

# CUSTOMER PERCEPTIONS OF FAIRNESS IN HOTEL REVENUE MANAGEMENT

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The purpose of the study was to determine customer perceptions of fairness concerning pricing policies charged by the hotel industry, and to examine how different outcomes in pricing policies affect customer perceptions of fairness.

Convenience-Interception survey sampling was used to collect 460 sample data at the Dallas Love Field Airport. After analyzing data, one can infer that when revenue management information was provided, customers are satisfied. Further, age, education, Airline FFP enrolled and redeem miles, and pricing based on marketing channels plays an imperative role in this study.

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## CHAPTER I

### INTRODUCTION

Revenue management, also called yield management or real-time pricing, is an indispensable tactical tool in the business world. A business practice used for selling the right inventory units at the right time to the right customers for the right price (Choi and Mattila, 2003). In its simplest form, revenue management in the hotel industry states that during low-demand periods, rooms become available to all customers at a discounted rate; on the other hand, during peak periods, rooms become available to only a certain segment of customers who are willing to pay a higher room rate. Furthermore, the goal of revenue management is to maximize the profits for the firm by obtaining revenues from rooms that would otherwise be unsold (Choi and Mattila, 2003).

The practice was first started by the airline industry and it proved successful, many other industries (hotel industries, car-rental companies, lodging industries, freight-transport firms, and cruise-line industries) emulated this practice. Observing the enormous profits of American Airlines, other industries were persuaded to begin the concept of revenue management. However, these developing industries encountered hindrances in achieving their goals for generating additional revenues. Customers have accepted this concept in the airline industry, but they have not yet accepted it in lodging or other industries.

In the hotel industry, the perception of customers being treated fairly has not been studied sufficiently by researchers (Kimes, 2002). A customer perception of fairness fluctuates immensely in regard to the room pricing policy. Furthermore, this type of pricing policy can ostracize customers due to perceived unfairness, leading to decreased customer satisfaction and lower revenues. Customers believe that firms are entitled to some profits, but when the profit margin of room rates increases substantially without any explicit reason, customers feel that this is unfair treatment and may take their business elsewhere. Kimes (2002, p.3) mentions, "Customers believe that the value to the firm should equal the value to the customers." Researchers have proved that it is important for the hotel industry to maintain good relationships with customers, not only for the short term but also for the long term, in order to generate more revenue (Bolton al et., 2003). It is vital that customers perceive Hotel Revenue Management (HRM) practices as fair, in order for this practice to be viewed positively. Hotel operators have to collect their competitors' data, predict the future market accurately, and set the right price for rooms at the right time. To achieve long-term positive results in HRM and to attain optimistic customers' perception is vital in this research study (Kimes, 2002).

However, past researchers have shown that hotel operators using revenue management processes focus on short-term profits rather than long-term profits, ignoring the issue of customer perception of fairness. This imbalance between long-term profits and short-term profits has led to appalling results in the hotel industry (Lieberman, 2002). Additionally, according to Zeithaml (1988), monetary price is not equal to the target price in customer minds. Changing this human perception about fair market price was a challenging dilemma.

## Purpose of the Study

The purpose of this study was to determine customer perceptions of fairness concerning pricing policies charged by the hotel industry and to examine how different outcomes in pricing policies affect customer perceptions of fairness.

## Research Questions

- 1) What was the relationship between revenue management information provided and...
  - a) Customer demographics (gender, age, income, level of education, and ethnicity), frequent business and leisure travelers, booking a hotel room (fixed price and negotiated price)?
  - b) Customer who were enrolled and who redeemed Hotel Frequent Guest Program (HFGP), customer who were enrolled and who redeemed Airline Frequent Flyer Program (FFP), ethical issues relating to customer perceptions of capitalism as a basis for market-based pricing, customer perception of seasonal price adjustments, and customer perceptions of pricing fluctuations based on marketing channels?
- 2) What was the relationship between revenue management information not provided and...
  - a) Customer demographics (gender, age, income, level of education, and ethnicity), frequent business and leisure travelers, booking a hotel room (fixed price and negotiated price)?
  - b) Customer who were enrolled and who redeemed Hotel Frequent Guest Program (HFGP), customer who were enrolled and who redeemed Airline



Frequent Flyer Program (FFP), ethical issues relating to customer perceptions of capitalism as a basis for market-based pricing, customer perception of seasonal price adjustments, and customer perceptions of pricing fluctuations based on marketing channels?

3) What was the relationship between each of the respondent's perception related to inconsistency in pricing across multiple visits (Scenario1 and 2), inconsistency in pricing across individuals (Scenario 3 and 4), room upgrades for HFGP enrollees (Scenario 5) and...

a) Customer demographics (gender, age, income, level of education, and ethnicity), frequent business and leisure travelers, way of booking (fixed price and negotiated price) a hotel room by leisure and business travelers?

b) Customer who were enrolled and who redeemed Hotel Frequent Guest Program (HFGP), customer who were enrolled and who redeemed Airline Frequent Flyer Program (FFP), revenue management information provided and not provided to respondents, ethical issues relating to customer perceptions of capitalism as a basis for market-based pricing, customer perception of seasonal price adjustments, and customer perceptions of pricing fluctuations based on marketing channels?

#### Rationale

According to Oliver's study (1981), customers assess service quality and price by "equity" and then express their satisfaction and dissatisfaction about the products or services rendered. Additionally, Campbell (1999) mentioned that customer perception

affects customer satisfaction and customer behavior when they exchange money for services. Therefore, it is critical that customers and service providers exchange funds and services appropriately without making their customers unhappy.

If followed systematically, revenue management can create enormous profits in many different industries. Ellis and Mayer (1997) imply that Las Vegas hotels almost doubled revenues and room sales by applying the revenue management concept.

In the hotel industry, not much research has taken into consideration the effects of customer perceptions and the concept of revenue management together (Kimes, 2002). Furthermore, Noone, Kimes, and Renaghan (2003) found that there have not been any hotel organizations, which experienced long-run profitability and fair customer perception. Additionally, Noon et al. (2003) mentioned that the hotel industry should improve its technology, so revenue management can be implemented in an optimum manner. Belobaba (2001) also stated that there is an extensive need for improvement in the revenue management system and forecasting of rooms in the hotel industry. Choi and Mattila (2003) support the need for further study of revenue management by stating that there are no appropriate measures taken by hotel industries which practice revenue management regarding customer perceptions. This led to dissatisfaction among customers. From the above studies, it is clear that further investigation of HRM and its effects on customer perception of fairness is necessary.

## Limitations

Before implementing the research study there were few challenges, which needed some attention. First, only similar hotels could be compared to each other. For example, research should be done with customers who were staying in Marriott Hotels and Hyatt Hotels; on the other hand, research cannot be done among customers who were staying in Marriott Hotels and Super 8 Motels because it was difficult to compare perception of hotels and motels.

Secondly, from the company's point of view it was difficult to analyze customer-spending expectations. For example, customers whose income is high (\$100,000 or more a year) and have paid a \$200 room rate (maximum rack rate) for one night expect more from the hotel and its services than a customer whose income is average (\$45,000-\$55,000 a year) and has paid a \$99 room rate for one night.

The third limitation is the customer's knowledge of other room rates in the market place in which the customer will reside. The knowledge of other room rates affects the customer's perception of fairness.

The fourth limitation was that the study only represented U.S customer perceptions of HRM. It did not take into consideration customers who were staying outside the U.S. The fifth limitation was that it was difficult whether the customer meant "Hotel" or "Motel" as these two words were used interchangeably.

## Assumptions

For the purpose of this study, it was assumed that the survey questions were answered truthfully, and that the regulatory information obtained was current.

## Operational Definitions

Business traveler – Customers who travel for business-related work. These customers are less price-sensitive toward room rates (Vallen & Vallen, 1991).

Customer perception – How customers visualize and value the products or services rendered by companies or organizations.

Customer behavior – Reactions customers exhibit when obtaining, consuming, and disposing of products and services (Blackwell et al., 2001).

Customer confidence – The influence of the consumption process on what customers think will happen in the future (Blackwell et al., 2001).

Customer knowledge – The total amount of information stored in the memory about a relevant product or service provided to the customers (Blackwell et al., 2001).

Customer satisfaction – This takes place when customers' exchange money for room(s) or services rendered by the hotel and the customer is psychologically happy, neutral, or disappointed with the given exchange (Bei et al., 2001).

Capitalism – An economic system of free market where private and individual companies compete for the economic growth.

Demand forecasting – Predicting the amount of sales or profits for a product or services for a company.

Equity – a justice (right or wrong) applied when the exchange of price and service happens which is influenced by the principles of ethics and fairness.

Ethical – Conforming to approve standards of social or professional behavior.

Front office – The place in the hotel lobby where guest services are managed and coordinated (Vallen & Vallen, 1991).

Group travelers – The number of persons with whom the hotel deals as if they are one party. The hotel bills only one invoice to the company who is paying for rooms, food and other services (Vallen & Vallen,1991).

Hotels – The term hotel is a type of accommodation where customers ranging from 25 people or more can stay for a given period of time in exchange for money. Furthermore, the hotel should at least have a swimming pool, a restaurant, and room service, capabilities (Vallen & Vallen, 1991).

Hotel operator – This person is responsible for the front and back of the house, including the front office, restaurant, kitchen, guest rooms, and services provided to the customers in the hotel (Vallen & Vallen, 1991).

