

Yield Revenue Management in the hotel sector:

An empirical analysis of its application and results in Madrid, Spain

Dr Talón Ballester, Pilar. University Rey Juan Carlos. Madrid. Spain pilar.talon@urjc.es

Dr González Serrano, Lydia. University Rey Juan Carlos. Madrid. Spain lydia.gonzalez@urjc.es

ABSTRACT

The principal objective of this investigation is to value the grade of the Yield Revenue Management (YM) and its actual situation in the hotel sector in Madrid. The loss of competitiveness and leadership that is happening in Spain and the importance that it is to the tourism sector, and even the economy, coupled with the scarcity of this research in Europe, has made this a very interesting and novel research topic.

To evaluate the grade of YM implications, the hotels chosen were of 3, 4, and 5 stars situated in Madrid and were in service in 2008. The results of this work permits us (a) to propose an application model based on the expert opinion accumulated from Delphi, who permitted us to value the grade of development of the YM of Madrid hotels; (b) analyzes the management of the YM in Madrid hotels, through surveys given to the highest ranking in this development in independent and international franchises in Madrid; (3) identify the deficiencies, difficulties and errors encountered; (d) specify the good practices been done in the hotels; (e) suggest ideas to better the overall practices and suggest a manual to follow in the hotel sector.

1. Introduction

Although the YM has been applied in the United States and other European countries for over

20 years, the delay of almost a decade in the process in Spanish hotels (Gómez et al., 2006) has caused its introduction in this country is a recent phenomenon.

In fact, the first citations in Spanish in which the researchers are aware of, are in Aranda (1994), which makes a brief mention in the manual on the technical-economic management of hotels. Also, in an article by González and Sule (1994) on the expectations of Yield Management in tourist companies of Castilla y León. Since 2000, some Spanish researchers have begun to explore this matter (eg González and Talón, 2002, Chávez and Ruiz, 2002, Figueroa, González and Talón, 2004, Guadix, Larra, Onieva and Ibañez, 2004; Guadix Cortes, Muñuzuri and Ibañez, 2008, Chávez and Ruiz, 2005, Gómez, Durán and Sánchez, 2006; Figueroa, Talón and Vacas, 2008; Talón, 2009, etc.) but the researchers are still far from having established a scientific framework in this area.

On the other hand, the complex and multidimensional nature of the implementation of YM has been discussed in numerous studies (Okumus, 2004). This is due to the multitude of factors that must be considered and controlled simultaneously when applying YM: market segments, the costs of production and sales cycles, demand forecasting patterns, knowledge of prices and competition, the relationship between the hotel and the customer, training and motivation of managers and employees, etc. (Griffin, 1995; Kimes, 2000, Lieberman, 1993, McMahon-Beattie and Donaghy, 2000; Schwartz, 1998, Upchurch et al., 2002).

However, there is no single model for implementation of YM commonly accepted by industry and researchers as the basis for its implementation because there aren't very precise and generally adopted procedures (Griffin, 1996, Jarvis et al., 1997) Therefore, it was essential to the proposal of a model that also allows to perform an empirical value that enabled the degree of implementation and development of the management of YM hotels.

2. Proposed Model

In the literature, we can find different models (linear and sequential or systemic) that seek to

establish the correct implementation of YM. Among the more important should be noted: Jones and Hamilton (1992), Donaghy and McMahon (1995), Jones and Kevin (1997), Yeoman and Watson (1997) and Emeksiz et al. (2006). From the contributions of these authors and information provided by various professionals designing an initial model, we can define an optimal level for YM development. This model is structured into eight blocks or general categories, which in turn is developed through various items distributed according to blocks as shown in Table 1:

Table 1. Proposed Implementation YM Model

STRATEGIC LEVEL	
1. Developing a culture of YM	
1.1. Culture	
<ul style="list-style-type: none"> ○ Management Support and Property ○ Establish and communicate strategies and goals for YM ○ Match business goals with those of YM ○ Staff training ○ Inform and understand the concept among all staff ○ Staff report daily results and forecasts ○ Informing customers about fare conditions with the objective that these policies are perceived positively ○ Recognition of employees ○ Total YM implementation (in all hotel) ○ Have the adequate human and financial resources 	
1.2. Previous Steps	
<ul style="list-style-type: none"> ○ Join a YM team ○ Designate a team manager or coordinator ○ Assign responsibilities ○ Use databases ○ Determine what information is necessary for the proper application of YM ○ Adapting technology for the information needs 	
2. Forecasting	
<ul style="list-style-type: none"> ○ Analyzing historical data of actual demand or unconstrained demand. ○ Browse historical data competition ○ Identify patterns and reserve sources ○ Recognize the determinants of demand ○ Analyze the external or environmental factors ○ Tracking stocks ○ Following up on cancellations, refusals and no-shows, etc.. ○ Update forecasts 	<div style="border: 1px solid black; padding: 5px; display: inline-block;"> Tactical Level </div>
3. Competitive Analysis	
<ul style="list-style-type: none"> ○ Identify competitors and local market characteristics ○ Analyze market share, the market penetration rate, the average price index and the index of income generation ○ Examine the Marketing Strategies and Price Competition ○ Consider the competitive advantages 	
4. Demand segmentation	
<ul style="list-style-type: none"> ○ Identify segments ○ Analyze the type, source and purchase behavior segments ○ Know the contribution of each segment to benefit ○ Determine the segments from the distribution channels ○ Choose the most profitable segments (total profit and customer value) ○ Know the customer satisfaction with the implementation of YM 	
5. Budgeting	

- Consider the MRI department forecast
- Periodically review and compare with expectations
- Take account of market segments

6. Fixing tariff structure or pricing

- Determine prices for each segment according to the company (and benefit costs) and market (demand elasticity, the consumer, competition and distribution channels)
- Differentiate tariffs by restrictions and limitations to the application of discounts
- Differentiate tariffs based on product differentiation (use of physical attributes and service packs)
- Determine the rate structure established skill levels for each of the segments rate

TACTICAL LEVEL

7. Calculating, updating and monitoring the boundaries of reservations and sales

- Review the allocation of rooms at various segments in line with fluctuations in demand and as they are making reservations, making adjustments and necessary updates (closed or open rates, etc.).
- Regularly analyze competitors' prices
- Regularly evaluate distribution channels, pricing and positioning with respect to competition
- Calculate displacement (avoid displacing more profitable business)
- Apply policies upselling and cross-selling

