saimaa.)

Meanwhile, the findings reported earlier in this paper have suggested that FO agents can and need to have a new skill set – the skills to optimize revenue. As in many other aspects of the FO job, optimizing revenue requires from FO employees both technical and interpersonal skills.

Technical skills include a knowledge about the basics of RM, the hotel’s RM-related policies and targets, and the ability to utilize data and information systems (such as PMS, OTA platforms and other online reservation systems). Such know-how helps

FO agents to assess the house status, quote the right rates, identify sales opportunities, and understand the system well enough to explain and defend the price restrictions and extra charges whenever guests inquire. The more knowledgeable the FO agents are about the price structure, the better menu of options they can offer, and thus the more effective the offers, especially to guests who were not aware of other options.

While technology has continuously developed as a support, from synchronized multi-channel reservation systems and cloud-based PMSs, to mobile apps and other automation technologies, FO staff need to possess not only technical know-how but also interpersonal skills to strengthen their role in influencing the hotel's bottom line. The analysis of FO staff's role in implementing RM techniques and in resolving conflicts between RM and CRM has shown the importance of interpersonal techniques for the front desk clerks to qualify the right guest for their sales effort and then use the right approach. Various real-life examples given in the interviews indicate the FO agents' use of their own judgement, experience and knowledge about characteristics of different market segments to predict their needs and expectations. In other words, FO staff need to be able to deploy the so-called "RM profiles" of different guest segments, ranging from FITs, leisure tourists, families with children, transit travellers, to groups, crews and many others (Ivanov 2014, pp. 59-60). Considering that front-line personnel may have to face the constant pressures of working within the constraints of customer service and company's interests (Baum 2006, p. 230), interpersonal skills prove especially useful for delivering value to the guests while maximizing profits.

8.2 Training reality and strategies

After reviewing the skills required from FO clerks to practice RM and support a customer-centric and holistic approach to RM, the author will address training issues as an "internal environmental factor" affecting the role of FO staff in RM. Since another major shift in RM, according to Wang et al. (2015), is from training revenue leaders towards developing an RM culture across hotel departments, more attention should

be paid to the FO team's training needs, considering their strategic position between revenue centers and customers as analyzed in the previous chapters.

Kotler et al. (2017, p. 352) are among the few authors who mention training in RM for FO personnel, and not surprisingly, the absence of it. In the empirical study, the interviewees were asked two major questions on this issue, which are (1) how FO employees are trained in RM-related issues; and (2) why they believe their FO team should be trained and empowered more in RM, or why not.

To the question (1), all the interviewees answered that there is no official RM training for the FO staff. Most of them received orientation training during the induction process, and have since then learnt on their own from experience and through observing or consulting fellow workers. Some mentioned department meetings and periodic standard training sessions with designated trainers as other forms of training organized for FO staff.

To the question (2), three out of four managers responded that their FO staff do not need to be trained in RM techniques for the job itself, although they can learn them to boost their own work efficiency or personal growth. Interviewee Four Seasons St. Petersburg said, *"It [RM knowledge] makes the job easier, and especially, at the position of a manager already, it is helpful thinking for the future, the revenue, and the hotel company. But for a receptionist, I can say - no."* The remaining manager (Holiday Club Saimaa), by contrast, believed that RM techniques are professional skills FO staff should develop in order to generate more profits for the company. Sharing the latter opinion, the other interviewees, who are FO staff, all agreed that specific training in RM or involvement in implementing pricing and revenue strategies would help them become more confident, reliable and consistent in the job. *"There are situations when some staff just do not have sales skills and do not know how to present the product in a good light"* (Interviewee Ritz Carlton Abu Dhabi).

Despite agreeing on the benefits of RM training, some maintained that self-learning is central to a long-lasting knowledge. Moreover, when probed into possible difficulties the hotels can have in organizing RM training for FO staff, the most common

answers include (1) lack of time and training staff, difficulty finding a suitable training appointment for everyone; (2) different levels of knowledge or interest in learning about RM among the FO staff members; or (3) due to the sheer fact that the hotel already has other staff specializing in RM functions.