HRM – Hotel Revenue Management.

Leisure traveler – Customers who travel for pleasure and entertainment for a specific period of time. These customers are very price-sensitive toward room rates (Vallen & Vallen,1991).

Market analysis – The process of analyzing the change in customer trends, current and potential competitors, technology, company strengths and resources, and economic environments (Blackwell et al., 2001).

Market segment – A group of customers with similar needs, behaviors, and other characteristics, identified through the market segmentation process (Blackwell et al., 2001).

Marketing concept – “The process of planning and executing the conception, pricing, promotions, distribution of goods and services that satisfy individual and organizational objectives” (Blackwell et al., 2001).

Monetary price – The money the customer is willing to pay when the services are rendered.

Perceived fairness – How customers think a transaction is conducted and how much a given service should cost for the rooms or services provided to the customers (Bei et al., 2001).

Price – The consideration in money given for the purchase of services or products provided by a company (Vallen & Vallen, 1991).

Rack rate – The standard room rate posted by the hotel.

Revenue Management/ Yield Management/ Real Time Pricing – “An iterative closed-loop process that employs statistical and financial models to measure customer demand and optimize prices and promotions consistent with category and enterprise goals for revenue, profit and price image” (Marriott, 2001) For this study, revenue management will be used to describe the following in terms of the hotel industry.

Scenario 1 – If the respondent visited the same hotel again and the hotel operator quoted the respondent a higher price than the last time he/she stayed in that hotel.

Scenario 2 – If the respondent visited the same hotel again and the hotel operator quoted the respondent a lower price than the last time he/she stayed in that hotel.

Scenario 3 – If the respondent and the respondent’s friend/colleague were staying in same hotel and had reserved a room in advance on the same day and the respondent found out that his/her friend/colleague had paid a higher room rate for the same room.

Scenario 4 – If the respondent and the respondent’s friend/colleague were staying in same hotel and had reserved a room in advance on the same day and the respondent found out that his/her friend/colleague had paid a lower room rate for the same room.

Scenario 5 – If the respondent and respondent’s friend/colleague were staying in separate standard double bedrooms in a hotel and paid the same room rate, but the respondent’s friend/colleague was upgraded to a suite because he/she had a hotel frequent guest program.

Strong relationship – Hotel operators having a good knowledge of their customers and their needs for staying in the hotel.

Tactical tool – Planning the details, how to accomplish the various strategic elements that lead to achieving the goal(s) (Bei et al.,2001).

Target price – The fixed price the customer believes to pay for a hotel stay.

## CHAPTER II

### REVIEW OF LITERATURE

#### Introduction

Hotel Revenue Management (HRM) emerging after deregulation of the airline industry in the late 1980's opened new doors for the hotel industry. This new practice incorporated intricacies, the most important being customer perceptions of fairness. To comprehend this concept, researchers have studied the practice of HRM in detail (Kimes, 2002). But according to Noone, Kimes, & Renaghan (2003) there has been no empirical study of the customer perceptions of HRM. Furthermore, Belobaba (2001) states that there is an extensive need for improvement in the revenue management model and demand forecasting of rooms in the hotel industry. However, Choi and Mattila (2003) explained in their publications that this dilemma can be eliminated, but it requires extensive study. Moreover, Bei & Chiao (2001) assert that satisfaction is interwoven with perceived quality, service, and price fairness.

It is vital that the model of HRM operate systematically to earn profits but also acknowledge the customer perception of equity in its pricing strategy. To achieve this goal researchers' have to present concrete studies of the problem (Hanks et al., 1992).

#### Review of Previous Research

##### Revenue Management

Revenue management was accepted in the hotel industry, as this has increased revenues at a faster rate compared to the other strategies. Revenue management systems stimulate demand in different time periods (off-peak season, low-medium



season, medium-high season, and high season) and from different segments of customers (business travelers, leisure travelers, group segments, and convention segments) (Varini et al., 2002).

Movie theaters, telephone companies, and private retailers also use revenue management. For example, movie theaters set different prices for different segment of customers. The time of the day the customer is going to watch a movie and customers age (child rate, senior rate, student rate) are examples. Due to the use of revenue management used in different sectors of the industry, customers are becoming aware of the hotel's willingness to cut deals on room rates. However, the concept of revenue management and the customers' channels for booking a hotel room are vital because "customers who pay for one room may later realize they could have negotiated a lower room rate might think ill of a hotel" (Hank's et al., 1992, p. 18). Customers with a negative perception about the hotel are not satisfied, and this could lead to loss of revenue in the future. Additionally, the ethics of charging hotel customers different room rates based on booking practices, like booking a room through telephone or through the Internet was common. Charging varied rates should also be taken into consideration by hotel properties who want to increase revenues, as this strategy might upset travelers because of different prices charged to different customers. Furthermore, to increase revenues in the hotel industry, it was imperative that hotels differentiate between business customers, who were willing to pay a higher price for a room rate, and leisure customers, who wanted to pay a lower price for the same room. Hotel customers had a wide range of needs, hence it was crucial that hoteliers split the travelers into business and leisure segments to understand the hotel market effectively and to increase profit.

Understanding customers was crucial, as any misunderstanding could jeopardize the customer's revisit. This lost customer meant loss of revenue (Hanks et.al, 1992).

Furthermore, Varini, Englemann, Claessen, and Schleusener's in 2002 study states that a night in a hotel room is a perishable product. In other words, if the hotel does not fill the rooms to its capacity on a particular night, the hotel loses that revenue, which cannot be made up. To avoid this, it was necessary that the revenue management system be implemented successfully. Ideally, customers should not be angry if a person was paying more for a hotel room.

According to Noone, Kimes, and Renaghan's (2003) research reveals that there should be a strong relationship between customers and the revenue management system. Lack of understanding by customers of revenue management system could lead to unwanted misunderstandings. Specific needs of both business and leisure travelers should be met. Leisure travelers, being price-sensitive, are cautious about spending and how their needs are fulfilled. On the other hand, business travelers are not price-sensitive and will spend money according to their needs. For business travelers the location of the hotel and specific amenities are important. Hotels need to get as much information as possible about their customers, like name, age, race, gender, spending level, and what kind of room, and food the customer prefers. This type of information helps make judgments about the strategies and customers. It is imperative that the hotels aptly predict customer needs and wants. Meeting them can generate revenue and satisfied customers (Noon et al., 2003)

Observing the increase in revenues for hotels such as Marriott, Hilton, and Hyatt, many smaller businesses have instituted the revenue management (Belobaba, 2001). Furthermore, Belobaba's (2001) study revealed that many companies have invested in the system with an expectation of increase in revenue. Moreover, Hilton Hotel encourages its employees/managers to study revenue management system at the University of Houston because knowing the ideal approach to the system could increase revenue substantially (McCann, 2000). In the early 1990s, the majority of Las Vegas hotels and casinos adhered to the concept, but only a few had computerized management programs in place; most used manual reports (Norman & Mayer, 1997). Since usage was in its early stages, the system was limited in effect. However, due to emerging technology, the system has increased performance, causing hotels and casinos in Las Vegas to implement a computerized management system (Norman & Mayer, 1997). Noone, Kimes, and Renaghan's (2003) state that Harrah casinos employ the concept across its properties. Further, Harrah tracks 70 percent of its total revenue through the concept of revenue management. Detailed customer information, such as, name, age, amount of money gambled, the time of arrival and departure, how much money the customer wins or loses, what kind of segment (business, leisure, group, and convention) the customer belongs to, and other demographic information is compiled by Harrah's system. This information was used to predict high and low seasons, the amount of gambling during a certain period of time, and changing room rates to meet the needs of different segments of customers (Noone et al., 2003). According to Hanks, Cross, and Noland's (1992) research, price segmentation for different customer groups was necessary to increase revenue. This approach not only makes money, but also

satisfies customers. It is crucial to have the segmentation strategy working properly to achieve maximum revenue and increase profit for the hotel(s) (Hanks et al., 1992).

However, if revenue management systems were not used properly, revenue could suffer. It was imperative that the complex system be fully understood and that predictions and optimization models could be used for optimum results (Belobaba, 2001). Thus, from the above information one could conclude that if the concept of HRM was followed systematically, it could not only increase revenue for the hotel, but also satisfy customers.

### Customer Satisfaction

Oliver (1981) elucidated that customer satisfaction is a psychosocial phenomenon in which customer expectations and emotions are met to a certain standard(s) and if these standards were not met according to expectations, customers would be unsatisfied. Additionally, Bei and Chiao (2001) revealed that predicting customer satisfaction was arduous; customers have distinct levels of expectations. To satisfy all customers at the same time was a challenging task for hotel operators. Noone, Kimes, and Renaghans (2003) encourage the hotel industry to have better relationships with customers and to use new technologies to enhance the relationship. Observing this customer satisfaction method, many hotels such as Radisson, Wyndham, and Marriott have implemented the strategy to please customers. If this strategy was followed systematically, customers would be satisfied and would return in the future (Noone et al., 2003). Parasuraman, Zeithaml, and Berry (1994) accentuated that service quality, product quality, and price all influence satisfaction level of customers.