8. Assessment and remediation - daily monitoring YM strategies

- Quantitatively assess YM (income, average price, occupancy, profit)
- Qualitatively assess YM (customer satisfaction)
- Transmits information to work staff
- Correct deviations

3. Methodology

To compare this model, we must use qualitative methodology gained through the Delphi Technique. This technique is most appropriate for our purposes because it allows the consultation of qualified experts in the field to obtain a reliable consensus on the activities necessary to meet and to obtain an optimal level of development of YM. Also, make with this information a protocol measure that serves to compare and evaluate the level of implementation of YM in a hotel on this optimal model. The process proceeded as follows:

The selection of panelists was carried out according to criteria of accessibility but also heterogeneity. It is considered necessary to include in the sample different professional profiles both business and academic. Therefore, the final sample was composed of eleven panelists. All national and international experts renowned in YM (consultants, revenue managers and academics).

From the proposed model, the experts should consider first, the importance of including each

general category in the ideal archetype YM development and other similar models, estimate the inclusion of questions in each broad category, i.e. they should decide the appropriateness of their approach and if, this issue, serves to measure and evaluate.

With that determination, panelists should be order hierarchically each general category according to their significance in the ideal pattern of development, deployment and application of YM in hotels, i.e., deciding the order within broad categories according to their relevance in the YM development of a hotel.

After detailed analysis of the results of the Delphi study conducted by the panelist, it concludes that the order of importance of different blocks and categories that make up the ideal model is the following: culture, forecasting segmentation, pricing, analysis of distribution channels competitive analysis, calculation and updating of the boundaries of reservations and sales, evaluation and budgeting. Notably, the addition of a variable that has been the analysis of distribution channels.

Defined the model, the next objective is to assess the degree of implementation of YM in 3, 4 and 5 star hotels in the capital of Madrid and the development of a hotel ranking from highest achievement in the implementation of the variables collected in our model.

It is part of a design exploration as there is previous research on the implementation of YM in hotels in Madrid. However many less studies based on its measurement through the application of an ideal model of development. Therefore, research is transversal and descriptive as it allows a barometer on the state of implementation of YM in hotels in Madrid at a particular time. The methodology used in the quantitative phase is conducting a telephone survey of all 3, 4 and 5 star hotels in the capital of Madrid. The survey was distributed through Madrid Hotel Association and the Association of Hotel Managers.

The data collection was done through a closed structured questionnaire which did not include any open question. The bulk of it was derived from the proposed model, moving in question format, categories and issues of the original. The study sheet is shown below:

Table 2: Study Sheet

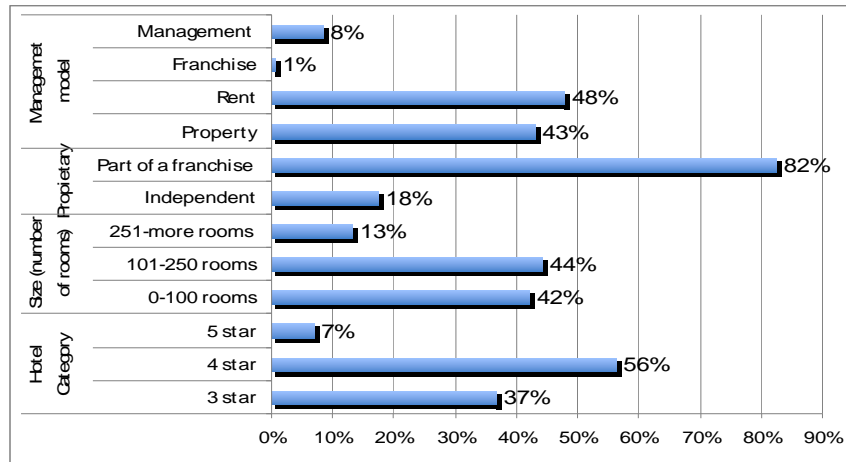
GROUP	180 3, 4 and 5 star hotels in Madrid Capital
SAMPLE	142 hotel establishments
CONFIDENCE LEVEL	Confidence level of 95% (two sigma) and in the worst case ($p = q = 50\%$)
MARGIN OF ERROR	± 3.87 for the whole sample, assuming simple random sampling
SAMPLING	Census Sampling by hotel Category
FIELD WORK	February 23 to June 15, 2009
TYPE OF SURVEY	Phone Survey

The research group is made up of 180 hotel establishments in the capital city of Madrid with categories 3, 4 and 5 stars. Rejecting the inclusion in the same hotel at lower levels gives the evidence of poor implementation of YM in these establishments. On the other hand, the decision to confine the investigation to Madrid Capital was because it is a bounded universe in which there is a higher concentration of hotels of intentional category and, in turn, increased momentum in the same YM, which is an extremely important issue in our investigation. In addition, urban hotels have further helped to developed this philosophy because they have a large number of market segments. Not so the resorts where there is virtually no differentiation of segments and, therefore, where the marketing occurs through tour operators with fixed prices. It is true that this trend began to change with the introduction of online distribution channels.

4. Results on the degree of implementation of YM in Madrid hotels

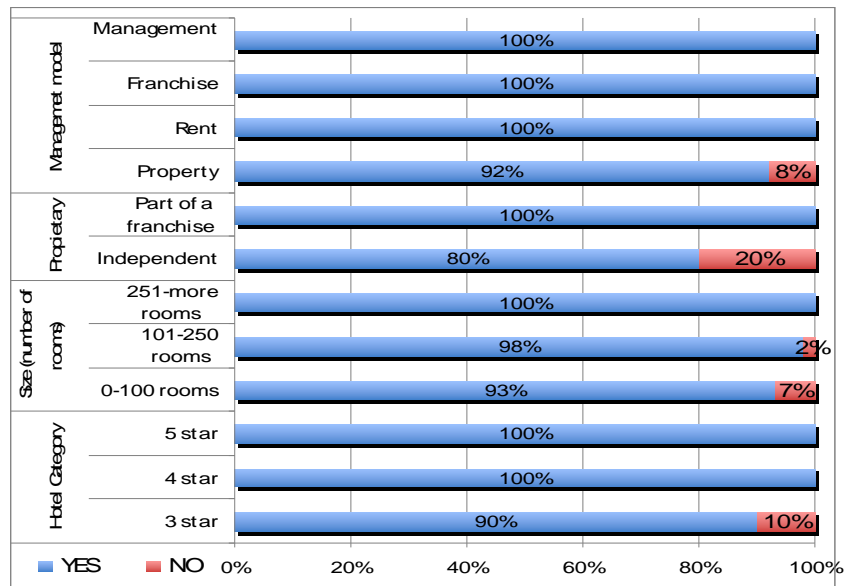
The study begins by analyzing the basic demographic characteristics that establish the overall situation of Madrid hotels surveyed. More than half of Madrid hotels have responded to the survey are from 4 star, followed by 3 star and 5 star (see Chart 2).