Regarding the difficulty (1), it is understandable that the revenue manager has little time for the job of a “trainer”. Yet, if the hotel realizes the potential impacts its front desk staff can make on its bottom line, investing a small portion of time in teaching them about the principles of RM will prove worthwhile, since just the basics can re-shape the staff’s mindset and ensure that their actions conform with the overall strategies. The difficulties (2) and (3) can be explained by the perception that FO and RM are completely separate functions. For this very reason, training is needed to ensure the FO staff understand what they can and need to do in their daily job to assist RM and incorporate RM techniques into their own functions.

Standard training does not always have to be organized in the form of meetings or sessions, but can be in the form of written procedures, or “scripts”. This is particularly helpful for the new and inexperienced FO workers, considering the fact reinforced by all the interviewees that they usually have little rate and revenue knowledge. They may every now and then forget to ask for credit card guarantee or evidence for the charges (such as signature for confirming upsells), or fail to defend the pricing and rate fences (and as a result change the charges as the guests demand, for instance an extra bed for free). “Scripts” for sales offers can also help new recruits overcome the feeling of too much awe at guests when making sales attempts, for fear that they would be rejected or viewed as a salesperson. As Bardi (2003, p. 369) suggests, FO agents will feel more comfortable with the use of RM tactics if they believe they are helping guests to improve their experience. Some interviewees remarked that that way, they would even take pride or motivation in implementing RM strategies.

“On the one hand, we receive incentives for generating revenues. On the other hand, those practices, for example upselling, are a way to show our extra care for customers. (...) These are extra steps to give guests more assistance while still supporting the hotel’s revenues, and can all be done in parallel with each other. We want to

make guests feel that they are getting a better experience at the hotel and not as if we are just trying to sell.” (Interviewee Sheraton Saigon.)

Last but not least, another benefit of training FO staff to practise RM is to boost their job identity and personal growth, hence higher motivation and positive job attitude (Bardi 2003). This is meaningful to hotels considering the high rates of FO staff turnover that was addressed both in the literature and in the interviews. Interviewee Four Seasons St. Petersburg pointed out in the following response that high turnover may impair the service quality, since it takes time to constantly train new people.

“Usually, it’s one-year job. If you feel ambitious enough and really want to learn more, (...) to do more than just the receptionist job and to take more management responsibilities, you can get promoted. If those things don’t happen, people usually leave, after a year, or a year and a half. We have a new team all the time. It’s difficult to ensure good service – sometimes the service is not good because we need time to train new people to follow our procedure.”

Besides training issues, the interviewees were also asked how their performance in RM would be monitored and supervised. Although they generally answered that there is no other particular supervision for their RM practices than for upselling revenues, most of them mentioned annual standard audit for the entire hotel, when the testers or “mystery shoppers” would also check and evaluate the FO department, including the upselling step. Considering the risk of FO staff missing revenue opportunities, and that monitoring and evaluation is a stage in Ivanov’s (2014) RM process, it is advisable that hotels put more effort into monitoring the performance at the front desk more regularly. This step helps identify areas where RM decisions are not properly implemented, as well as prevent the “it’s-not-my-job” mentality among FO staff, who are typically engaged in a broad range of tasks. For instance, Interviewees Holiday Club Saimaa, Caravelle Saigon and Sheraton Saigon mentioned language barrier leading to miscommunication as a major difficulty among FO staff in applying RM, such as in upselling or explaining the prices with guests. Monitoring and mystery testing can help detect such problems, which otherwise might pass unnoticed by the FO manager.