## Perceived Price Fairness

Zeithaml (1988) relates that to obtain certain kind of services or products, a customer needs to sacrifice price. The exchange between price and services/products rendered should be perceived as fair by customers, creating customer satisfaction and price fairness (Zeithaml, 1988). Moreover, Anderson, Fornell, and Lehmann (1994) highlighted that price plays an important factor in customer satisfaction because whenever a product or service is acquired, the customer usually thinks about price as the first factor. In common parlance, fairness of price is based on customers' perceived knowledge in relation to price in the customer's market. Additionally, Zeithaml (1988) explains that lower perceived price was linked to lower perceived sacrifice. On the other hand, lower perceived price does not guarantee higher customer satisfaction. Customers often look at price as a clue to purchase certain products or services. Contemporary work in organizational justice has proved that customers are highly sensitive to issues of inequity, unfair practices of different room rates are likely to generate appalling results. On the other hand, when information about equity is given to customers before they make a reservation, customers have positive results and are satisfied by the quality of products and services provided before they check in (Choi & Mattila, 2003). According to Bolton, Warlop, and Alba's study (2003), the majority of customers have a vague idea about price, cost, and profit in the service sector. This lack of knowledge could result in unfair pricing policies, which could directly relate to customer satisfaction (Bolton et al., 2003). To improve this situation, it was necessary that the function of equity be communicated to customers effectively (Choi & Mattila, 2003). The information provided about equity by the hotel reservationist at the time of

reservation gives a vague clue of what to expect from the hotel, setting a cap on the customer expectation level. Further, given equity information satisfies the customer need for a sense of fairness in the marketplace. (Kimes & Wirtz, 2002). Additionally, Bei and Chiao (2001) state that hotel directors need to pay more attention to customer perception of price fairness, as equity comparison is unswervingly related to customer satisfaction. Moreover, prior research has provided evidence that price fairness relates to customer satisfaction and the behavioral intentions of customers (Bolton et al., 2003).

### Customers' Evaluation of Fairness

Customer evaluation of fairness depended on perceived justice, a concept that provided an in-depth understanding of the complaint process from initiation to completion. Additionally, researchers have confirmed that customer satisfaction was not only based on outcomes of service recovery, but also on procedures used to reach those outcomes (Sparks and McColl-Kenndy, 2001). Perceived justice contained three significant factors: distributive justice, procedural justice, and interactional justice (Choi & Mattila, 2003).

### Distributive Justice

Distributive justice relates to the overall outcome of the service recovery process. In simpler words, distributive justice concentrated on whether the customer is satisfied or dissatisfied with services rendered. The service recovery process may include financial compensation, refunds, and discounts after defective goods or inappropriate services were provided to customers (Sparks and McColl-Kenndy, 2001). For example, Domino's Pizza installed a service guarantee to deliver pizza within 30 minutes or customers receive the pizza for free. This promotion was a kind of compensation used

to enhance customer satisfaction (Tax et al., 1998). According to Goodwin and Ross (1990) if there was a cessation in the service sector, customers wanted tangible rather than intangible compensation.

### Procedural Justice

Procedural justice involves rectifying problems in the service recovery process. In other words, procedural justice concentrates on how to solve problems and at the same time make sure that the customers are satisfied with services or products rendered by the company (Sparks and McColl-Kennedy, 2001). Procedural justice includes a voice aspect. According to Sparks and McColl-Kennedy's (2001) research, voice performs a key role in the procedural system. It involved customers' freedom of speech, that was, the ability to express their views if certain products or services were undesirable. Goonwin and Ross (1990) implied that more customer voice can lead to better customer satisfaction, but failure to consider voice can lead to unfair practices and lack of future business.

### Interactional Justice

Interactional justice involves treatment of customers in the service recovery process. In simpler terms, it concentrates on how the customer feels about their treatment by the service industry and quality of communication between employees/customers and managers/directors. Researchers have proved that employees are willing to accept, understand, and make passable decisions regarding certain situation(s) if they (employees) are treated with respect and consideration by managers (Sparks and McColl-Kennedy, 2001). According to Hocutt, Chakraborty, and Mowens (1997) customers were most satisfied with the hotel when a high level of

sympathy and responsiveness was expressed by the hotel operators and managers (Choi & Mattila, 2003). In addition, Tax, Brown and Chandrashekar (2001) explain that interactional treatment should always be considered as the highest priority. Such treatment should consist of politeness and concern regarding customer problem(s), resourceful solutions' to the given problem, and honesty in the compliance process (Tax et al., 2001).

### Summary

It was critical to discern if customers were satisfied or dissatisfied with services/products rendered by the hotel. Recognizing customer perceptions to tell if they were satisfied or dissatisfied could influence the revenue. Furthermore, customer satisfaction was interwoven with the pricing strategies the hotel used to attract customers. To gain customer satisfaction, it was absolutely essential to ensure that the concept of revenue management in the hotel industry was followed fully. (Hanks et al., 1992).



## CHAPTER III

### METHODOLOGY

#### Research Design

The sampling for this research includes 460 Dallas Love Field Airport customers who were business travelers, and leisure travelers. To glean the different perceptions of customers about HRM, the interception method was used to survey customers, when they entered the airport and before passing through security checkpoint. The interception sampling method was used to minimize bias among subjects. The subjective approach of non-probability sampling was used to determine the effects of customer perceptions of HRM. The participants were provided with a brief definition of the system and were given two different examples to help them better understand the concept.

The information helped them to review the scenarios and answer questions on the questionnaire, which underwent strict Institutional Review Board requirements for the use of human subjects. An informed-consent disclosure was provided to respondents. Additionally, the questionnaire did not include any questions based on the respondent's name, address, or telephone number, to maintain strict confidentiality. Answers to the questionnaire have been kept confidential and no analyses have been done on an individual basis. All analysis were reported on a group basis only. There were 20,000 travelers, who were business, and leisure, travelers, traveled through the airport; hence, the best strategy was the interception method. The travelers at the

airport were approached politely, courteously, and asked respectfully to fill the questionnaire. There was no force or coercion applied to complete the questionnaire.

### Data Collection

It was imperative that the process of data collection be systematically handled, requiring a proper communication approach with respondents. To communicate with the respondents a “survey” approach was used to acquire results for customer perceptions of HRM. The questionnaire obtained information about customer perceptions of HRM based on demographics, HFGP, Airline FFP, ethical issues, frequent travelers, business and leisure traveler’s preference for fixed or negotiated room rate would be obtained and analyzed. Because of time constraints authorized by the Aviation Department of Dallas Love Field Airport and other security constraints, the researcher had limited time to survey 460 travelers at the Airport. The researcher had to undergo a criminal background check, present a memo, and make a presentation to the director of aviation. Due to new rules and regulations after the September 11, 2001 terrorist acts on America, the researcher had time constraints on surveying travelers. The aviation department of the airport granted permission to survey travelers, once in mid December of 2004 and twice in January of 2005, to collect data of 460 respondents. The three time intervals the researcher surveyed the respondents at the airport were as follows:

- 1) In December, 2004
  - Thursday, 16<sup>th</sup> from 10 am till 5 pm
  - Friday, 17<sup>th</sup> from 10 am till 5 pm
  - Sunday, 19<sup>th</sup> from 10 am till 5 pm

2) In January, 2005

- Thursday, 13<sup>th</sup> from 9 am till 9 pm
- Friday, 14<sup>th</sup> from 9 am till 9 pm
- Sunday, 16<sup>th</sup> from 9 am till 9 pm

3) In January, 2005

- Thursday, 20<sup>th</sup> from 9 am till 9 pm
- Friday, 21<sup>st</sup> from 9 am till 9 pm
- Sunday, 23<sup>rd</sup> from 9 am till 9 pm

The types of data variables listed and classified in the survey were nominal and ordinal. The sample proportion of incidence was used to estimate the population proportion and to estimate the population variance.

The nominal method of data collection was used in the questionnaire because collecting information on variables or by design could be grouped into two or more categories that would be mutually exclusive. The counting of participants in each group would be easy with nominal scale data. Further, nominal scale data could facilitate statistical approaches.

The ordinal method of data collection was used in the questionnaire because it was an indicator of the order in which the research could be analyzed. Additionally, if the transitivity postulate was fulfilled, ordinal data was possible. Further, ordinal data implied a statement of greater than or less than without stating how much was greater or less in the variables. Thus, both nominal and ordinal data collection methods provided the necessary combinations and accurate results.

Additionally, the following types of questions were used in the survey:

- 1) Yes, no, and n/a
- 2) 1 to 7 Likert scale
- 3) Multiple choice questions
- 4) Open ended questions

### Instrument Development

A questionnaire was developed to assess the areas of concern covered in the research questions in chapter I. The interception method for the questionnaire was composed of three sections:

Section one: general information about the respondents' stay in the hotel, FFP, HFGP, business and leisure travelers booking preference for a hotel room, and customer perceptions of revenue management information provided.

Section two: customer perception based on five different scenarios and three ethical issues. This part of the instrument contained various scenario questions pertaining to customer satisfaction levels while they stayed in the hotel, using a seven-point Likert scale, and it also contained ethical issues relating to the hotel industry.

Section three: background information of the respondents, like, demographics, type and channel of booking a hotel room, and frequency of travel in the past year.

