

Introduction to the Hospitality Industry

European Institute of Innovation, Entrepreneurship and Technology
Lessingstraße 79, 13158 Berlin, Germany

Mahmoud Abdou | Berlin



**Lessingstraße 79,
13158 Berlin, Germany**
Phone: +49 30 233618555
Fax: +49 30 233618556
Email: info@eiiet.com

Discover the world of eiIET

Index

1. Revenue Management
2. Fundamentals of Hotel Revenue Management
3. Benefits of Revenue Management
4. Reservations Department
5. Guest Services/Uniformed Services



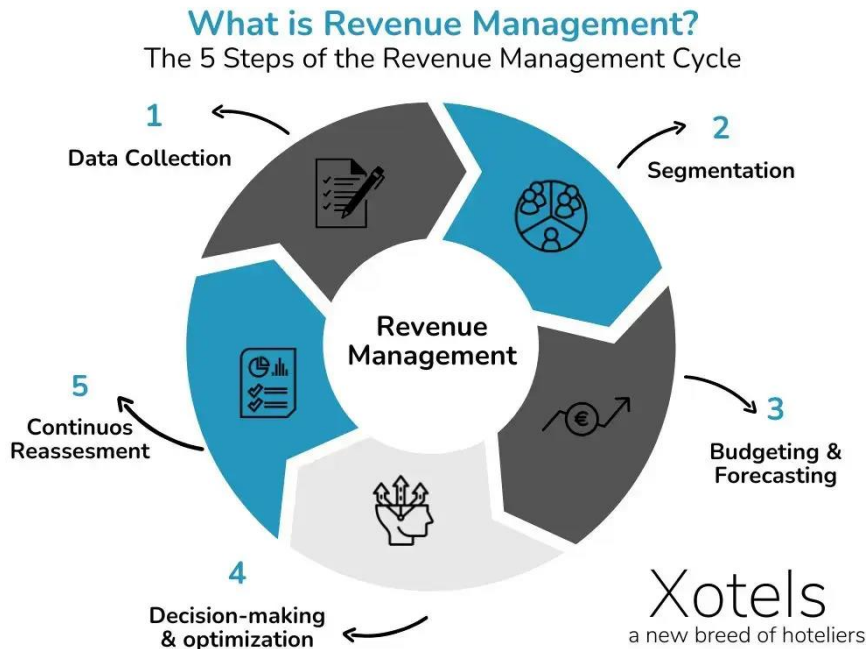
1- REVENUE MANAGEMENT



REVENUE

1- Revenue Management

Revenue Management: An Overview



- Revenue management matches supply with demand.
- Customers are segmented by their purchase intentions.
- Capacity is allocated to each segment strategically.
- It aims to maximize the firm's revenues

1- Revenue Management

Revenue Management: An Overview



Origin:

- Airline industry post-deregulation, in 1970

Purpose:

- Maximize revenue from seats

Strategy:

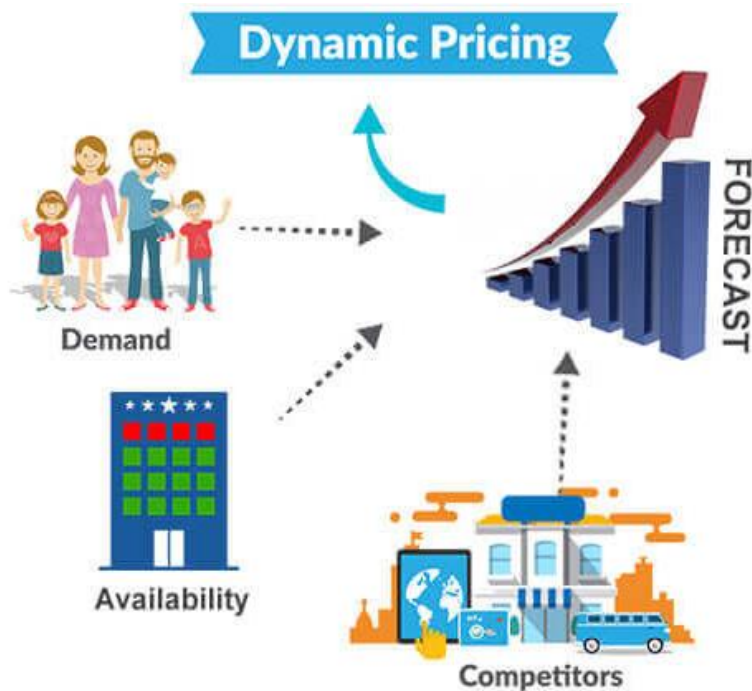
- Discount some seats, keep full-price sales