Figure 2. Basic features of the hotels surveyed.



Almost all the 3, 4 and 5 star hotels in Madrid say they apply YM (96.47%). The 3.5% that declare not to develop it coincide with independent 3 star hotels and are in mostly small (less than 100 rooms). See Figure 3.

Figure 3. YM implantation depending on the type of hotel.

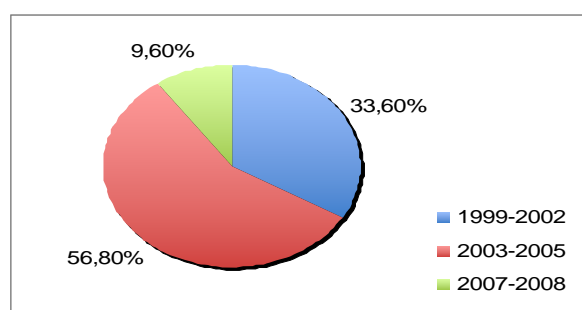


In other studies (Chávez and Ruiz, 2005; Figueroa, 2008; McMahon and Donaghy, 2000) there was a significant relationship between membership in a franchise and dimension to the application of YM. This last point has not been confirmed in this part of our study.

It should be noted that in the study by Chávez and Ruiz (2005) in hotels of 4 and 5 star in the city of Seville, the percentage of respondents who claimed to have implanted YM was significantly lower (64%). The most likely reason is that the research was conducted in 2003 and YM was not yet widespread in Spain. Moreover, Madrid and Barcelona have been the Spanish pioneers in the implementation of this philosophy due to the nature of their business. In contrast, our results are lower than those of more recent research, such as Figueroa et. al. (2009). With respect to the hotels in the Community of Madrid in 2006, which indicated that 98% of hotels were active in YM. This figure is higher, possibly because the question related to activities and not to the degree of implementation of YM. According to Figueroa, Talón and Vacas (2008) the implementation of some of these activities does not involve the actual implementation of this philosophy in the company.

Nearly 60% of hotels that claim to implement YM implanted it in the period between 2003 and 2006 and only 9.6% did so in the period 2007-2009 (see Chart 4). This decrease in the period 2007-2009 may be due to the fact that YM was already in place in most of the hotels in Madrid. However, one would expect that these years of experience would have meant a higher and better level of implementation, there is no relationship between the degree of excellence achieved and the date of application.

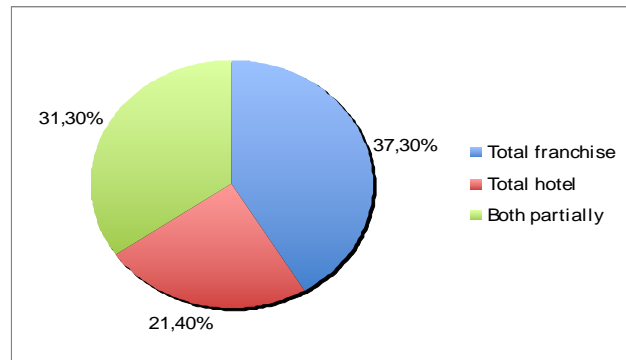
Figure 4. Date of application of YM.



With regard to the management of YM, it can be developed entirely in the hotel, through the center of the hotel franchise and jointly between the hotel and the headquarters of the franchise. Figure 5 shows that, in most hotels, this management is combined (41%) or centralized in the franchise (37%).

Only 21% of cases, the management is centralized only in the hotel.

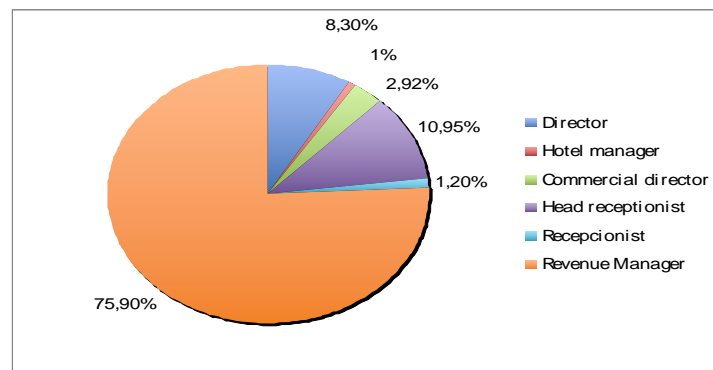
Figure 5. YM form of management.



From an organizational perspective, management of YM in hotels can be made by the hotel manager, the housing director, commercial director, the head of reception, the receptionist at the establishment or hotel revenue manager or franchise.

In general, 77% of Madrid 3, 4 and 5 star hotels (see Chart 6) this activity is undertaken by the hotel revenue manager or the hotel franchise. That the role of YM is borne most from the hotels that have a revenue manager has shown no clear definition of the position and functions of the revenue manager. However, as discussed below, in most of the cases this position is not exclusive and, when present, the revenue manager generally manages several hotels.