Furthermore, the instrument was pre-tested to determine content validity. The performance test judged each item to be essentially useful, but not essential, or not necessary in assessing performance of relevant behavior. The stability of the instrument was not reliable in the survey approach as it had a few drawbacks, such as time-delay between measurements, insufficient time between measurements, respondent's

discernment of a disguised purpose, topic sensitivity, and introduction of extraneous moderating variables between measurements. However, to overcome this, the remedy interval time between the pre-test and the test was increased. Pre-testing eliminated wrong questions and was performed on colleagues, friends, other professors in the hospitality department at the University of North Texas (UNT), and in research application, research method classes.

The rating scales and categorization scale were used in the response form of the questionnaire. The rating scale from 1 to 7 was chosen to make the respondent feel more sensitive about the measurement and extraction of variance. The categorization scale classified different types of customers (business, leisure, group, and convention) and their effects on fairness of HRM practices.

Further, the error of leniency was minimized because the questions related to specific answers were provided on the questionnaire; for example, yes, no, N/A questions, and multiple-choice questions. However, in questions relating to ordinal data where the respondent had to express his/her perception toward the question, the error of leniency could be occurred, as the respondent could be an easy rater or a hard rater.

The error of central tendency was minimized in the instrument because the usage of points on the scale was spread out, intermediate descriptive phrases were in bold and capitalized, and the strength of descriptive adjectives was adjusted to fit the question. The error of halo effect was minimized because the instrument defined HRM system and provided two examples of the concept.

Administrative questions, which were not asked on the questionnaire, were imperative in analyzing the data, generated from the instrument. The administrative questions analyzed for this study were as below.

- (a) What was the traveler's frame of mind when the interception occurred with the survey? For example, was the traveler tired, busy, or late for a flight?
- (b) Were there any late or canceled flights, which could upset travelers? And
- (c) Were there any security threats, which could distress or traumatize travelers at the airport?

In the first research question, where respondents received information about HRM system at the time of booking a hotel room, the travelers were asked to circle their perception based on a 1-7 Likert scale, where one was "Highly Satisfied" and seven was "Highly Dissatisfied." Research question 1 (a) referred to customer demographics like gender, age, level of income, level of education, and ethnicity. The respondent was asked to check one box in each subcategory. Further, each subcategory of demographics was compared with respondent perception when HRM information was provided to customer at the time of booking a room.

Further, frequency of travel in a year was asked in the questionnaire. Both business and leisure travelers were nominal data types. The respondents were asked to check- mark how many times they traveled for business and leisure, starting from "zero" to "21 and over." Further, each subcategory of frequent traveler was compared with respondent perception when HRM information was provided to the customer at the time of booking a room.

Customer preference for booking a hotel room included four categories: 1) when traveling for business, the respondent preferred fixed price (not worthwhile to look for deals), 2) when traveling for leisure, the respondent preferred fixed price (not worthwhile to look for deals), 3) when traveling for business, the respondent preferred to negotiate price (find the best deals), and 4) when traveling for leisure, the respondent preferred negotiated price (find the best deals). All four subcategories were ordinal data types. The respondent was asked to indicate perception on the Likert scale for each category, where one was “Strongly Agreed” and seven was “Strongly Disagreed.” Each subcategory of preference for booking a room was compared with respondent perception when HRM information was provided to the customer at the time of booking a room.

Research question 1 (b) explained how many different HFGP the respondent was enrolled in and how many times the respondent redeemed points. Both subcategories were nominal data types. The respondent was asked to check-mark each of these categories, and each category of HFGP was compared with respondent perception when HRM information was provided the customer at the time of booking a room.

Additionally, the first question regarding Airline FFP asked how many different FFP the respondent was enrolled in and how many times the respondent redeemed miles. Both subcategories were nominal data types. The respondent was asked to check-mark each of these subcategories and each subcategory of FFP was compared with respondent perception when HRM information was provided to customer at the time of booking a room.

Respondents were asked whether they agree or disagree (check-mark) with three ethical issues regarding their perceptions of capitalism as a basis for market-based pricing, seasonal price adjustments, and pricing fluctuations based on marketing channels. All three subcategories were nominal data types. Further, each subcategory was compared with respondent perception when HRM information was provided to customer at the time of booking a room.

In the second research question where respondent did not receive the information about HRM system at the time of booking a hotel room, the travelers were asked to indicate their perception on Likert scale, where one was “Highly Satisfied” and seven was “Highly Dissatisfied.”

Research question 2 (a) referred to customer demographics like gender, age, level of income, level of education, and ethnicity. The respondent was asked to check one box in each subcategory. Further, each subcategory was compared with respondent perception when HRM information was not provided to the customer at the time of booking a room.

Frequency of business and leisure travelers traveling in a year was asked about in the questionnaire. Both types revealed nominal data types. The respondent was asked to check-mark how many times the respondent traveled for business and leisure, starting from “zero” to “21 and over.” Further, each subcategory was compared with respondent perception when HRM information was not provided to customers at the time of booking a room.



Customer preference for booking a hotel room included four categories: 1) when traveling for business, the respondent preferred fixed price (not worthwhile to look for deals), 2) when traveling for leisure, the respondent preferred fixed price (not worthwhile to look for deals), 3) when traveling for business, the respondent preferred to negotiate price (find the best deals), and 4) when traveling for leisure, the respondent preferred negotiated price (find the best deals). All subcategories were ordinal data types. The respondent was asked to indicate the perception based on a 1-7 Likert scale for each category, where one was “Strongly Agreed” and seven was “Strongly disagreed.” Each subcategory of respondent preference for booking a room was compared with the respondent perception when HRM information was provided to customer at the time of booking a room.

Research question 2 (b) explained how many different HFGP the respondent was enrolled in and how many times the respondent redeemed points. Both subcategories were nominal data types. The respondent was asked to check-mark each of these categories. Each category was compared with respondent perception when HRM information was provided to customer at the time of booking a room.

Additionally, the second question regarding Airline FFP asked how many different FFP the respondent was enrolled in and how many times the respondent redeemed miles. Both subcategories were nominal data types. The respondent was asked to check-mark each of these subcategories, and each subcategory was compared with the respondent perception when HRM information was provided to customer at the time of booking a room.

Moreover, respondents were asked whether they agree or disagree (check-mark) with three ethical issues regarding their perceptions of capitalism as a basis for market-based pricing, seasonal price adjustments, and pricing fluctuations based on marketing channels. All three subcategories of ethical issues were nominal data types. Each subcategory was compared with respondent perception when HRM information was provided to customer at the time of booking a room.

To address the third research question regarding each respondent's perception of inconsistency in pricing across multiple visits (Scenario 1 and 2), inconsistency in pricing across individuals (Scenario 3 and 4), and room upgrades for HFGP enrollees, (Scenario 5) the travelers were asked to indicate their perception on Likert scale, where one was "Excited" and seven was "Angry."

Research question 3 (a) referred to customer demographics like, gender, age, level of income, level of education, and ethnicity. The respondent was asked to check one box in each subcategory. Each subcategory of the demographics was compared with respondent perception of each Scenario 1, 2, 3, 4 and 5.

Frequency of business and leisure travelers traveling in a year was asked about in the questionnaire. Both were nominal data types. The respondent was asked to check-mark how many times they traveled for business and leisure, starting from "zero" to "21 and over." Further, each subcategory of frequent traveler was compared with respondent perception of each Scenario 1, 2, 3, 4 and 5.

Customer preference for booking a hotel room included four categories: 1) when traveling for business, the respondent preferred fixed price (not worthwhile to look for deals), 2) when traveling for leisure, the respondent preferred fixed price (not worthwhile

to look for deals), 3) when traveling for business, the respondent preferred to negotiate price (find the best deals), and 4) when traveling for leisure, the respondent preferred negotiated price (find the best deals). All subcategories were ordinal data types. The respondent was asked to circle the perception based on a 1-7 Likert scale for each category, where one was “Strongly Agreed” and seven was “Strongly Disagreed.” Each subcategory was compared with respondent’s perception of each Scenario 1, 2, 3, 4 and 5.

Research question 3 (b) explained how many different HFGP the respondent was enrolled in and how many times the respondent redeemed points. Both the subcategories were nominal data types. The respondent was asked to check mark each of these categories. Each category of HFGP was compared with respondent’s perception of each Scenario 1, 2, 3, 4 and 5.

Additionally, the third question regarding Airline FFP asked how many different FFP the respondent was enrolled in and how many times the respondent redeemed the miles. Both subcategories were nominal data types. The respondent was asked to check-mark each of these subcategories. Each subcategory of FFP was compared with respondent’s perception of each Scenario 1, 2, 3, 4 and 5.

Respondents were asked whether they agree or disagree (check-mark) with three ethical issues regarding their perceptions of capitalism as a basis for market-based pricing, seasonal price adjustments, and pricing fluctuations based on marketing channels. All subcategories were nominal data types. Each subcategory of ethical issues was compared with respondent’s perception of each Scenario 1, 2, 3, 4 and 5.

Furthermore, respondents were requested to circle their perception based on Likert scale when HRM information was provided to them at the time of booking a room. This type of data was ordinal. This category was compared with respondent's perception of each Scenario 1,2,3,4 and 5.

Respondents were requested to circle their perception based on Likert scale when HRM information was not provided to them at the time of booking a room. This type of data was ordinal. This category was compared with respondent's perception of each Scenario 1,2,3,4 and 5.