Goal:

- Fill flights while staying profitable.

1- Revenue Management

Revenue Management: An Overview

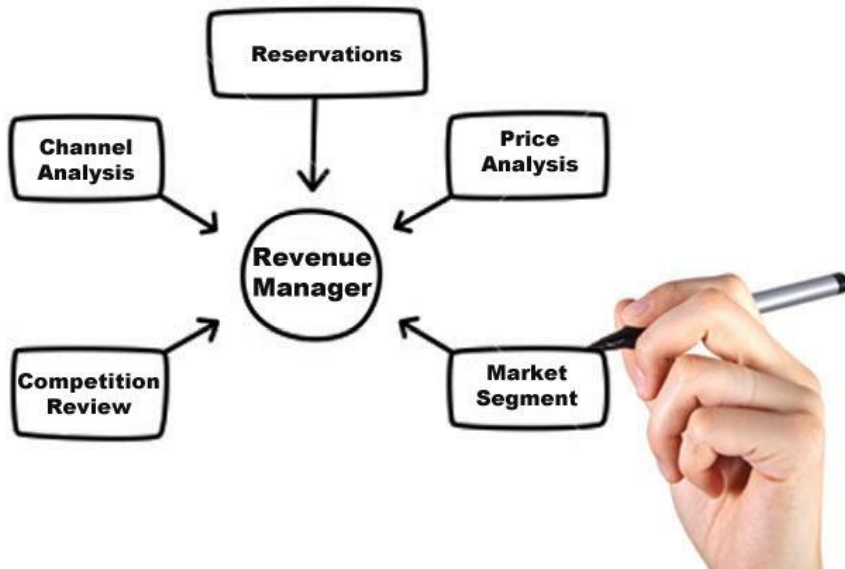


Dynamic Pricing:

- Prices adjust by demand, booking time, and segment.
- High Demand: Prices rise.
- Low Demand: Prices drop to fill seats.

1- Revenue Management

Revenue Management Definition



It is defined as:

“The application of information systems and pricing strategies to allocate the right capacity to the right customer at the right price at the right time” (Ivanov, 2014).

1- Revenue Management

Revenue Management Definition



The Right Capacity:

- Capacity is the total number of units a firm can sell in a time period.
- Capacity is fixed and perishable.
- Right capacity means allocating inventory to the most profitable customers.
- It avoids simple first-come, first-served decisions.
- It aims to use limited capacity to maximize revenue.

1- Revenue Management

Revenue Management Definition



- **The Right Customer:**
- Not all customers bring the same profit.
- Some require too many resources.
- Others pay too little.
- The right customer is “the segment the hotel can serve profitably”.
- Example: During fairs, hotels set minimum-stay rules to avoid low-value one-night bookings.

1- Revenue Management

Revenue Management Definition



- The Right Price:

- Price directly impacts revenue.
- Hotels adjust prices for different segments to attract profitable - customers.
- The right price is “what customers are willing to pay and the hotel is willing to charge”.
- Overpricing risks losing future guests.