8.3 Reward and incentive scheme

Rewards and incentives are included in the conceptual framework as another “internal environmental factor” influencing the success of engaging FO staff to apply RM. According to Stenlund et al. (2015), to get the FO associates to “think revenue management”, hotels need to have an incentive plan in place. The incentives can be established on the basis of RM metrics such as RevPAR and GOPPAR, or based on previous month/quarter/year’s yield statistics as more often seen in practice. In any case, concrete performance measures should be clearly communicated to the FO staff so that they understand the principles behind the RM goals they are supposed to work towards.

To study how hotels are taking this factor into account, a question was put to the interviewees as to what kind of recognition and/or incentive program there are for FO staff in RM-supporting activities. Since upselling is arguably the most well-defined RM technique from the FO employees’ perspectives, upselling commissions appear to be the single most common incentive for a hotel to motivate its front desk agents to optimize revenue. The majority of interviewees mentioned monthly upselling targets and individual commissions; one responded that there are commissions per sale but no monthly goals, and one answered there are only targets for the whole team. Meanwhile, two interviewees from four-star hotels answered that they have no regular incentives, but only occasional upselling competitions.

In most cases, the FO clerks can claim commissions solely on room-related sales. Only two respondents mentioned that they can get also a share in cross-selling revenues and in the service surcharge depending on the hotel’s profit. Generally, managers set no goals for front desk sales for other departments like F&B, spa or concierge services. Recognition- or ranking-based rewards can also be used to honor FO staff for the highest amount of upselling revenue. The interviewees mentioned that they can be recognized with cash bonuses, complimentary accommodation in any hotel of the brand, or gift certificates for services in the hotel.

Besides upselling, two interviewees mentioned that they also work towards targets and rewards for membership enrolment, i.e. persuading guests to join the hotel's membership program. This can be a great way to incentivize FO staff to convert and secure direct bookings by offering membership enrolment, because guests can earn points when they book directly with the hotel as a member.

“That’s also a serious global competition for us to get more customers to join our membership program (...) we need to convert the guests to direct bookings, because that would be counted on the next booking as well.” (Interviewee Holiday Inn Doha.)

“We at FO only have targets for upselling, membership enrolment (how many guests we should manage to register in the membership program), and for check-in/check-out quality scores” (Interviewee Sheraton Saigon).

The interviewees were also asked to evaluate the current reward program for them in RM. Many revealed that the upselling commissions are actually so important they are considered a secondary income source and a major source of motivation for the FO staff, due to the fact that fixed salary for FO jobs is usually low. For instance, Interviewee Caravelle Saigon answered that *“Our salaries together with bonuses are normally just enough for us to get by, so we all often have to strive for additional income streams, for example through our efforts to gain upselling commissions.”*

An unsatisfying reward program, on the other hand, is likely to demotivate FO staff in making revenue-optimizing efforts. They may for instance unnecessarily skip upselling opportunities when they are *not in the mood* for that. Four among nine interviewees expressed some dissatisfaction over the reward program, either with the low commission percentage per upsell, or with the unfairness in measuring achievements among team members.

“What I find somewhat unfair is that our FO manager can sell rooms to groups, which allows her the possibility to upsell a large number of Business rooms at once. Another thing I would like to be improved is that the FO staff can get not only 15% of the pure profit from the upsellings but maybe a bit more e.g. 20 or even 30%.” (Interviewee IntercityHotel Dresden.)

Interviewee Four Seasons St. Petersburg added that her hotel was actually considering increasing upselling revenues for the FO staff, because *“if the upselling commissions get high enough to become their second income source, they would put in more effort.”*

In addition to monetary benefits, all the interviewees agreed that other incentives for FO staff to learn and practice RM techniques include personal growth and enhanced prospects for promotion. Interviewee Four Seasons St. Petersburg stated that *“For the personal growth, I believe such knowledge can help us better understand the operations of the hotel, and maybe grow up to other positions and to the management level.”* Interviewee Caravelle Saigon added, *“good upselling results (...) can also be one of the factors in the decision on a pay raise or a promotion to e.g. Sales or Reservations department”.*