### Statistical Analysis

After completion of the data collection, the instrument was coded and the data were entered into a Statistical Package for the Social Sciences (SPSS). Analysis of variance (ANOVA), cross-tabulation, and Pearson's correlation were used to determine if customer perceptions of the fairness of HRM differed based on the type of traveler, demographics, HFGP enrolled and redeemed, Airline FFP enrolled redeemed, frequency of business and leisure traveler, three ethical issues, preference of booking a hotel room, revenue management information provided, revenue management information not provided, and Scenario 1, 2, 3, 4 and 5.

### Conclusions

After the data was collected and analyzed, the research provided information about customer perceptions of fairness about the HRM system in the hotel industry. These different types of perceptions would benefit both customers, who would be residing in hotels, and the hotel operators, who would gain knowledge about the

customers' expectation level. Further, the data collected and analyzed would provide information to the hotel industry about whether providing information of HRM to customers would increase revenue. This in turn would increase customer satisfaction and increase revenue for the hotel industry.

## CHAPTER IV

### DATA ANALYSIS

#### Introduction

Chapter IV presents the analysis of the data. Again, the purpose of this study was to determine customer perceptions of fairness concerning pricing policies utilized by the hotel industry, and to examine how different outcomes in pricing policies affect customer perceptions of fairness. This research study was designed to answer the research questions.

The research questionnaire is shown in Appendix A. To analyze the data, a two-tier process was employed. First, descriptive statistics provided frequencies, chi-square, cross-tabulations, and Pearson correlations for each measure. In the second stage, ANOVA was used to assess whether there existed a statistical difference between groups of data.

#### Characteristics of Sample

In order to identify perceptions of customers about HRM, both quantitative and qualitative analysis were conducted. A self-administered questionnaire was distributed to travelers at Dallas Love Field Airport using an intercept method. The population of interest was travelers who were traveling through the airport, travelers' friends/colleagues who were waiting to be picked up from the airport, and airport employees. Accordingly, 460 travelers were surveyed.

## Frequency Analysis Report

### Demographic Profile for Respondents

As in any study respondents had the choice of not answering any part of the survey. Accordingly, all completed surveys were received by the researcher for non-response issues. Where the respondent had left major portions of the survey incomplete, their surveys were discarded. Where respondents had omitted only few questions, their responses were included in the data analyses. It will be seen in the tables that the total sample size varies with each analysis as a result.

Of respondents, 51.1% were male, 48.9% female, 40.4% were in the age group of 18-29 years, which was the highest number of respondents. On the other hand the age group of 60-69 years (2.2%) had the lowest number of responses. The most frequent income group was between \$0 and \$19,999 (17%). The next income group close to \$0-\$19,999 income bracket was the one between \$100,000 (16.8%) and over. However, the lowest number of respondents was in the income group between \$90,000 and \$99,999 (2.7%). Further, 31.9% had a four-year (bachelor's degree) college degree, the most frequent. However, 8.5% respondents had a two-year (associate's degree) degree, which was the least frequent occurring. There were 67.6% White-American, which was the most frequently occurring. Only 1.4% respondents were Native-American, which was the group with least number of respondents.

Table 1

Frequency for Demographics

Category	Number	% of total
<b>Gender</b>		
Male	233	51.1
Female	223	48.9
Total	456	100
<b>Age</b>		
18-29 years	184	40.4
30-39 years	103	22.6
40-49 years	92	20.2
50-59 years	66	14.5
60-69 years	10	2.2
Total	455	100
<b>Income</b>		
\$0-\$19,999	76	17.0
\$20,000-\$29,999	41	9.2
\$30,000-\$39,999	61	13.7
\$40,000-\$49,999	47	10.5
\$50,000-\$59,999	45	10.1
\$60,000-\$69,999	34	7.6
\$70,000-\$79,999	24	5.4
\$80,000-\$89,000	31	7.0
\$90,000-\$99,999	12	2.7
100,000 and over	75	16.8
Total	446	100.0
<b>Level of education</b>		
High school or less	49	10.9
Some college	128	28.6
2-year college degree	38	8.5
4-year college degree	143	31.9
Graduate degree	90	20.1
Total	448	100.0
<b>Ethnicity</b>		
African-American	61	13.8
Hispanic-American	56	12.7
White-American	298	67.6
Asian-American	20	4.5
Native-American	6	1.4
Total	441	100.0



### Hotel Frequent Guest Program Enrolled and Redeemed

Of respondents, 40.2% were enrolled in the HFGP, while 59.8% reported that they had not. Further, 21.1% respondents reported that they had redeemed the HFGP, while 78.9% reported they had not.

Table 2

#### Frequency for Hotel Frequent Guest Program Enrolled and Redeemed

Category	Number	% of total
HFGP enrolled		
Enrolled in HFFP	184	40.2
Not enrolled in HFFP	274	59.8
Total	458	100
HFGP redeemed		
Redeem HFFP	96	21.1
Does not redeem HFFP	360	78.9
Total	456	100

### Airline Frequent Flier Program Enrolled and Redeemed

Of respondents, 57.9% reported that they have enrolled in the FFP, while 42.1% respondents had not. Furthermore, 37.9% reported that they had redeemed the FFP, while 62.1% respondents had not done so.

Table 3

#### Frequency for Airline Frequent Flier Program Enrolled and Redeemed

Category	Number	% of total
FFP enrolled		
Enrolled in Airline FFP	263	57.9
Not enrolled in Airline FFP	191	42.1
Total	454	100
FFP redeemed		
Redeem Airline FFP	173	37.9
Does not redeem Airline FFP	283	62.1
Total	456	100

## Ethical Issues

### Customer Perception of Capitalism as a Basis for Market-based Pricing

Of respondents, 88.6% agreed that the U.S. is a capitalist economy and hotels are entitled to increase their prices, while 11.4% did not agree that the U.S. is a capitalist economy and hotels should increase their prices to maximize revenue.

### Customer Perceptions of Seasonal Price Adjustments

Of respondents, 75.2% agreed that it is ethical to increase and decrease hotel room prices during high and low seasons in the U.S., while 24.8% responded it is not ethical to have seasonal price adjustments.

### Customer Perceptions of Pricing Fluctuations Based on Marketing Channel

Of respondents, 54.3% reported that it is ethical for hotels to quote two different prices while booking over the phone and the Internet. On the other hand, 45.7% reported it is not ethical for hotels to vary price by channel distribution.

Table 4

Frequency for Ethical Issues

Category	Number	% of total
Customer perceptions of capitalism as a basis for market-based pricing		
Ethical	398	88.6
Not-Ethical	51	11.4
Total	449	100
Customer perceptions of seasonal price adjustments		
Ethical	337	75.2
Not-Ethical	111	24.8
Total	448	100
Customer perceptions of pricing fluctuations based on marketing channel		
Ethical	244	54.3
Not-Ethical	205	45.7
Total	449	100

Frequent Travelers

Respondent were asked how frequently they traveled in the last 12 months for business and leisure. The data of each frequency item was computed, tabulated, and is presented in Table 5.

Frequency of Business Travel

Of respondents, 53.6% respondents traveled 0-2 times for business in the past 12 months, that category was the most frequently occurring. On the other hand, 2.4% reported that they traveled 15-20 times a year for business, which was the least frequent group.

## Frequency of Leisure Travel

Of respondents, 40.2% respondents traveled 3-5 times for leisure in the past 12 months, the most frequently occurring group. On the other hand, 1.3% respondents traveled 12-14 and 1.3% traveled 18-20 times a year for leisure, the least frequent response.

Table 5  
Frequency for Frequent Travelers

Category	Number	% of total
Frequency for business travelers		
0-2	241	53.6
3-5	76	16.9
6-8	37	8.2
9-11	21	4.7
12-14	11	2.4
15-17	10	2.2
18-20	11	2.4
21 and over	43	9.6
Total	450	100.0
Frequency for leisure travelers		
0-2	145	32.0
3-5	182	40.2
6-8	66	14.6
9-11	27	6.0
12-14	6	1.3
15-17	11	2.4
18-20	6	1.3
21 and over	10	2.2
Total	453	100.0

## Fixed Price and Negotiated Pricing

Respondents were asked in regard to booking a hotel room whether they prefer fixed rate or negotiable rate when traveling for business and leisure in Section One Question 16 a, b, c, and d of the questionnaire. The data of each frequency item was computed, tabulated, and is presented in Table 6.

### Business-fixed Price

Of respondents, 26.6% remained neutral when traveling for business. Furthermore, 45.7% respondents were satisfied (strongly satisfied, more satisfied, little satisfied) with a fixed-room rate when traveling for business. However, 27.7% respondents were not satisfied (strongly dissatisfied, more dissatisfied, little dissatisfied) with a fixed-room rate when traveling for business.

### Leisure-fixed Price

Of the respondents, 16.0% remained neutral when traveling for leisure. Furthermore, 30.2% respondents were satisfied with a fixed-room rate when traveling for leisure. However, 53.8% respondents were not satisfied with a fixed-room rate when traveling for leisure.

### Business Negotiable Price

Of respondents, 27.7% remained neutral when traveling for business. Furthermore, 44.7% respondents were satisfied with a negotiable room rate when traveling for business. However, 27.5% respondents were not satisfied with a negotiable room rate when traveling for business.

### Leisure Negotiable Price

Of respondents, 15.8% remained neutral when traveling for leisure. Furthermore, 44.7% respondents were satisfied with a negotiable room rate when traveling for leisure. However, 16.4% respondents were not satisfied with a negotiable room rate when traveling for leisure.