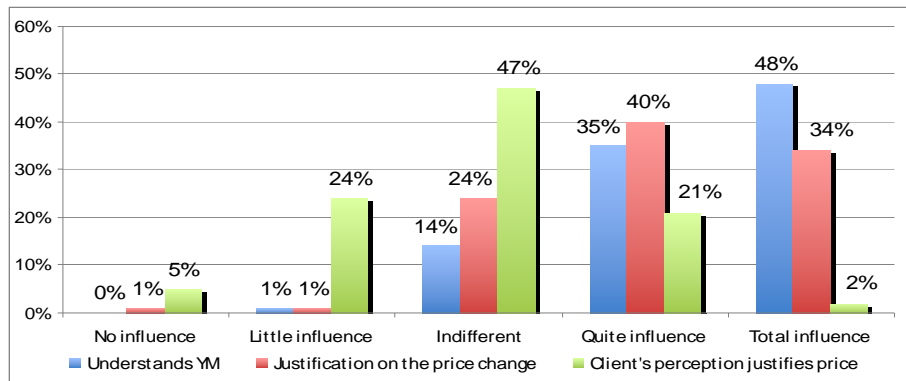
Figure 6. Managers of YM in the hotel.



According to our research (see Figure 7), the perception of those responsible (84%) for YM is that the hotel staff is well informed and feels involved in the development of YM. 48.5% of those responsible for YM think the staff accommodation, business and address known and fully shares the

objectives of the YM and 36% believe that they know it and share it fairly.

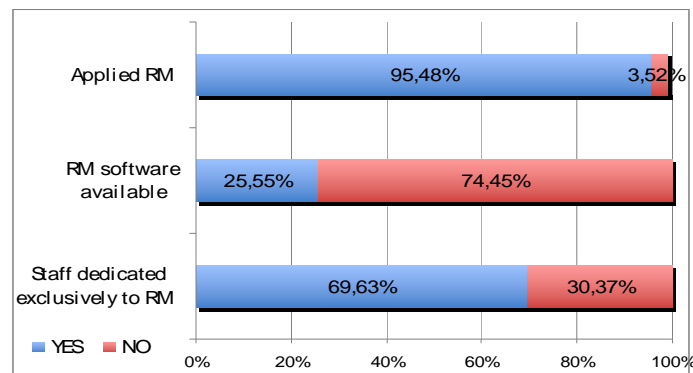
Figure 7. YM knowledge by housing, commercial and direction staff.



Most managers think that the price changes are properly justified to the customer. 40.4% considered that the desk and reservations staff justifies correctly to the client the price changes and 34% feel that they do it totally. However, 76.5% of managers considered that the customer perceives little or just regular price changes. There is therefore a mismatch in the fact that staff properly justify these variations, however, customer perception is so different.

With respect to resources (see Figure 8), only 25% say it has a specific application software or YM and 70% with a charge of YM-time. However, this last figure is quite high, and that would include the revenue of the hotel chains that generally devoted exclusively to the management of several YM hotels. For this reason, there are clear differences in this area with respect to ownership of the hotel.

Figure 8. Application of YM, software and staff dedicated to YM.

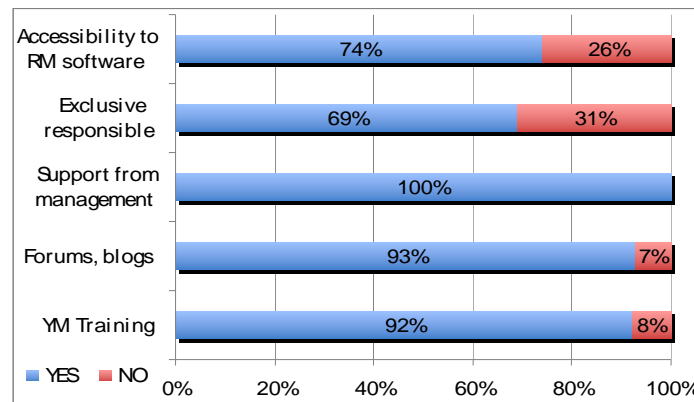


With respect to the holding of specific software, there are discrepancies with previous studies.

Thus, Chávez and Ruiz (2004) find 4 and 5 star hotels in Seville, Spain although the introduction of it is less, the use of software is considerably higher (43%). The reason may be that the study did not include 3 star hotels. On the other hand, the data are lower in Figueroa (2008) and in 2006 only 13% of the hotels in the Community of Madrid had available this specific application, which confirms an important development in this regard.

As can be seen in Figure 9, 100% of those responsible for YM claim to have the support of management and / or property for the development of YM strategies and 92% said that the team has received training in YM.

Figure 9. Culture-related variables.



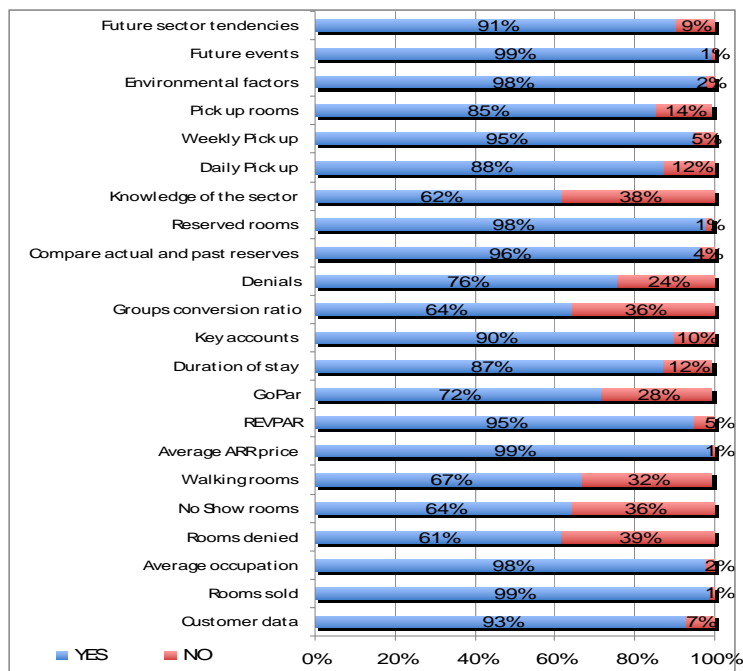
4.3 Forecast

As can be seen in Figure 10, about 90% of managers claim to have in mind the historical data on: the type of customer, and average occupancy rooms sold, average price, RevPAR and length of stay. This is consistent with the fact from the fixed case demand data from the hotel. Only room for walk-in (step in clients without reservation) the percentage falls to 68% because it is not an important fact since the hotels have less and less with this type of customer.

However, these values dropped when analyzing real demand or "unconstrained demand" since only about 60% of the data said rooms were denied and no shows. With regard to the latter, we agree with the findings of Chávez and Ruiz (2005), Upchurch et. al. (2002) and McMahon and Donaghy

(2000) indicating that the data for the latent demand are not recorded by all hotels.