Personal career plans indeed affect the FO staff’s willingness to engage in supporting RM. For example, Interviewee Caravelle Saigon noted, *“It actually depends on which position they are going for. Some colleagues of mine, who plan to just head for positions like Duty manager (rather than Reservations or Sales agent), don’t feel the need to learn much about RM.”*

In general, all the interviewees did acknowledge the importance of RM knowledge in developing an RM-oriented mindset within the FO department. According to Scandic Lappeenranta’s FO manager, *“Incentives are always good for motivating the team members”*; in Sheraton Hanoi FO manager’s opinion, RM knowledge *“will be very beneficial, because revenue is the backbone of a hotel business. No matter how good the FO staff are, the hotel will go out of business if its revenues are not good.”* However, with that in mind, the interviewees, especially the managers, still did not see the need to train or incentivize FO staff to adopt other RM tasks than upselling.

9 Summary and discussion

This chapter presents the research’s main conclusions on the potential for optimizing the role of FO staff in hotel RM operations. The conclusions will be structured as

answers to the four research questions (see Chapter 1) and followed by the author's suggestions about practical implications for hotels and its FO personnel, as well as her self-evaluation of the thesis work and her own learnings.

9.1 Research results

The role of hotel front desk staff in RM is an interesting yet challenging topic, not only due to the lack of directly relevant literature, but also because the topic turned out not to be an instantly familiar concept to the practitioners. By studying the literature on a wider range of related topics including various aspects and core activities of hospitality RM, a schema of factors determining the role of FO staff in RM was developed to explore the thesis topic. These factors include elements of a hotel RM system (data, process, and revenue centers), RM tools or techniques, customer factors, and environmental impacts. The environmental impacts include external factors (changing market conditions and booking methods) and internal factors (interdepartmental communication, training and rewards).

Regarding the first research question as to how hotels are tapping the potential of their FO staff to practice RM, the empirical analysis indicated that the perceived FO function has been largely reduced to taking care of clerical tasks and guest service issues. Upselling is the most notable contribution to hotel revenues that FO workers are considered responsible for. This perception can be explained partly by the FO clerks' decreased level of participation in reservation activities, and partly by the belief that FO staff are low-skilled job positions and not responsible for or involved in such strategic functions as RM.

A review of the RM system and process, however, suggested that FO staff's potential to optimize revenue in their hotel organization remains unfulfilled. While all the interviewees acknowledged the FO clerks' strategic position between a hotel and its patrons, they tended to view guest service and RM as completely separate functions rather than complementary. The managers in particular often drew a distinction that their staff are not working in RM, but merely in operations.

Acknowledging little need for FO staff to “bother” with RM practices, hotels apparently do not reckon with the missed revenue opportunities and the risk of “price dilution” at the front desk. Without the knowledge or the motivation to stay aware of the potential revenue that could be captured, for instance by encouraging direct bookings, an FO clerk might well overlook opportunities to optimize revenues. FO staff are given access to data on guests’ historical booking patterns, house status, available service options and promotion packages, and so on, but may not be equipped with the skills and techniques to deploy those data, such as to identify sales opportunities, to allocate rooms in order to maximize the capacity available for upselling, or to present the alternative offers effectively enough to win upsells.

It is often assumed that FO staff can easily know what they should do by looking at information from the systems; nonetheless, without a basic knowledge and mindset of RM, their performance can only be inconsistent. As can be seen from the interview responses, especially from the staff, FO agents can often face difficulties in overcoming guest objections during sales efforts, or in defending rate restrictions. It seems that managers tend to dismiss the challenge in getting FO staff to understand the rationale behind RM policies, and some believe that RM efforts at the front desk are unimportant when a majority of bookings have been made in advance.

As for the second research question, findings from the investigation into various facets of RM and of the FO job have shown that there are many different ways the FO agents can contribute to the implementation of the hotel’s RM strategies. Upselling is the most common and among the few RM activities that have been explicitly acknowledged as a routine FO function.