Table 6

Frequency of Fixed Price and Negotiated Pricing for Business and Leisure Travelers

Category	Number	% of total
<b>Business-fixed price</b>		
Strongly Satisfied	116	26.1
More Satisfied	58	13.1
Little Satisfied	29	6.5
Neutral	118	26.6
Little Dissatisfied	32	7.2
More Dissatisfied	35	7.9
Strongly Dissatisfied	56	12.6
Total	444	100.0
<b>Leisure-fixed price</b>		
Strongly Satisfied	71	15.6
More Satisfied	33	7.3
Little Satisfied	33	7.3
Neutral	73	16.0
Little Dissatisfied	41	9.0
More Dissatisfied	77	16.9
Strongly Dissatisfied	127	27.9
Total	455	100.0
<b>Business negotiable price</b>		
Strongly Satisfied	99	22.5
More Satisfied	49	11.1
Little Satisfied	49	11.1
Neutral	122	27.7
Little Dissatisfied	30	6.8
More Dissatisfied	34	7.7
Strongly Dissatisfied	57	13.0
Total	440	100.0
<b>Leisure negotiable price</b>		
Strongly Satisfied	165	36.3
More Satisfied	100	22.0
Little Satisfied	43	9.5
Neutral	72	15.8
Little Dissatisfied	22	4.8
More Dissatisfied	26	5.7
Strongly Dissatisfied	27	5.9
Total	455	100.0

## Hotel Revenue Management Information Provided

Respondents were asked their perceptions of the HRM system information, as provided in Section Two Question 17. The data of each frequency item was computed, tabulated, and is presented in Table 7.

Of respondents, 24.7% remained neutral in their perception when revenue management information was provided to them at the time of booking a room. Furthermore, 67.9% respondents were satisfied when revenue management information was provided to them at the time of booking a hotel room, and 7.4% respondents were not satisfied.

Table 7

### Frequency of Hotel Revenue Management Information Provided

Category	Number	% of total
Revenue management information provided		
Strongly Satisfied	137	30.5
More Satisfied	92	20.5
Little Satisfied	76	16.9
Neutral	111	24.7
Little Dissatisfied	16	3.6
More Dissatisfied	10	2.2
Strongly Dissatisfied	7	1.6
Total	449	100.0

## Hotel Revenue Management Information not Provided

Respondents were asked their perception of HRM system when information is not provided, in Section Two, Question 18 of the questionnaire. The data of each frequency item was computed, tabulated, and is presented in Table 8.

Of respondents, 34.4% remained neutral in their perception when revenue management information was not provided to them at the time of booking a room. Furthermore, 13.8% respondents were satisfied when revenue management information

was not provided to them at the time of booking a hotel room and 51.8% respondents were not satisfied.

Table 8

Frequency of Hotel Revenue Management Information not Provided

Category	Number	% of total
Revenue management information not provided		
Strongly Satisfied	15	3.3
More Satisfied	16	3.6
Little Satisfied	31	6.9
Neutral	154	34.4
Little Dissatisfied	87	19.4
More Dissatisfied	69	15.4
Strongly Dissatisfied	76	17.0
Total	448	100.0

### Customer Satisfaction

Respondents were asked their perceptions in relation to the five scenario questions in Section Two Questions 1,2,3,4, and 5. The data of each frequency item was computed, tabulated, and is presented in Table 9.

#### Inconsistency in Pricing Across Multiple Visits

Of respondents, 18.2% remained neutral in their perception when the hotel operator quoted a higher price than last time the respondent stayed in same hotel. Furthermore, 8.8% respondents were excited (excited, not too much excited, and little excited) and 73.0% respondents were angry (little angry, not too much angry, and angry) when the hotel operator quoted a higher price than last time the respondent stayed in same hotel.



Of respondents, 12.5% remained neutral in their perception when the hotel operator quoted a lower price than last time the respondent stayed in the same hotel. Furthermore, 78.2% respondents were excited and 9.4% respondents were angry when the hotel operator quoted a lower price than last time the respondent stayed in the same hotel.

#### Inconsistency in Pricing Across Individuals

Of respondents, 21.4% remained neutral in their perception when a friend/colleague paid a higher room rate than the respondent for the same room. Furthermore, 10.0% respondents were excited and 68.6% respondents were angry when a friend/colleague paid a higher room rate than the respondent for the same room.

Of respondents, 14.4% remained neutral in their perception when a friend/colleague paid a lower room rate than the respondent for the same room. Furthermore, 14.2% respondents were excited and 71.4% respondents were angry when a friend/colleague paid a lower room rate than the respondent for the same room.

#### Customer Perceptions of Room Upgrades for Hotel Frequent Guest Program – Enrollees

From total respondents, 52.2% respondents remained neutral in their perception when a friend/colleague was upgraded to a suite because he/she was enrolled in HFGP. Furthermore, 31.3% were excited and 16.5% were angry when friend/colleague was upgraded to a suite because he/she was enrolled in HFGP.

Table 9

Frequency for Customer Satisfaction (Scenario1, 2, 3, 4, and 5)

Category	Number	% of total
Hotel operator quoted a HIGHER price than previous night		
Excited	9	2.0
Not too much Excited	20	4.4
Little Excited	11	2.4
Doesn't Bother Me	82	18.2
Little Angry	164	36.4
Not too much Angry	115	25.5
Angry	50	11.1
Total	451	100.0
Hotel operator quoted a LOWER price than previous night		
Excited	122	27.2
Not too much Excited	120	26.7
Little Excited	109	24.3
Doesn't Bother Me	56	12.5
Little Angry	18	4.0
Not too much Angry	20	4.5
Angry	4	.9
Total	449	100.0
Friend/colleague paid a HIGHER room rate than respondent		
Excited	7	1.6
Not too much Excited	15	3.4
Little Excited	22	5.0
Doesn't Bother Me	95	21.4
Little Angry	95	21.4
Not too much Angry	131	29.6
Angry	78	17.6
Total	443	100.0
Friend/colleague paid a LOWER room rate than respondent		
Excited	15	3.4
Not too much Excited	21	4.7
Little Excited	27	6.1
Doesn't Bother Me	64	14.4
Little Angry	79	17.8
Not too much Angry	129	29.1
Angry	109	24.5
Total	444	100.0
Friend/colleague UPGRADED to a suite because enrolled in HFGP		
Excited	31	6.9
Not too much Excited	59	13.2
Little Excited	50	11.2
Doesn't Bother Me	234	52.2
Little Angry	43	9.6
Not too much Angry	17	3.8
Angry	14	3.1
Total	448	100.0

## Statistical Analysis

### Research Questions

To address the first research question, cross-tabulations, ANOVA, and Pearson correlations were used as analytical tools. Table 10 provides a summary of significant and non-significant variables for Research Question One.

Table 10

#### Significant and Non-Significant Variables for Research Question 1

Name	Crosstabs Significant	ANOVA Significant	Correlation Significant
Gender	Yes	Yes	N/A
Age	N/A	N/A	Yes
Income	N/A	N/A	No
Education	N/A	N/A	No
Ethnicity	No	No	N/A
FGP enrolled	No	No	N/A
FGP redeemed	No	No	N/A
FFP enrolled	No	No	N/A
FFP redeemed	No	No	N/A
Customer perceptions of capitalism as a basis for market-based pricing	No	No	N/A
Customer perceptions of seasonal price Adjustments	No	No	N/A
Customer perceptions of pricing based on Marketing channel	No	Yes	N/A
Frequency of business traveler	N/A	N/A	No
Frequency of leisure traveler	N/A	N/A	No
Business-fixed price	N/A	N/A	No
Leisure-fixed price	N/A	N/A	No
Business-negotiated price	N/A	N/A	No
Leisure-negotiated price	N/A	N/A	Yes

Table 11

Research Question 1: Cross-tabulation Analysis for Relationship Between Hotel

Revenue Management Information Provided and Gender

Gender	Highly Satisfied (%)	More Satisfied (%)	Little Satisfied (%)	Neutral (%)	Little Dissatisfied (%)	More Dissatisfied (%)	Highly Dissatisfied (%)	Total (%)
Male	25.7	21.3	13.9	30.0	4.3	2.6	2.2	100
Female	35.5	19.4	20.3	19.4	2.8	1.8	.9	100
Total-N	30.4	20.4	17.0	24.8	3.6	2.2	1.6	100

Chi-Square = 13.702. P = .033.

There is a significant relationship between HRM information provided and gender (Chi-Square = .13.702, P = .033). Further, an overwhelming majority of respondents are satisfied (67.8%), while a small fraction of respondents are dissatisfied (7.4%). Roughly 25% of the respondents remain neutral in their decision (Table 7). Additionally, 60.9% males are “Satisfied” and 9.1% males are “Dissatisfied.” Furthermore, 30.0% male respondents remained neutral in their perception.

When HRM information is provided, 75.3% females are “Satisfied”, whereas 5.5% females are “Dissatisfied.” Additionally, 19.4% females remain neutral. Table 1 states that there more men than women who responded to the survey, however, the satisfaction percentage of women is higher than for males when HRM information is provided.