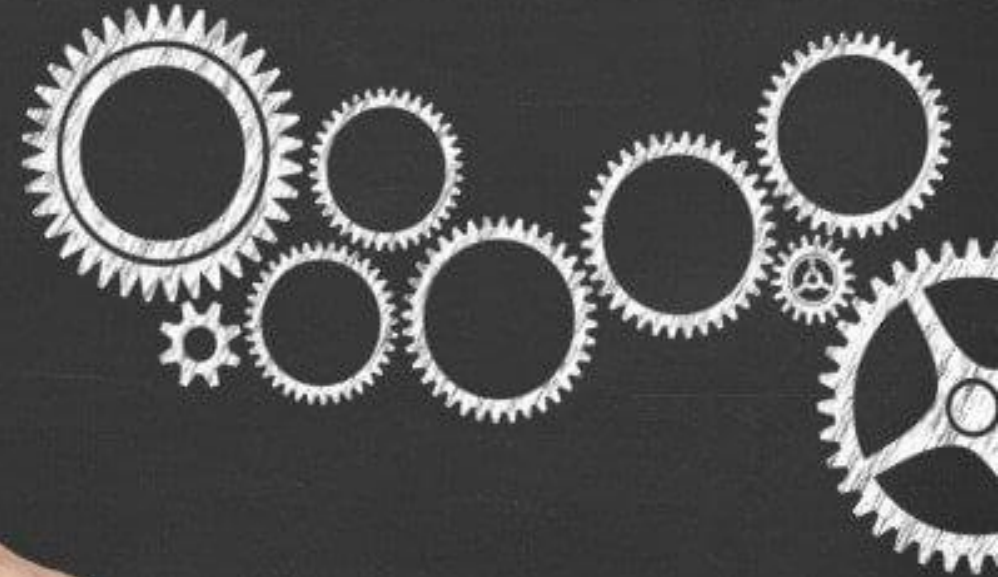
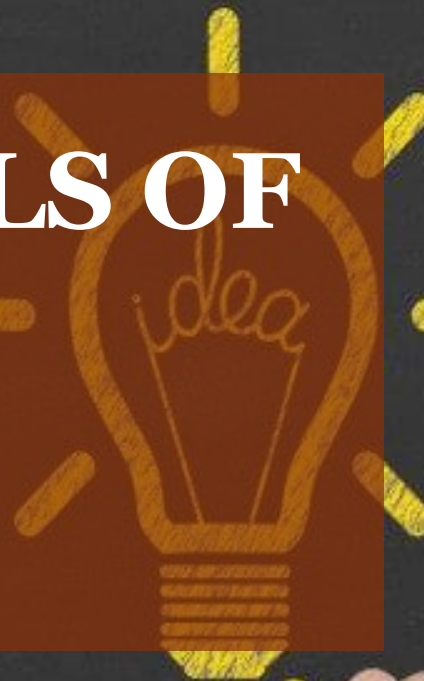
1- Revenue Management

Revenue Management Definition

- **The Right Time:**
 - Timing affects the success of offers.
 - Too early: ignored;
 - Too late: missed.
 - Depends on the booking patterns of each segment.