Figure 7.10. Variables related to the performance forecasts.



The percentage of those with historical data on GoPar decreases to 72% because some hotels are still using only RevPar, ie, still looking at the revenue instead of profit as a measure of profitability.

90% of respondents hotels have historical data by segment and key accounts for 76% of group denials and cancellations, the percentage drops to 62% when it comes to conversion ratio of groups. This suggests the importance of groups in the hotel demand since the real demand analysis is more comprehensive in this case.

The percentages are high (96% and 99%) when it comes to comparing the evolution of current reserves to past and take account reserved rooms at present for a given future date (OTB). It is strange that 4% of the hotels do not compare the evolution of current and past reservations as this is central to the development of YM.

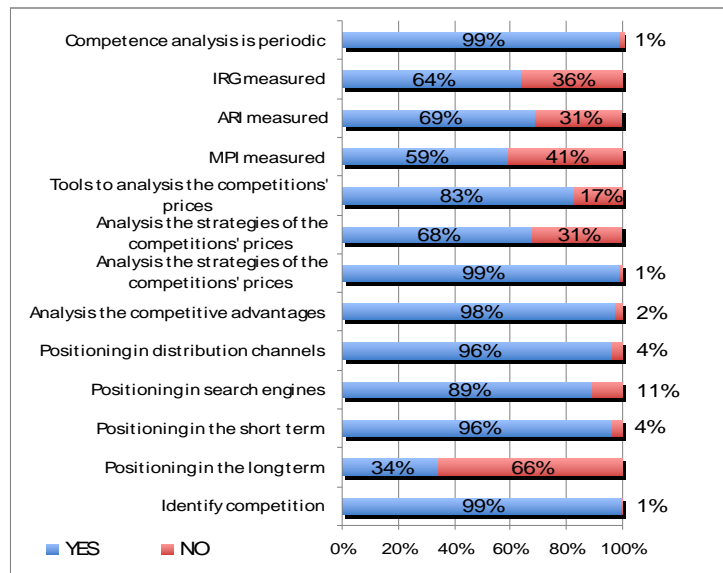
The percentage drops to 62% when it comes to determining the time at which each segment makes each reservation, which seems to support the idea that has not yet been discussed in depth about the behavior of market segments. This result agrees with data from studies of Chávez and Ruiz (2005)

and McMahon and Donaghy (2000). The weekly pick-up is that it is more common (95%) followed by the pick-up day (88%) and the pick-up by total rooms (86%).

In carrying out the provisions, Madrid hotels are very sensitive to external analysis, since 99% discussed future events (sports, cultural, etc.), 98% take into account environmental factors and 91% future trends.

Almost all hotels (99%) claim to identify their competition. The percentages are high when it comes to determining the positioning of short-term hotel and distribution channels (96%) compared to its competition. However, the percentage drops to 89% when it comes to search engine optimization and decreased significantly (34%) in the positioning of long-term hotel. This seems to emphasize the tactical approach of YM in Madrid hotels where, in our view, the strategic approach is essential. It is also true that the speed of the changes imposed by the current online and economic environment may increase the difficulty of a long-term position. But only 68% discussed the strategies for distribution channels of competition. 83% use technology tools to study the pricing strategies of competition (see Figure 11).

Figure 11. Variables related to competition analysis.



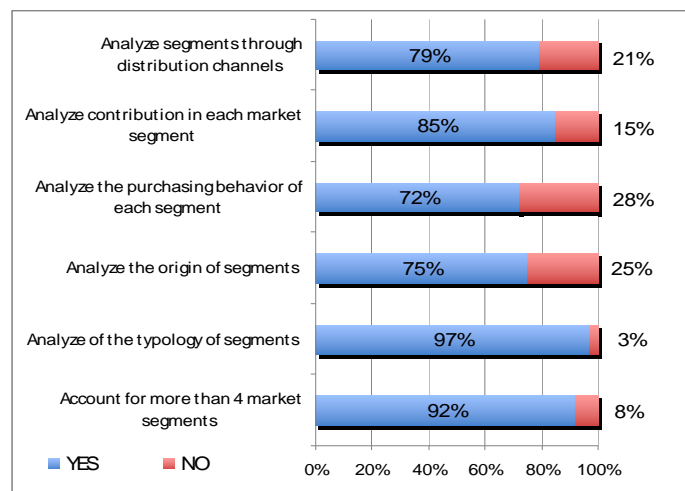
From our point of view, the competitive analysis is not performed correctly even in many hotels

in Madrid because it does not take into account the variables that measure the penetration of the hotel with respect to sales and income. Furthermore, in our analysis we found some inconsistencies and that 64% said that they measured the RGI, while 69% measured the ARI and only 59% monitor the MPI. Given that the RGI is the product of the MPI and the ARI, it seems unlikely that the share of the MPI is less than the RGI. The ARI is the variable that is measured because it is easier to obtain from data from hotels, while the rest (sales and revenues) is usually necessary to hire the services of companies that specialize in Benchmarking. Finally, note that 97% of managers make a regular analysis of the competition.

4.4 Segmentation

92% accounted for more than four market segments. This percentage is not very high if one considers that it is urban hotels in the city of Madrid where it seems appropriate to distinguish, at least for business customers (individual and groups) and leisure (individual and groups).

Figure 12. Variables related to the segmentation implementation.



The segment type is the most widely discussed in the hotels (97%), followed by the contribution of each segment to benefit (85%) and the segment type provided by each distribution channel (79%). 75% knows the origin of the segments and only 72% of their buying behavior. These data may support the view that in many cases, taking the segment's own distribution channel, are cannibalizing each

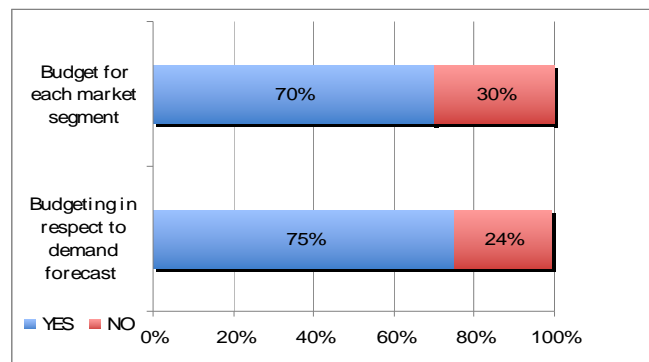
other for lack of knowledge about customers to provide for these channels.