When providing HRM information is provided to females, the majority of them are satisfied, suggesting females want to know more about pricing strategies. When sufficient information for the prices is provided, females are more satisfied than dissatisfied. Hence, one can conclude that when HRM information is provided, females are significantly more satisfied than males.

Table 12

Research Question 1: ANOVA Analysis for Relationship Between Hotel Revenue

Management Information Provided and Gender

Statistics	Hotel Revenue Management Information Provided
Male	2.83
Female	2.44
F Value	8.000
Significance	.005

Females are significantly more satisfied than males when revenue management information is provided ( $F = 8.00, P = .005$ ). The mean value for male is 2.83, inclined more towards “Little Satisfied” while, female mean value is 2.44, leaning more toward “More Satisfied.” Hence, one can conclude that revenue management information is provided at the time booking, females are more satisfied than males.

Table 13

Research Question 1: ANOVA Analysis for Relationship Between Hotel Revenue

Management Information Provided and Ethical Issue Relating to Customer Perceptions of Pricing Fluctuations Based on Marketing Channel

Statistics	Hotel Revenue Management Information Provided
Ethical	2.46
Not-Ethical	2.82
F Value	6.978
Significance	.009

Customers who thinks that the pricing fluctuations based on marketing channel is an ethical issue are significantly more satisfied than customer who donot. ( $F = 6.978, P = .009$ ). Table 4 states that more respondents agree that booking a standard room over the phone and the same room over the Internet would provide two different room rates.

On the other hand, fewer respondents disagree (Table 4). The respondents who think that this practice is ethical are more likely to be satisfied (2.46), whereas respondents who think that this practice is not ethical are less likely to be satisfied (2.82), when revenue management information is provided to the respondents. Primarily, respondents who answered, “Yes” have knowledge about the pricing strategies and common business practices.

Table 14

Research Question 1: Pearson’s correlation Analysis for Relationship Between Hotel Revenue Management Information Provided and Age and Leisure-Negotiated Price

Statistics	Age	Leisure-negotiated Price
r	-.104	.118
Significance	.028	.013

\* correlation is significant at the .05 level (2 tailed)

### Age

Age is a significant factor in the relationship when revenue management information is provided ( $r = -.104$ ,  $P = .0281$ ). The older the customer the less information they want to know about HRM (Table 1). Perhaps older customers have some knowledge about variation in room rates, whereas younger age group customers lack knowledge about room rates and want information about the HRM system.

### Leisure-Negotiated Price

Leisure travelers who negotiate price have a significant factor in relationship with revenue management information provided at the time of booking a room ( $r = .118$ ,  $P = .013$ ). Furthermore, leisure travelers are price-sensitive when they travel; they are ready to compromise with restrictions if given the choice for a cheaper room. As leisure travelers are price-sensitive, they want to have knowledge of room rates where they

want to travel. Providing subsequent information about the HRM system would decrease their search time for a cheaper room and in turn cause them to be satisfied by the hotel. Satisfaction of the customers would bring them back and increase revenue for the hotel (Belobaba, 2001).

To address the second research question, cross-tabulations, ANOVA, and Pearson correlations were used as analytical tools. Table 15 provides a summary of significant and non-significant variables for Research Question Two.

Table 15

Significant and Non-Significant Variables for Research Question 2

Name	Crosstabs Significant	ANOVA Significant	Correlation Significant
Gender	Yes	Yes	N/A
Age	N/A	N/A	Yes
Income	N/A	N/A	No
Education	N/A	N/A	No
Ethnicity	Yes	No	N/A
FGP enrolled	No	Yes	N/A
FGP redeemed	No	No	N/A
FFP enrolled	No	No	N/A
FFP redeemed	No	No	N/A
Customer perceptions of capitalism as a basis for market-based pricing	Yes	Yes	N/A
Customer perceptions of seasonal price Adjustments	No	No	N/A
Customer perceptions of pricing based on marketing channel	No	No	N/A
Frequency of business traveler	N/A	N/A	No
Frequency of leisure traveler	N/A	N/A	No
Business-fixed price	N/A	N/A	No
Leisure-fixed price	N/A	N/A	No
Business-negotiated price	N/A	N/A	No
Leisure-negotiated price	N/A	N/A	No

Table 16

Research Question 2: Cross-tabulation Analysis for Relationship Between Hotel

Revenue Management Information not Provided and Gender

Gender	Highly Satisfied (%)	More Satisfied (%)	Little Satisfied (%)	Neutral (%)	Little Dissatisfied (%)	More Dissatisfied (%)	Highly Dissatisfied (%)	Total (%)
Male	4.4%	2.6%	4.4%	45.0%	16.2%	15.7%	11.8%	100%
Female	2.3%	4.1%	9.7%	23.5%	23.0%	14.7%	22.6%	100%
Total-N	3.4%	3.4%	7.0%	34.5%	19.5%	15.2%	17.0%	100%

Chi-Square = 31.975. P = .000.

There is a significant relationship between HRM information not provided and gender (Chi-Square = 31.975, P =.00). When HRM information is not provided, more respondents are “Highly Dissatisfied” than “Satisfied.” Further, roughly 34% of the respondents remain neutral in their decision (Table 8). Additionally, 43.7% males are “Dissatisfied” and 11.4% males are “Satisfied.” Furthermore, 45.0% male respondents remained neutral in their perception. When HRM information is not provided 60.3% females are dissatisfied, whereas 16.7% females are satisfied. Additionally, 23.5% females remain neutral. Table 1 states that there are more men than women who responded to the survey, however, the dissatisfaction percentage of women is higher than males when HRM information is not provided.

When information is not provided, the percentage of males who are dissatisfied (43.7%) and neutral (45.0%) are close to each other. Few male respondents are satisfied when information on HRM is not provided. Hence, we can conclude that when HRM information is not provided the majority of male respondents remain unbothered.



When information is not provided, majority of females are dissatisfied particularly in comparison with males. Females want to know more about pricing strategies used by hotels. When sufficient information on prices is not provided, females are more dissatisfied than satisfied.

Table 17

Research Question 2: Cross-tabulation Analysis for Relationship Between Hotel Revenue Management Information not Provided and Ethnicity

Ethnicity	Highly Satisfied (%)	More Satisfied (%)	Little Satisfied (%)	Neutral (%)	Little Dissatisfied (%)	More Dissatisfied (%)	Highly Dissatisfied (%)	Total (%)
African-American	8.5	3.4	5.1	30.5	13.6	10.2	28.8	100%
Hispanic-American	3.6	9.1	9.1	27.3	18.2	10.9	21.8	100%
White-American	2.7	.7	7.5	36.5	21.2	17.1	14.3	100%
Asian-American	0.0	15.0	5.0	25.0	25.0	15.0	15.0	100%
Native – American	0.0	40.0	0.0	20.0	0.0	20.0	20.0	100%
Total	3.5	3.2	7.2	33.8	19.7	15.3	17.4	100%

Chi-Square = 62.022. P = .000

There is a significant relationship between HRM information not provided and ethnicity (Chi-Square = 62.022, P = .00). When HRM information is not provided all ethnic groups remain more dissatisfied than satisfied. When information is not provided 4 large percentages remain “Neutral” in their perception. Table 8 states that 34.4% of the respondents remain neutral, rest lean toward dissatisfaction.

Additionally, Table 1 state that White-Americans (67.6%) have dominated when taking the survey and 52.6% are dissatisfied when HRM information is not provided. Of the 4.5% Asian-Americans who took the survey, 55% were dissatisfied.

Hence, we can conclude that Asian-Americans are more dissatisfied than White-Americans possibly because they are price-sensitive and want to obtain the cheapest price possible for a room rate. Further, they want to attain knowledge of the product and the best price they could pay. When information is not provided, this group is the most dissatisfied of all ethnic groups.

Table 18

Research Question 2: Cross-tabulation Analysis for Relationship Between Hotel Revenue Management Information not Provided and Ethical Issue Relating to Customer Perceptions of Capitalism as a Basis for Market-based Pricing

Statistics	Highly Satisfied (%)	More Satisfied (%)	Little Satisfied (%)	Neutral (%)	Little Dissatisfied (%)	More Dissatisfied (%)	Highly Dissatisfied (%)	Total (%)
Ethical	2.3	3.0	6.1	36.7	19.2	15.2	17.5	100
Not-Ethical	11.8	5.9	13.7	17.6	19.6	17.6	13.7	100
Total-N	3.4	3.4	7.0	34.5	19.3	15.5	17.0	100

Chi-Square = 22.278. P = .001

There is a significant relationship between HRM information not provided and perceptions of capitalism based on market pricing (Chi-Square = 22.278, P = .001).

Table 4 explains that 88.6% of the respondents agreed and 11.4% of the respondents disagreed that hotels are entitled to change their pricing strategies to maximize revenue. When HRM information is not provided 51.9% respondents agreed that they were dissatisfied whereas 11.4% respondents agreed that they were satisfied and 36.7% respondents remained neutral in their perception.

When information is not provided is compared with respondents who disagreed with ethical issue relating to customer perception of capitalism as a basis for market-based pricing, 50.9% respondents were dissatisfied whereas 31.4% were satisfied. Further, 17.6% respondents remained neutral in their perception.

Hence, one can conclude that respondents who agreed on the ethical issue that capitalism is a basis for market based pricing are dissatisfied when HRM information is not provided.