2- FUNDAMENTALS OF HOTEL REVENUE MANAGEMENT

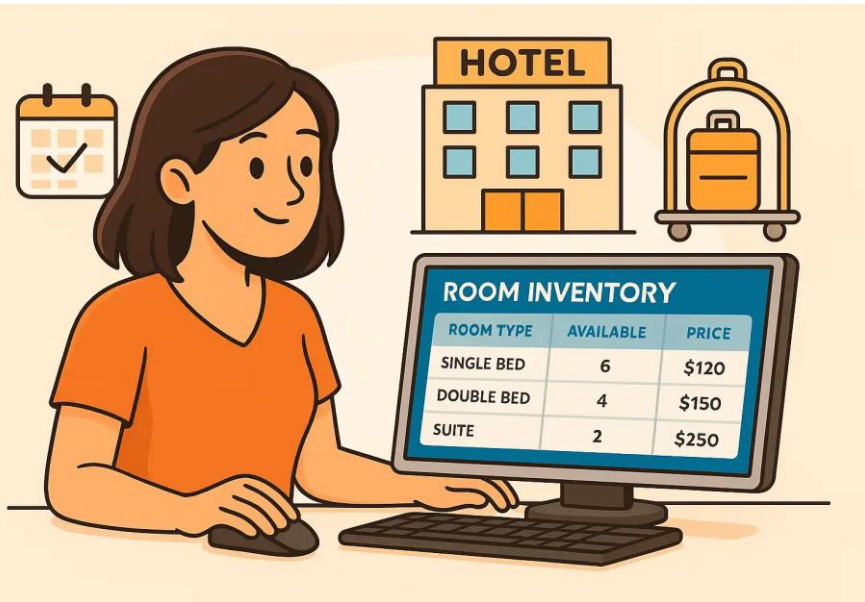


2- Fundamentals of Hotel Revenue Management

Revenue Management Definition

- Revenue management relies on economic principles that guide pricing and capacity decisions.
- These assumptions include:
 - Product perishability
 - High fixed and low variable costs
 - Possibility to forecast demand
 - Different price elasticities
 - Possibilities to segment market demand
 - Limited capacity
 - Unequal demand
 - Possibility for advanced booking
 - Different willingness-to-pay

2- Fundamentals of Hotel Revenue Management



A- Perishable Inventory:

- Rooms, seats, or tables cannot be stored for later sale.
- Unsold units represent lost, unrecoverable revenue.

B- Limited capacity:

- Hospitality businesses have limited capacity.
- Once fully booked, extra demand can't be met immediately.

2- Fundamentals of Hotel Revenue Management

C- High fixed and low variable costs:

Fixed or Variable Cost? You Decide!



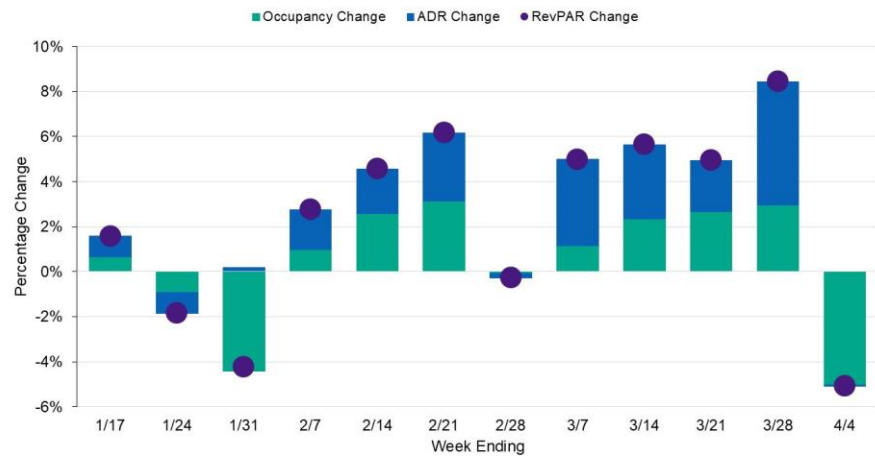
- Fixed Costs:
 - Do not change with guest numbers.
- Variable Costs:
 - Change according to the number of guests.
- Extra guests cost little to serve.
- Expanding capacity is costly.
- Prices can be lowered to fill space.
- Better to sell than leave capacity unused.

2- Fundamentals of Hotel Revenue Management

D- Fluctuating Demand:

- Demand varies over time.
- Prices adjust to low or high-demand periods.
- Boosts off-peak bookings and eases peak demand
- Smooth demand and maximize revenue.

Holy Week occupancy brings down U.S. weekly RevPAR



Source: STR © 2026 CoStar Group



E- Possibility to forecast demand

- Revenue management needs predictable demand.
- Pricing decisions rely on accurate forecasts.
- If demand is unpredictable, dynamic pricing fails.
- Then the hotel should use constant prices.