In the study by Chávez and Ruiz (2005) almost all respondents (approximately 95%) were fully agreed to note that they had to apply different rates and segmented demand. This was the only issue that was considered on segmentation, and therefore it can not be compared to the rest of the information obtained in our investigation.

4.5 Budgeting

76% of managers report having to take into account the budget demand for the RM forecasts. The percentage seems low because it seems to affect only operational function YM and its absence on strategic financial decisions. See Figure 13.

Figure 13. Variables related to the budgeting implementation.

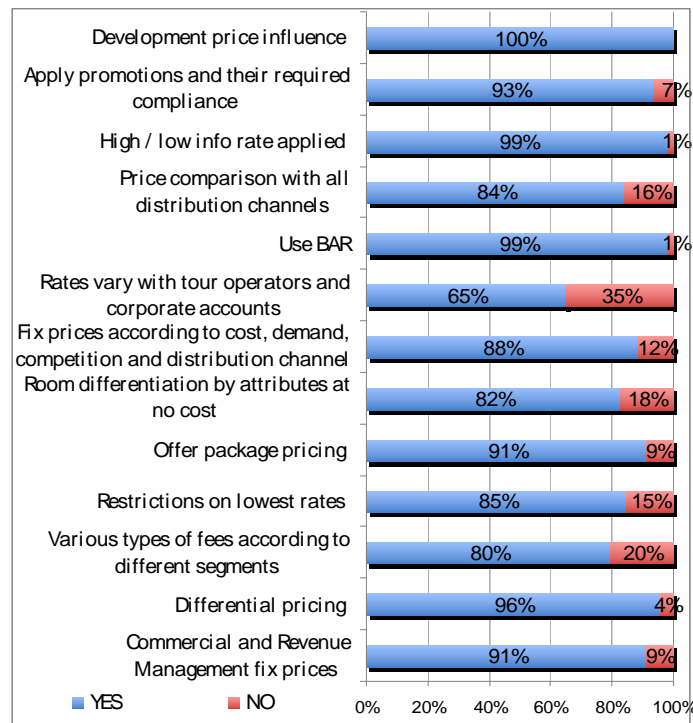


Even lower are the percentage of those doing the budget market segments (70%). This fact is surprising when you consider that over 85% claim to know the contribution of each segment to benefit.

4.6 Pricing

As can be seen in Figure 14, the percentages obtained are quite high. Thus, 91% of managers said that the trade and MRI departments are responsible for setting prices, 96% use tiered pricing strategies and 99% use the BAR model and information has the highest rate / low applied. Similarly, 100% revised tariffs taking into account the influence of local events.

Figure 14. Variables related to the implementation of pricing.



However, the percentages drop when it comes to considering more complex aspects. Thus, the 80% rate applies various types depending on different market segments, 82% difference with rooms by adding attributes that do not pose a significant cost increase, 85% have restrictive criteria or barriers to the application of lower rates and 91% offers priced packages (room with other services).

It is significant that only 88% set prices are taking into account the costs, demand, competition and distribution channel. We understand that the rest, or use only one of these criteria, or simply extrapolate past price. Only 65% can change the rates in the contracts negotiated with tour operators and corporate accounts. These contracts, which are usually negotiated annually, have difficulty to vary rates according to demand. This percentage seems to reflect the weight loss of these contracts and the trend towards open contracts to permit amendment the charges.

84% maintain price parity across all distribution channels. The hotels seem to believe in this policy but,

in our view, somewhat contradicts the philosophy of YM as limiting the freedom of prices, even to its "commoditization" and eliminates the competitive advantage of direct channels. On the other hand, we believe that while claiming to maintain parity prices, in many cases it is impossible, since they do not have the necessary technology.

The study by Chávez and Ruiz (2005) does not include the implementation of strategies such as price parity and the implementation of the BAR. This reflects the rapid assimilation that certain policies have had on the sector and have expanded significantly. Our research coincide in highlighting the high rates reported in the items "information on the highest and lowest rate applied" and "the tariff revision in the light of local events." Moreover, the data recorded at least the results of that study are for the assertions that "we have defined the rate of the last minute" and "the enforcement of prerequisites for the implementation of promotions", also coinciding with our results. According to the authors, the latter causes that "there are deficiencies in the process of segmentation of demand as one of the activities to develop, by defining the different market segments is the identification of those features that allow customers the distinction between the groups created "(Chávez and Ruiz, 2005, pp.103).

4.7. Analysis of distribution channels

As mentioned previously, this item was included in the survey following the criteria that the experts expressed in the Delphi study as in the online environment benefit management is closely linked to the management of distribution channels. Anyway, as this new way of marketing the hotel product is very new, it is understandable that there are still no clear strategies in this regard and that it is customary to be present in all possible channels (intensive policy).

The questions asked the YM respondents responsible for their concern of technological and policy choice of distribution channels. The arrangement of channel manager that is referred to in the following paragraph is more because it is related to the update rate.

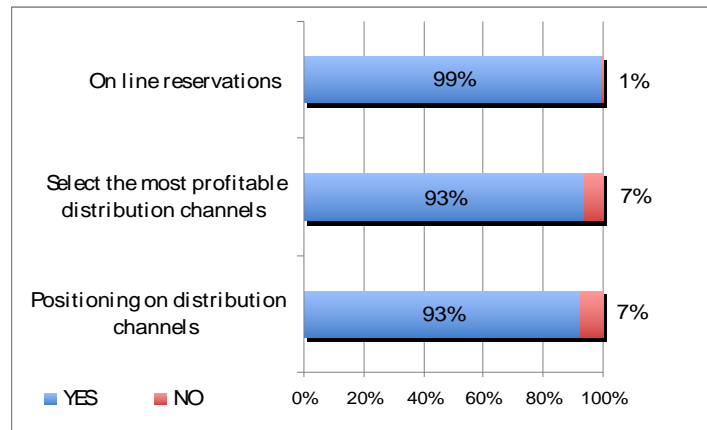
The survey results show very high percentages (see Figure 15). Thus, 99% allow online

reservations from the hotel website, 93% selected the most profitable channels and 93.4% discussed the positioning of the various distribution channels. The latter is of vital importance and prior to the selection of channels, since in many cases the position may be the only or best way to access the segment.