Besides, this study examined other RM activities and techniques which FO agents have the potential to apply in their daily job, or which they might be applying routinely already without knowing that it can be a revenue-optimizing technique if used in an informed and tactical manner, rather than instinctively. It is true that the growth of online booking channels has diminished the amount of contact between guests and the hotel FO, and the increased specialization and technology applications in RM leave all the necessary RM data ready in the systems. However, the desk clerks can

be empowered to become a powerful sales force upon guests' arrival and during guests' stay, rather than a passive guest receiver. Overall, most of the RM techniques studied, from price presentation, defending rate fences, to booking channel conversion, require a thorough knowledge of products, prices and policies, as well as skills at anticipating and influencing customer behavior. The application of those techniques at the front desk should therefore result in both higher guest satisfaction and higher ADR and revenue. For non-pricing techniques, the role of FO staff is more limited – they only apply the managers' decisions; however, as they can play a significant part in communicating and explaining the decisions to guests, they themselves need to be explained and kept abreast of the policy changes as well.

Another half of the research question currently discussed is how to devise convenient and practical ways to leverage the FO staff's energies and incorporate RM practices into FO's conventional work routine, rather than giving them an abundance of extra tasks. This implies that FO managers should review their staff's established routine to plan for an integrated procedure. Table 9.1 below illustrates a suggestion for such an integration of RM activities into the FO job, or in this case, into the FO's task routine based on the Guest Cycle (see Figure 2.1).

| Guest Cycle / FO Functions | RM Practices |
|-----------------------------------|---|
| Pre-Arrival | |
| Inquiry | Secure/Convert direct bookings |
| Reservation | Price presentation - Capture walk-ins Maintain rate fences; Consider whether to offer discounts Inventory control |
| Processing Guest Account | Understand rates for different guest segments and channels. Rate Check: Record and process guest preferences, pre-assign rooms, maintain rate fences |
| Cancellation | Offer to move the booking to another date at a small fee |
| Pickup Service | Upsell transportation service |

| | |
|---------------------------------------|--|
| Arrival/Check-In | |
| Greeting | Upsell to early arrivals |
| Registration | Detect guest preferences/cues for upselling Request documents from guests entitled to special rates |
| Establishment of Credit | Check and confirm with guests what they have paid and are to pay; ask for credit card to charge available-to-spend deposits |
| Room Allocation | Upsell - Cross-sell Optimal room-rate allocation (e.g. juggle bookings to optimally fit capacity, contact housekeeping, avoid free room upgrades) Offer membership enrolment to encourage direct re-bookings |
| Occupancy | |
| Managing/ Coordinating Guest Services | Upsell room/package upgrades during guest stay Sell F&B specials, transportation, tourist activities, access to VIP Lounge, meeting rooms and other facilities, souvenirs, etc. Consider compensation/room move requests |
| Charge Posting | Answer guest inquiries about prices Properly post or collect extra charges according to rate fences |
| Overbooking | Check historical cancellation and no-show patterns, expand usable capacity, and help identify bookings to cancel Stay informed of what not to do (e.g. take day-use/walk-in/late-checkout guests, override rate restrictions) Communicate and settle with guests who need to be walked |
| Departure | |
| Checkout Procedure | Billing; Guest payment clearance Check due-outs; Upsell late checkout Consider late checkout/stay extension requests (Inventory control) |
| Follow-up | Offer direct bookings for return visits |

Table 9.1. Example of integrating RM activities into FO work routine

To answer the third research question as to how FO staff can influence a hotel's approach to a more holistic and customer-centric RM model, the FO staff's role was viewed through "Total RM" and "Customer-centric RM" concepts, which are regarded as two major paradigm shifts in RM in the recent literature. Extended from the "hotel revenue centers" element and the "customer" factor respectively, these two concepts further assert the role of the FO staff in today's RM operations.