2- Fundamentals of Hotel Revenue Management

F- Market Segmentation:

- Revenue management needs diverse demand.
- Hotels must be able to segment customers.
- Without segmentation, no need for a marketing mix.
- Tourism demand is naturally varied

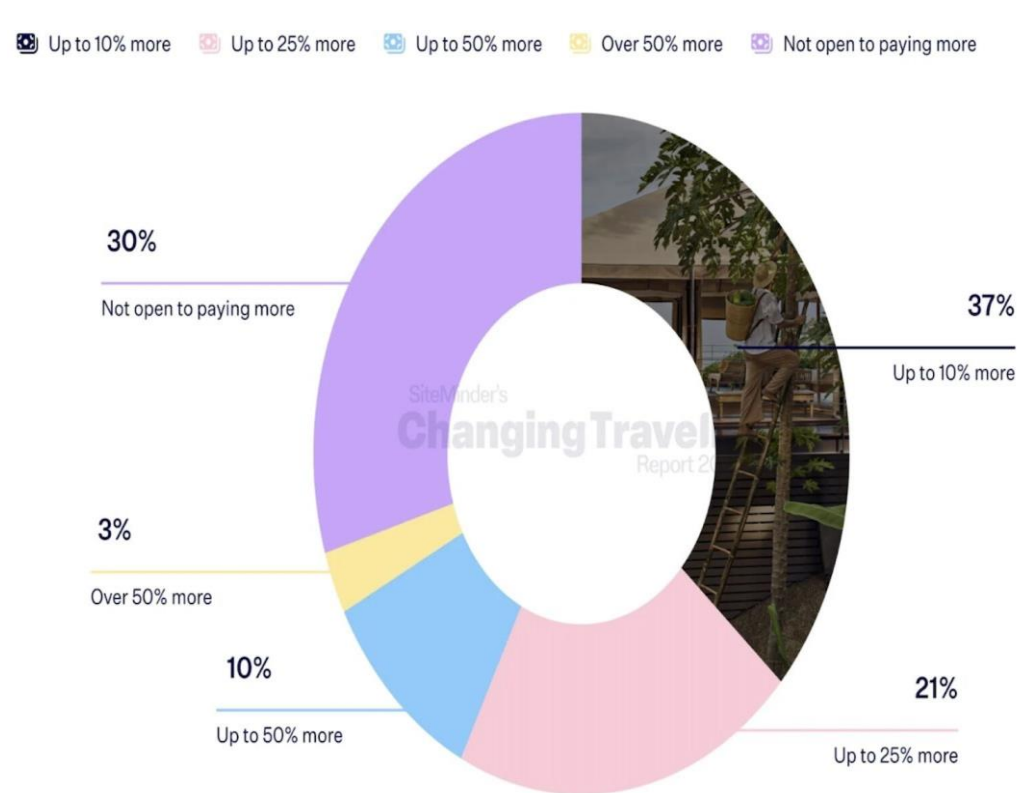


G- Different Price Elasticities

- Different segments react differently to price changes.
- Customers can be price-sensitive
- This lets hotels charge different prices.
- Elasticity indicates how demand responds to price.

2- Fundamentals of Hotel Revenue Management

H- Different willingness-to-pay



- The highest price a customer is willing to pay
- Lower price results in consumer surplus, lost revenue.
- Different segments means different willingness-to-pay.
- Hotels use price discrimination to maximize revenue

I- Advance Sales:

- Hotels can be booked in advance.
- Secures accommodation for tourists.
- Provides a long selling window.

3- BENEFITS OF REVENUE MANAGEMENT

CUSTOMER
REVIEWS

4.5

58,617

Nice !

★★★★★
R. Lily

Good !

★★★★★
G. Robert

Very Good !

★★★★★
D. Robin

3- Benefits of Revenue Management

A- Increased Revenue



- Optimized Occupancy:

➤ Yield management helps sell rooms at the most profitable rate.

- Higher Pricing in High Demand:

➤ When demand rises, prices can be increased to boost revenue.