Making reservations online is now a reality as most hotels have a booking engine owned or leased. This rapid growth is found contrasting these data with previous studies. Thus, research conducted by Figueroa et. al. (2009) shows the percentage of hotels that could make online reservations was 95.5%. The difference is even greater if compared with a previous study by Figueroa and Fuentes in 2004 to hotel chains whose share was only 67%. This demonstrates the important efforts being made by hotels to promote direct marketing of their products.

Furthermore, although most respondents indicate choosing more profitable distribution channels, we believe that it is not entirely true since, as noted, the industry trend in Madrid is the realization of an intensive policy in this area.

Figure 15. Variables related to the analysis of distribution channels.



4.8. Updated limits and selling stocks or optimization

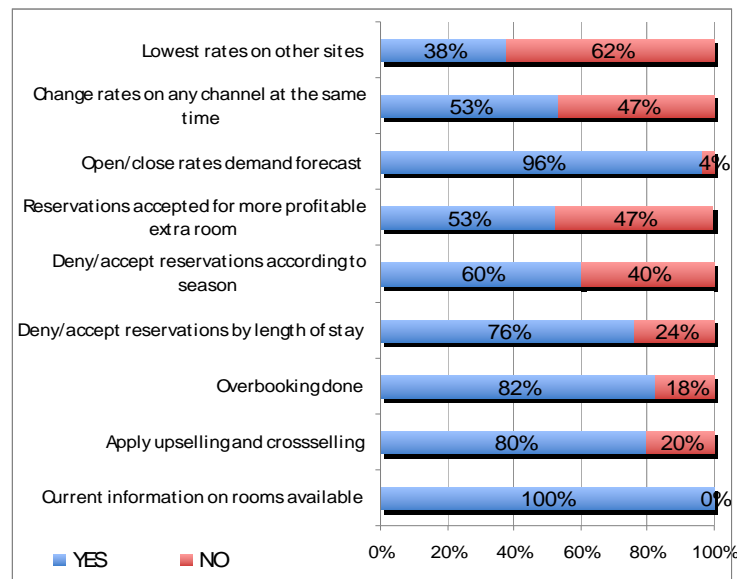
At the operational level, these functions are critical because of the immediacy of making decisions on price. It is clear that the management of capacity and the price has two levels: strategic has

already been analyzed and the operational level determined by the updating of the boundaries of the reserve or optimization. Finally, the sale would be the climax that should lead to the allocation of the right room to the right customer.

The questions asked to the responsible YM respondents deal with how to update these limits and the techniques used in the sale.

From this point of view, the percentages are not as high as in the past (see Figure 16), except that 100% have updated information on the number of rooms available and 96% have open and close rates based on forecasts demand.

Figure 16. Variables related to the completion of renovation reserve limits.



83% developed policies for overbooking and 80% applied upselling and cross-selling techniques (see Figure 16). Although the percentages are not very high, for upselling techniques and cross-selling highlight, it is a novelty in the application in Spanish hotels. In the case of overbooking, these policies are needed less because of the significant decline in the no-shows because of the possibility of securing reservations.

In the study by Chávez and Ruiz (2005), they observed that the implementation of these policies is much lower, as compared to overbooking, approximately 67% were in complete agreement with its

application, significantly reducing (by about 10%) when asked by the policies of upselling. This latest data further confirms the fact of the gradual implementation of these techniques.

From the point of view of acceptance and denial of reservations, the most widely used criteria is the volume (82%), length of stay (78%) and, finally, the season (61%). We emphasize the low percentage (57%) securing accepted reservations based on the benefit they produce is greater than the benefit they generate to have an extra room. Given that this is the fundamental principle of YM, we believe that the question was not understood and that it is giving priority to volume versus profitability.

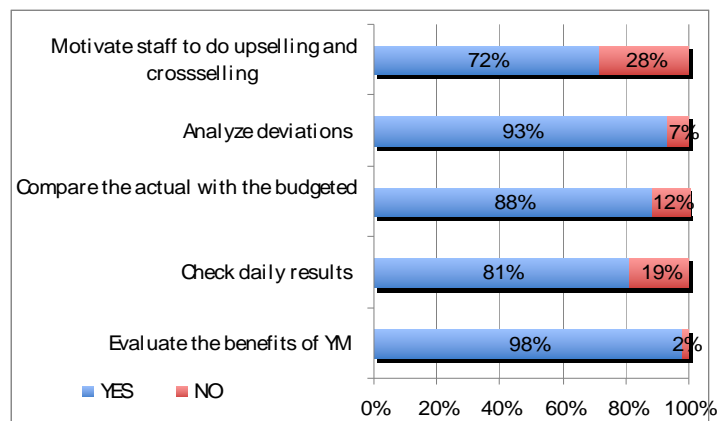
With regard to the possibility of changing rates on all channels at the same time and if you can find cheaper rates on other sites other than the hotel, it is curious that the percentages (53% and 38% respectively) are much lower than parity (84%), and that to achieve the latter it is required to observe these two statements.

4.9. Evaluation

Assessment is in last place, which does not mean it to be the end of the process, but it is advisable to do it periodically to correct any deviations in time.

The survey asked the managers about the data evaluating, when and if they do encourage staff to apply techniques for upselling and cross-selling (see Figure 17).

Figure 17. Variables related to the conduct evaluation.



With regard to the frequency of analysis, 98% report assessing the benefits resulting from the application of YM although the percentage drops to 81% when the evaluation is done daily.

On the other hand, it is surprising that the percentage of those who point to compare the real with the budget (89%) is less than the percentage who analyze the deviations (93%), as we understand it should be higher than the previous. This may be because the budget has a strategic character, and now because of the economic crisis, budgets have lost some strength as a reference. 72% encourages reservations and counter staff to apply techniques of upselling and cross-selling.

5. Conclusions

Although most hotels claim to implement YM (96%), according to the proposed model, 40% did not develop it in a correct way. This would confirm that the YM is in an early stage of development, there is no established culture of YM and although the hotels have a better understanding of YM, accomplish some activities in this regard and create applications, yet many do not have clear strategies.