Most of the interviewees agreed that FO staff are responsible for supporting sales for other non-room revenue centers, although the opportunities to cross-sell at the front desk vary considerably from hotel to hotel. As with room-related upsells, the key for successfully engaging FO staff in contributing to other revenue sources in the hotel is to make sure the FO agents are well informed of the options or promotional areas available, and competent to tailor their offers to particular guest needs. However, different from upselling, FO staff usually do not receive any incentives for cross-selling, and as a result they view this task more as optional. To optimize total revenue, hotels need to promote among FO employees a cross-departmental thinking for revenue optimization of every source in the property.

Effective interdepartmental communication is important in a "total RM" culture, but FO staff in reality usually do not communicate with the RM or sales teams. While most of the interviewees claimed that there is no need for them to liaise with those departments, FO managers should keep a lookout for lost revenues or missed revenue opportunities caused by circulation of erroneous or obsolete information.

The shift towards a more customer-oriented RM approach demands a change to the perception that the focus of FO's function is on customer service and not on revenue strategies. As learned from the interviews, FO agents can take advantage of their daily interaction with customers to make impacts on the bottom line. Besides profiling and targeting guest prospects for upselling, and creating personalized value to make sales offers more appealing, they are in the position to communicate to guests the hotel's RM decisions and prevent any conflicts between guest satisfaction and revenue-maximizing efforts. Failure to handle these issues can result in customers' perception of the RM tactics as unfair.

Considering the fourth research question, while external factors like changing market conditions and guest booking behavior have changed the scope and nature of FO functions, hotels can depend on internal training and reward schemes to capitalize on FO staff's potential influences rather than discount them. This is in reality not a simple issue, because both the managers and the FO workers are apparently not ready for or interested in adopting an RM-oriented approach to FO operations. Some interviewees acknowledged the need for RM knowledge to gain more confidence and consistency in dealing with related issues happening at the front desk, but few acknowledged the need for a formal training. In most cases, FO staff are left to teach themselves about RM through experience. Considering the low expectation for FO workers, their actual performance in revenue optimization besides room-related upselling is often neither measured nor monitored.

In comparison to internal cost minimization, revenue maximization can be more difficult as it requires participation of more staff members, and their capacity to influence customers externally. While hotels are investing more and more in distribution channels and RM technologies, they should pay more attention to the front desk personnel as a commissions-free and highly interactive distributor. The research findings showed that when properly informed, trained and motivated, FO staff can play a unique role in realizing RM strategies by employing both technical and interpersonal skills. Otherwise, the FO staff may, in several ways and forms, fail to fulfill the revenue potential, or struggle with the implementation of RM policies, and needlessly override price restrictions in the name of hospitality. Training and monitoring are therefore necessary for both FO staff and manager to see the bigger picture and evaluate the performance more accurately, for instance if the upselling attempt is worthwhile, and if many guests unnecessarily receive a free room upgrade. Generally, front-line staff appear to be unfamiliar with the strategic, revenue-generating aspects of the business and thus normally take a passive role in RM. Table 9.1 above therefore suggested a practical example for a training framework based on which managers can design standard "scripts" for daily FO procedures, so that the FO staff are aware of revenue opportunities in what they usually do.

To conclude the research outcomes, the author proposes some changes in the perception of FO functions and encourages both hotel managers and FO employees to explore and develop the revenue-optimizing potential at the front desk. The key idea behind integrating RM into FO's daily functions is first and foremost to change the mindset. An RM-oriented mindset not only ensures consistent RM efforts but may also increase FO workers' job significance and work motivation. Suggestions for hotels to optimize their FO staff's contribution to a modern RM system, which has become more specialized yet also more holistic, can be summarized as follows.