B- Decreased Errors:

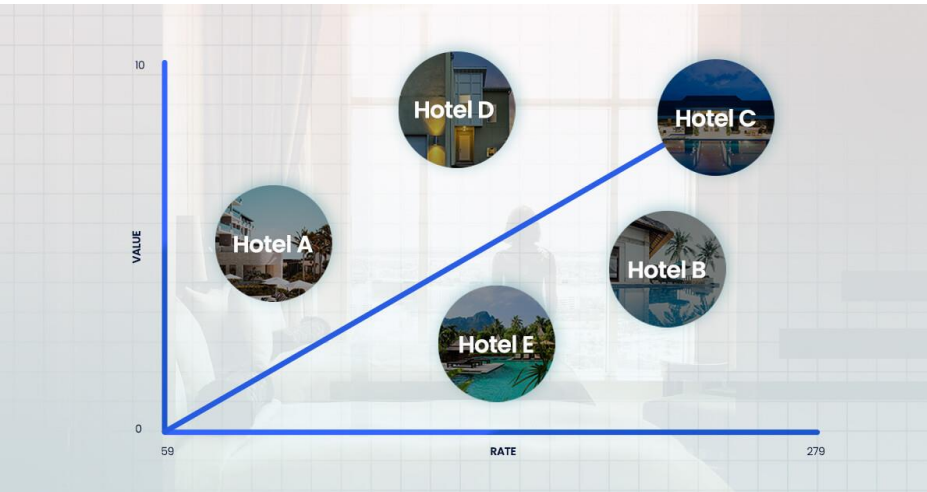
- Yield management relies on precise demand forecasting.

- Better data reduces miscalculations and risk.

3- Benefits of Revenue Management

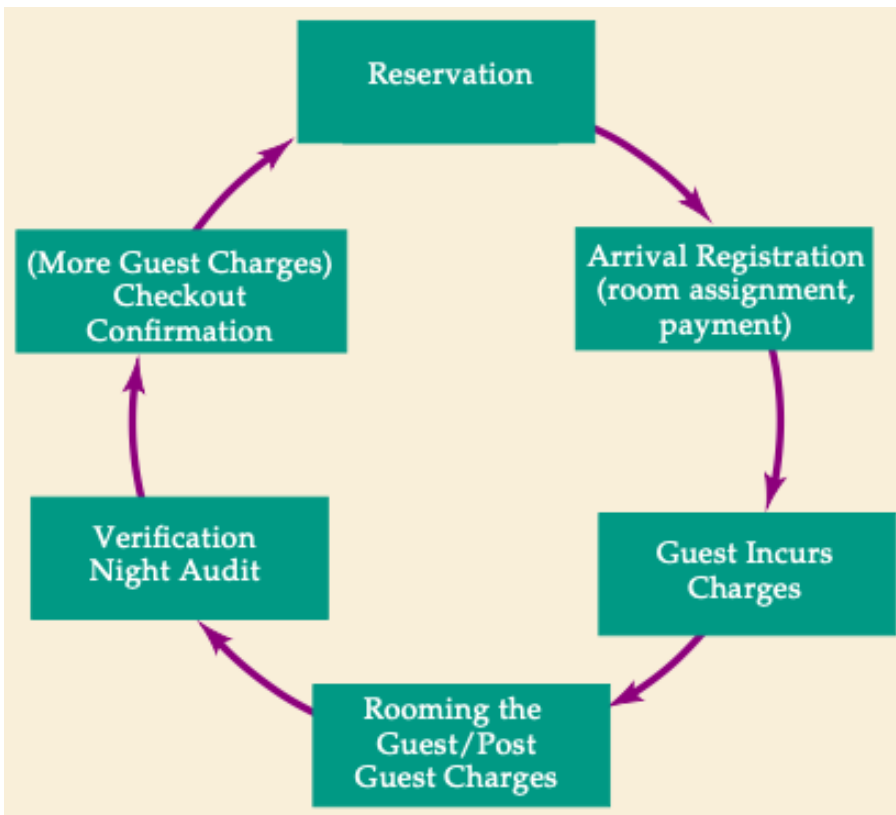
C- Competitive Analysis:

- Yield management aligns prices with the market.
- Track competitors' pricing patterns.
- Use competitors' strategies to adjust prices dynamically.
- Competitor insights help increase incremental revenue.