Although, as noted, the chains are usually the ones that intervene in the YM management, individual management is common in large hotels. This usually happens in high-class hotels (five stars) by the complexity of joint management.

On the other hand, the revenue manager is usually the person responsible for YM in the hotel though, it is noteworthy that 30% of revenue concur other functions beyond their normal position and there is not a revenue manager in each hotel. However, the latter has not been confirmed and they have not been asked to track the number of hotels operated by each of them.

The application of YM in hotels in Madrid is a recent phenomenon and that more than half say they've implemented it between 2003 and 2006. Chains have been the first to develop it.

With regard to culture, although the perception of personal involvement is very high, there are a lot of hotels that do not believe that the YM increase their motivation. This conclusion is quite

symptomatic of the state of affairs, because, from our point of view, the causes are attributable to lack of adequate training, information on the results obtained and proper motivation.

On the other hand, there is a mismatch between the information provided to the customer and the perception of this on the YM. We believe that, first that the client is no properly informed about the rates and conditions and, secondly, in many cases price discrimination is not based on a logic rate structure.

There are few hotels which have specific software due to its high cost. Moreover, the possession of specific software help YM management in implementing all strategies and activities, except in the treatment of real demand because, from our point of view, these programs are ready to replace that information with the application of mathematical models.

With respect to the provision noted that many of the hotels do not take into account the actual or latent demand, nor the behavior of the segments with respect to the "booking pace" or lapse of time between booking and arrival. Although this analysis is more exhaustive in the case of groups. Furthermore, it should be noted that there is great regularity in the forecast (at least once a week) and that is mindful of the environment and trends.

On the analysis of competition, although the percentages are high and the frequency, it fails in most of the hotels in Madrid, having not taken into account the long-term positioning of the hotel, and competition strategies in distribution channels, or analyzed the most important indicators (MPI, RGI). The reasons are possibly in the immediacy which as placed the analysis of the new marketing environment. This may be because many of the hotels do not have access to data about their competence because they lack the financial means to hire such services.

With regard to segmentation, it has to be noted that most of the hotels in Madrid divide their market segment according to the type of segment, leaving the buying behavior aside. On the other hand, some hotels do not analyze the segments from the distribution channels, which in many cases produces a thinning out for demand.

In regard to budgeting, most of the hotels do not take into account the MRI department forecast, which further supports the operational nature of the YM. On the other hand, there is a low rate of hotels that do a budgeting market segments. Although it should be noted that it is more a function of the financial department than of the YM. Therefore, it seems advisable that there is a closer relationship between the two departments.

With regard to the pricing strategy, it should be noted that although most states apply the parity pricing, the practice is not so, as there is still a very high percentage of hotels that can not change the rates on all channels simultaneously and say you can find lower rates on other sites than at their hotel. The causes could be that there is no appropriate technological tool and no adequate control of the rooms or quotas or conditions of employment for these financial intermediaries.

The values are very high when it comes to managing distribution channels because, in most hotels, online reservations can be made. We can analyze the positioning and distribution channels that are chosen to be the most profitable. With regard to the latter, we do not actually think there is a discussion of profitability since the current distribution policy is very intensive (a presence in all possible channels). We think that the industry believes this is the most appropriate and cost-effective strategy but, from our point of view it is not so, as it loses exclusivity and, possibly, it is cannibalizing demand. One of the reasons for the application of this policy is the lack of requirements and conditions by facilitating the recruitment distributors. Although this situation is changing dramatically because of the power some online travel agencies (OTAs) have to impose conditions increasingly abusive to hotel companies.

Regarding the updating of the boundaries of reservations and sales, it should be noted that the application of sales techniques such as cross-selling and upselling is being newly implemented in our country. On the contrary, as noted above, it should improve the update rate in the distribution channels. This may be causing a disparity in prices in the market and therefore a distrust of the customer to the brand. With respect to acceptance or rejection of reservations, it is noteworthy that the most valued was

the volume instead of profit. The low percentage of response suggests that the question that valued this item has not been understood by the respondents because, otherwise, 47% of the hotels would not be doing YM.

Therefore, the most common errors we have found made by many of the Madrid hotels concerning YM management are (1) the main goal is not customer satisfaction, (2) do not consider the data on real demand, (3) do not use the GopPar measure of profitability, (4) not properly segmented demand, (5) do not analyze the behavior of market segments, (6) do not consider the segments from the channels distribution, (7) are not positioned for the long term, (8) do not know the strategies of competition in distribution channels, (9) do not calculate the MPI, ARI and GIR (10) do not do budgets segments market (11) do not take into account the MRI department forecast to achieve them, (12) can not change the rates on all channels simultaneously, (13) you can find cheaper rates on other sites not including the ones from the hotel (14) can not vary the rates on tariffs negotiated by contracts or accounts and (15) do not take into account the benefit of acceptance or rejection of reservations.

From our point of view, the main causes of these deficiencies include the lack of resources, poor staff training and the lack of a strategic approach in YM management by the Madrid hotels. Therefore, we believe it is a misunderstanding of the concept, because it is not clear what is YM and the implementing of the YM in a company. Many hoteliers believe YM can be applied when only developing some of their activities, especially when making price discrimination. As we can see, the YM is a more complex strategy which aims to make the best decisions to achieve maximum profit in the long term. However, we believe that progress has been made in management in recent years, especially in pricing, competitive analysis, distribution channels and evaluation. Other functions that are still pending are culture, forecasting, segmentation, budget and currency reserve and sell limits in many of the hotels in Madrid.

Finally, we can say that hotel management has evolved significantly in recent years in Madrid. Many hotels, especially those run by chains, have moved beyond the traditional focus on management

and operational levels and concern about the volume currently developing a strategic management and analytical where profitability is the objective. Still, much remains to be done and there are areas not yet fully developed so it is advisable to: promote training in YM, implementation of accounting market segments, select the client based on the value generated in the long term and not benefit in situ, to elect to dealers in terms of profitability they generate, promote sector cooperation and institutional support to facilitate access to environmental information, market and technological investment, and finally, managing YM in a comprehensive manner, involving all departments and hotel staff on their main objective. This main objective would be to seek the maximum benefit to the company and the highest customer satisfaction.

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