Firstly, the FO employees should be equipped with enough data and tools needed for making informed RM efforts. For example, they need to be kept up-to-date with the hotel's pricing structure and selling points of each service or promotional area, and of the objectives and metrics for their RM practices. Secondly, standard training should be provided to ensure that FO staff have the skills to use the right data and successfully apply RM techniques during normal FO tasks. Lastly, supervision, recognition and incentive programs should be in place. They should not only increase FO associates' commitment to the hotel revenue optimization, but also be able to thoroughly assess their performance, considering their impacts on total profits and customer lifetime value.

9.2 Self-evaluation

Despite its insightful findings, this study has faced some limitations and challenges concerning its credibility. First, it only included interviewees working in Asian and European countries in the research sample. Although the author found no significant difference between the interview cases that is attributable to geographical or cultural factors, further studies could include more FO practitioners from more world regions to test whether this study's conclusions can apply to them. Besides, it can be assumed that the research findings are more likely to apply to hotels of similar types and sizes to those featured in the interviews.

Secondly, since revenue-related topics turned out to be relatively sensitive among the research population, namely FO staff and managers, the research relied heavily

on informants who felt comfortable to share their experiences and opinions wholeheartedly. As a result, the author needed to create a comfortable interview setting for each interviewee, including the language, format and medium used. The challenge, as elaborated throughout Chapter 3, was to maintain the equivalence of the questions and answers in all the interviews.

Thirdly, there was also difficulty in recalling the interviewees' memories of specific experiences and situations. Sometimes, they started to give more details or change their answers only after hearing the probing questions compared to their responses to the main questions. As Altinay and Paraskevas (2008, p. 130) suggest, to check the reliability and validity of the answers in such cases, the author asked the particular interviewee the same question at two different times and phrased differently, and saw if the answers were the same. It was also important to phrase the questions in the "language" that could remind the interviewees of their daily tasks, instead of in the exact jargons, such as "revenue management", which the target interview subjects usually do not fully understand.

Generally speaking, the theory-driven approach based on a conceptual framework has proved suitable for this research. It did help *bring to the surface themes that might not emerge from the inductive mode of analysis* (Altinay & Paraskevas 2008, p. 168), considering that most informants (FO practitioners) do not have a clear idea of the topic in question. The classification of the literature into key "themes" referring to different factors has served as a useful guide to structure the research work and identify the gaps between scholarly literature and the reality. By continuously regrouping the collected data into suitable themes, the author avoided being led by preconceptions and an overly structured framework. During the research process, the author also learned to combine general theory with the insiders' and her own experiences, in order to offer solutions and improvements to concrete issues of a particular functional area in a hotel business. At the same time, the research work gave the author a chance to apply and investigate multiple areas of her professional studies, whereby she can improve her know-how for a professional career in the hotel industry.

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Appendices

Appendix 1. Interview Question Matrix

| | Interview Questions for each Research Question (RQ) | Position in thesis |
|---|--|-----------------------|
| RQ (1): How are hotels tapping the potential of FO staff to practice RM? | | |
| 1 | Introduce your hotel company (hotel type, number of rooms, organizational structure of FO department, etc.). <u>Probe:</u> Does the hotel or hotel chain have a separate Central Reservation Office (CRO) or Reservations Department? | Chapter 4 |
| 2 | Tell briefly about your own position, years of experience, and the scope of your work tasks in the FO. What do you consider as the main missions of an FO agent? | Chapter 4 |
| 3 | How well do you know the concept of RM? Do you know if RM is practiced by your hotel and who specializes in this area? | Chapter 4 |
| 4 | What do you think are/would be the strengths/advantages of the FO personnel in generating sales and practising RM? <u>Probe:</u> In general, how much do you think your FO department can contribute to the hotel revenue and profit maximization, especially if there is already the CRO and Sales Department? | Chapter 4 |
| RQ (2): In what ways can FO staff contribute to their hotel's RM strategies and integrate RM practices into their daily working routine? | | |
| 5 | How do you generally prepare for your work shift, or for the next work day? How should such information help your work? <u>Probe:</u> How do you keep yourself posted on changes in the hotel's offers and pricing policies? | Section 5.1, 5.2, 5.4 |
| 6 | What is your role in processing rates and applying rate policies? Do you (your FO staff) follow any procedure of quoting rates to booking requests? | Section 6.1.1, 6.3.2 |