4- Reservations Department

Reservations: An Overview



- Headed by the Reservations Manager
- In many hotels, the manager is on the same level as the Front Office Manager

Reports to:

- Director of Rooms Division or,
- Director of Sales

Importance of Reservations

- Sales and Yield Management
- Reservations emphasizes the sales aspect of hotel operations
- Includes the concept of yield management
- Goal: maximize room revenue and occupancy

4- Reservations Department

First Contact with Guests:

- Reservations is often the first contact point for guests
- Contact is commonly made by telephone
- The guest forms a first impression of the hotel during this interaction

- Skills Required in Reservations

- Exceptional telephone manners
- Strong telemarketing skills
- Ability to promote hotel advantages over competitors
- Ability to provide the best value for guests



4- Reservations Department

Department Goals:

- Exceed guest expectations during reservation process
- Sell all hotel rooms at the maximum possible revenue
- Avoid guest dissatisfaction or feelings of overcharging

- Department Size:

- Number of employees depends on hotel size
- Larger hotels may employ several reservation associates
- Reservations is considered an important operational department

The Importance of Reservation Management



4- Reservations Department

Main Types of Reservations

A- Confirmed Reservations



- Made with enough time for a confirmation slip to be sent to the guest

Confirmation may be sent by:

Mail or fax

- Confirmation Details

- Confirmation number
- Arrival and departure dates
- Type of room booked
- Number of guests
- Number and type of beds
- Special requests

4- Reservations Department

Main Types of Reservations

B- Guaranteed Reservations

- Ensures that the reservation will be held for the guest
- Commonly used for late arrivals
- The hotel takes the guest's credit card number as a guarantee

- Importance of Guaranteed Reservations

- The hotel agrees to hold the room for late arrival
- Guests are more likely to cancel in advance if they are unable to arrive

- Helps:

- Improve room inventory accuracy
- Reduce no-shows



4- Reservations Department

Main Types of Reservations

C- Advance Deposit / Payment



- Another Form of Guarantee

- The hotel may require advance payment during busy periods or holidays

- **Deposit may include:**

- One-night stay
- Entire stay

- **Credit Card Guarantee**

- The guest's credit card may be charged automatically
- Usually covers the first night's accommodation
- Discourages no-shows and protects hotel revenue

4- Reservations Department

Main Types of Reservations

C- Advance Deposit / Payment

- Corporate Guaranteed Reservations

- Companies may guarantee all employee reservations
- Prevents problems with late arrivals
- Important in high-demand cities

- Release of Non-Guaranteed Reservations

- Hotels may release non-guaranteed reservations
- Usually at 4:00 p.m. or 6:00 p.m. on arrival day
- Common in periods of high demand and occupancy

5- Guest Services/Uniformed Services

Guest Services / Uniformed Services



- First impressions are very important in hotels.
- Guest service staff have a special responsibility in welcoming guests.
- Department is headed by the:
 - Guest Services Manager or;
 - Bell Captain
- **Uniformed Service Staff**
 - Door Attendants
 - Bellpersons
 - Concierge

In some hotels, the concierge reports directly to the Front Office Manager.

5- Guest Services/Uniformed Services

Role of Door Attendants



- Serve as unofficial greeters of the hotel.
- Wear professional and impressive uniforms.
- Responsibilities include:
 - Greeting guests
 - Opening and closing car doors
 - Assisting with luggage
 - Hailing taxis
 - Keeping entrance area clear
 - Providing hotel and local information

5- Guest Services/Uniformed Services

Role of Bellpersons:



- Bellperson Responsibilities

- Escort guests to their rooms
- Transport guest luggage
- Explain hotel services and room features

- Required Skills

- Knowledge of:

- Local area
- Hotel facilities and services

- Need for:

- Pleasant personality
- Outgoing attitude
- Strong guest communication skills

5- Guest Services/Uniformed Services

Concierge:

- A uniformed hotel employee
- Has a separate desk in the lobby or concierge floor
- Operates separately from:
 - Front office room clerks
 - Cashiers
- **Main Role of the Concierge**
 - Assists guests with a wide range of personalized services
 - Provides convenience, information, and special arrangements



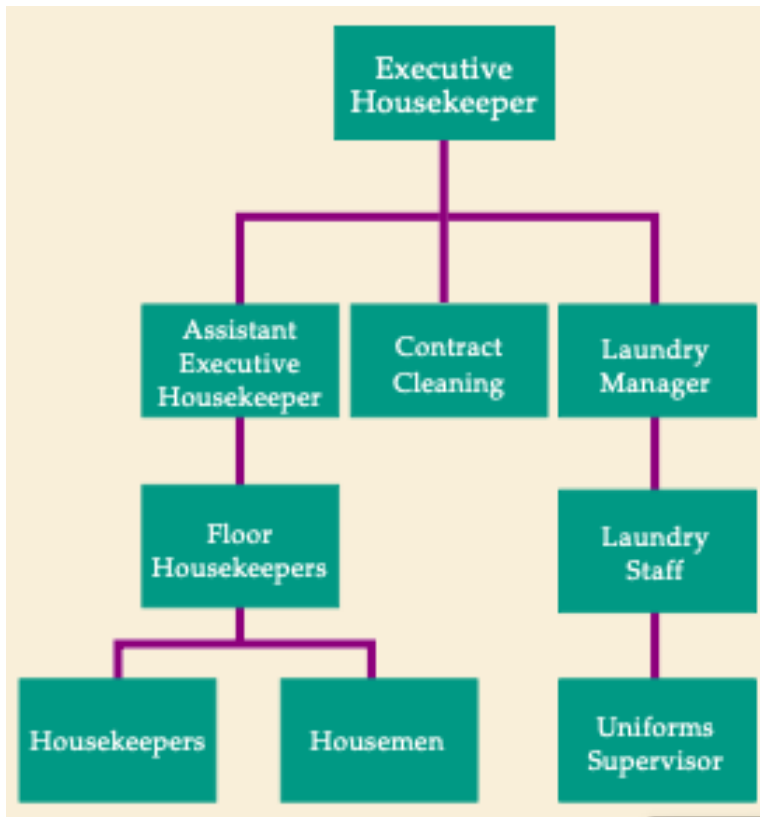
5- Guest Services/Uniformed Services

Common Concierge Services:

- Obtaining tickets to popular shows
- Arranging restaurant reservations
- Providing advice on:
 - Restaurants
 - Activities
 - Attractions
 - Amenities and facilities
- Airline ticket assistance and flight reconfirmation
- Handling VIP messages and special shopping requests

5- Guest Services/Uniformed Services

Housekeeping Department:



- The largest department in the hotel in terms of staff
- Up to 50% of hotel employees may work in housekeeping
- Essential for hotel operations and guest satisfaction

Challenges in Housekeeping

- Hard work and physically demanding tasks
- Comparatively low pay
- High employee turnover rate

5- Guest Services/Uniformed Services

Housekeeping Department:

- **Leadership of Housekeeping**
- Executive Housekeeper / Director of Services
 - Responsible for overall department management

- **Executive Housekeeper Duties**
- Leadership of people, equipment, and supplies
- Cleanliness of guest rooms and public areas
- Managing department within financial guidelines
- Maintaining accurate records

5- Guest Services/Uniformed Services

Housekeeping Department:

- **Importance of Housekeeping**
- Guest Satisfaction
- Housekeeping is critical to hotel success
- Guest surveys consistently rank:
 - Room cleanliness as the #1 priority
 - Cleanliness strongly influences guest satisfaction



Thank you



**European Institute of Innovation,
Entrepreneurship and Technology**

Lessingstraße 79,

13158 Berlin, Germany

Phone: +49 176 55524449

Discover the world of eiIET