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| 7 | Which difficulties or issues can your FO team have in learning to offer the right rate to the right guest; or in explaining and defending the hotel's rate fences, booking terms and conditions, etc. to guests, and maybe having to decline their requests? | Section 6.1.1, 6.1.3 |
| 8 | What, when and how can you make effective upselling offers? | Section 6.1.2 |
| 9 | How and how often can FO staff convert a phone call, information inquiry or previous OTA client into a direct booking? | Section 6.3.1 |
| 10 | Tell about your experience of implementing inventory control policies, e.g. length-of-stay control or overbooking? <u>Probe:</u> How do you feel about overbooking situations? Have you faced any difficulties in dealing with overbooking or price discrimination practices? | Section 6.2, 6.3.2, 7.2 |
| 11 | How are (individual/team) revenue/sales-related goals established for your FO department? | Section 5.3 |
| 12 | How does your hotel's PMS facilitate (or hinder) the process of FO staff upselling, cross-selling and generating sales leads? | Section 5.4 |
| RQ (3): How can the FO team influence a hotel's approach to a more holistic and customer-centric RM model? | | |
| 13 | How aware are you of other revenue centers than the rooms, and do you find yourself a role in supporting those revenue streams? <u>Probe 1:</u> How do FO staff cooperate and communicate with RM department and other revenue centers in the hotel? <u>Probe 2:</u> Does FO manager set goals for front-line sales for other revenue centers? | Section 7.1 |
| 14 | How can customer profile data assist your work/sales efficiency? | Section 5.2, 7.2 |

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| 15 | <p>What challenges can FO staff face in preventing and resolving conflicts between profit-optimizing tactics and customers?</p> <p><u>Probe 1:</u> How do you (train your staff to) handle requests for compensations or free room moves?</p> <p><u>Probe 2:</u> How do you ensure hospitality and guests' comfort while making sales efforts?</p> <p><u>Probe 3:</u> Have you ever met with difficulty in applying RM policies and restrictions to regular and member guests?</p> | Section 7.2 |
| RQ (4): How can FO staff be trained and incentivized to become efficient revenue generators within the constraints of their conventional tasks? | | |
| 16 | <p>What is the level of knowledge and experience about rates and revenue that FO jobs at your hotel require from the applicants?</p> <p>How much do you need to know about RM as an FO Manager?</p> | Section 8.1 |
| 17 | <p>Which training and supervision methods does your hotel/department organize for FO personnel in RM practices?</p> <p><u>Probe 1:</u> Were you trained for RM when you first entered the FO job and later on-the-job, or have you just learnt by yourself?</p> <p><u>Probe 2:</u> How is FO staff's performance in RM monitored?</p> | Section 8.2 |
| 18 | <p>Do you think the FO staff at your hotel should be trained and empowered more in assisting RM and bringing these techniques into their own roles? Why, or why not?</p> <p><u>Probe:</u> Have you ever faced any challenge or difficulty because of the lack of knowledge and practice in RM?</p> | Section 8.2 |
| 19 | <p>How do you think RM knowledge would benefit an FO employee's personal career?</p> <p><u>Probe:</u> Does your FO department have high turnover?</p> | Section 8.2 |
| 20 | <p>What kind of challenges can your hotel have in training FO staff for RM?</p> | Section 8.2 |

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|----|---|----------------|
| 21 | <p>What kind of recognition and/or incentive program does your hotel have for FO staff in RM practices?</p> <p><u>Probe 1:</u> Do you think incentives are important to create a revenue-oriented mindset among the front desk team?</p> <p><u>Probe 2:</u> How would you evaluate the current reward program? What else would motivate FO staff to support RM?</p> | Section 8.3 |
|----|---|----------------|