Table 19

Research Question 2: ANOVA Analysis for Relationship Between Hotel Revenue Management Information not Provided and Gender

Statistics	Hotel Revenue Management Information not Provided
Male	4.60
Female	4.95
F Value	6.177
Significance	.013

Females are significantly more dissatisfied than males when HRM information is not provided ( $F = 6.177$ ,  $P = .013$ ). The male mean value is 4.60, which is in the middle of “Neutral” and “Little Dissatisfied.” Female mean value is 4.95, inclined toward “Little Dissatisfied.” Thus, gender is a significant factor when HRM information is not provided.

Table 20

Research Question 2: ANOVA Analysis for Relationship Between Hotel Revenue Management Information not Provided and Customer who were Enrolled in Hotel Frequent Guest Program

Statistics	Hotel Revenue Management Information not Provided
Enrolled in HFGP	4.99
Not enrolled in HFGP	4.62
F Value	6.615
Significance	.010

Respondents enrolled in HFGP are more semi significantly more dissatisfied than respondents who are not enrolled ( $F = 6.615$ ,  $P = .010$ ). Table 2 explains that 40.2% of respondents were enrolled in HFGP. However, 59.8% were not enrolled. Respondents who are enrolled in are “Little Dissatisfied” when HRM information is not provided. The mean value of respondents enrolled is 4.99, which is very close to “Little Dissatisfied.”

Furthermore, respondents who are not enrolled in the HFGP are between “Neutral” and “Little Dissatisfied” when HRM information is not provided. The mean value of respondents who are not enrolled is 4.62, which slightly leans toward “Little Dissatisfied.” Thus, one can conclude that customers enrolled in HFGP have a higher level of dissatisfaction.

Table 21

Research Question 2: ANOVA Analysis for Relationship Between Hotel Revenue Management Information not Provided and Ethical Issue Relating to Customer Perceptions of Capitalism as a Basis for Market-Based Pricing

Statistics	Hotel Revenue Management Information not Provided
Ethical	4.83
Not-Ethical	4.35
F Value	4.602
Significance	.032

Respondents who agreed that the U.S. is a capitalist economy and hotels are entitled to change their pricing strategies to maximize revenue are significantly more dissatisfied than the respondents who think that it is not ethical ( $F=4.602$ ,  $P = .032$ ). Table 4 explains that 88.6% of the respondents agreed, which 11.4% of the respondents disagreed that hotels are entitled to change their pricing strategies to maximize revenue. Respondents who agreed that the U.S. is a capitalist economy and hotels are entitled to change their pricing strategies to maximize revenues are leaned more toward “Little Dissatisfied” when HRM information is not provided. The mean value is 4.83 is close to “Little Dissatisfied.”

Furthermore, respondents who disagree that the U.S. is a capitalist economy and hotels are entitled to change their pricing strategies to maximize revenue lean more toward remaining “Neutral.” The mean value is 4.35. Thus, one can conclude that respondents who agreed that the U.S. is a capitalist economy and hotels are entitled to change their pricing strategies to maximize revenue are more dissatisfied than the respondents who disagree with this as an ethical practice.

Table 22

Research Question 2: Pearson's correlation Analysis Relationship Between Hotel

Revenue Management Information not Provided and Age

Statistics	Age
r	.191
Significance	.000

\* correlation is significant at the.01 level (2 tailed)

Age

Age is a significant factor in the relationship of revenue management information not provided ( $r = .191$ ,  $P = .00$ ). Table 1 state that the number of respondents who finished the questionnaire was the highest in the lower age group. Table 8 explains that when HRM information is not provided 51.8% are dissatisfied and 34.4% remain neutral. Hence, when HRM information is not provided to younger age group (18-29 years) this age group is more dissatisfied than any other age group.

To address the third question, cross-tabulations, ANOVA, and Pearson correlations were used as analytical tools. Table 23 provides a summary of significant and non-significant variables related to inconsistency in pricing across multiple visits (Scenario 1 and 2) and other variables.

Table 23

Significant and Non-Significant Variables for Research Question 3: Relationship  
Between Respondent Perceptions of Inconsistency in Pricing Across Multiple Visits and  
Other Variables – Scenario 1

Name	Crosstabs Significant	ANOVA Significant	Correlation Significant
Gender	No	No	N/A
Age	N/A	N/A	No
Income	N/A	N/A	No
Education	N/A	N/A	Yes
Ethnicity	No	No	N/A
HFGP enrolled	No	No	N/A
HFGP redeemed	No	No	N/A
FFP enrolled	Yes	No	N/A
FFP redeemed	Yes	No	N/A
Customer perceptions of capitalism as a basis for market-based pricing	Yes	No	N/A
Customer perceptions of seasonal price Adjustments	Yes	No	N/A
Customer perceptions of pricing based on marketing channel	Yes	Yes	N/A
Revenue management information provided	N/A	N/A	No
Revenue management information not provided	N/A	N/A	Yes
Frequency of business travelers	N/A	N/A	No
Frequency of leisure travelers	N/A	N/A	No
Business-fixed price	N/A	N/A	No
Leisure-fixed price	N/A	N/A	Yes
Business-negotiated price	N/A	N/A	No
Leisure-negotiated price	N/A	N/A	No

Table 24

Research Question 3: Cross-tabulation Analysis for Relationship Between Scenario 1 and Customer who were Enrolled in Airline Frequent Flier Program

Statistics	Excited (%)	Not too Much Excited (%)	Little Excited (%)	Doesn't Bother Me (%)	Little Angry (%)	Not too Much Angry (%)	Angry (%)	Total (%)
Enrolled in Airline FFP	.4	3.9	1.6	18.6	39.9	27.5	8.1	100
Not enrolled in Airline FFP	3.7	5.3	3.2	18.1	31.4	23.4	14.9	100
Total-N	1.8	4.5	2.2	18.4	36.3	25.8	11.0	100

Chi-Square = 15.987. P = .014

There is a significant relationship between Scenario 1 and customer enrolled in the Airline FFP (Chi-Square = 15.987, P = .014). Further, 73.1% of respondents are in the anger range (Little Angry, Not too Much Angry, Angry), while 8.5% are in the excited range (Excited, Not too Much Excited, Little Excited). Table 3 states that 57.9% of the respondents are enrolled in the Airline FFP and 42.1% are not enrolled.

When respondents were asked about their perception in regard to Scenario 1, 5.9% of respondents who were enrolled in the Airline FFP were in the excitement range and 75.5% were in the anger range. A small fraction (18.6%) of respondent perceptions was "Doesn't Bother Me."

The respondents who were not enrolled in the Airline FFP their perception towards Scenario 1 was 12.2% were in the excitement category whereas 69.7% of respondents were in the anger category. The percentages of respondents who were enrolled and not enrolled were close to each other.

Thus, one can conclude that respondents who are enrolled in the Airline FFP are angrier than the respondents who are not enrolled. Presumably respondents who are



enrolled know how the system works. However, respondents enrolled in the FFP are not ready to accept the concept of increasing and decreasing the price in the hotel industry due to high and low demand, as Choi and Mattila argued (2003).

Table 25

Research Question 3: Cross-tabulation Analysis for Relationship Between Scenario 1 and Customer who Redeemed Airline Frequent Flier Program Miles

Statistics	Excited (%)	Not too Much Excited (%)	Little Excited (%)	Doesn't Bother Me (%)	Little Angry (%)	Not too Much Angry (%)	Angry (%)	Total (%)
Redeem Airline FFP miles	.6	5.8	1.7	20.9	38.4	28.5	4.1	100
Not redeem Airline FFP miles	2.9	3.6	2.9	16.7	35.1	23.6	15.2	100
Total-N	2.0	4.5	2.5	18.3	36.4	25.4	10.9	100

Chi-Square = 18.957. P = .004

There is a significant relationship between Scenario 1 and customer who redeemed Airline FFP miles (Chi-Square = 18.957, P =.004). Further, large majority of respondents are in the anger category (72.9%), while a small fraction of respondents are in the excitement category (9.0%). Table 3 states that 37.9% of the respondents redeem Airline FFP miles, while 62.1% of the respondents do not. When respondents were asked about their perception in regard to Scenario 1 and Airline FFP miles redeemed, out of the respondents who redeemed 8.1% were in the excitement range where as 71% were in the anger range. A slim majority (20.9%) responded that it did not bother them.

Of respondents who did not redeem the miles their perception toward Scenario 1 was 9.4% were in the excitement range whereas 73.9% were in the anger range. A slim minority (16.7%) remained neutral.

Thus, one can conclude that respondents who did not redeem miles are angrier than those who redeemed them primarily respondents who did not redeem miles do not know how the pricing strategies of booking system work in the airline industry, or what benefits a customer can get from redeeming miles.

Table 26

Research Question 3: Cross-tabulation Analysis for Relationship Between Scenario 1 and Ethical Issue Relating to Customer Perceptions of Capitalism as a Basis for Market-Based Pricing

Statistics	Excited (%)	Not too Much Excited (%)	Little Excited (%)	Doesn't Bother Me (%)	Little Angry (%)	Not too Much Angry (%)	Angry (%)	Total (%)
Ethical	2.0	4.3	2.0	18.9	38.5	24.9	9.3	100
Not-Ethical	2.0	3.9	5.9	11.8	21.6	29.4	25.5	100
Total-N	2.0	4.2	2.5	18.1	36.6	25.4	11.2	100

Chi-Square = 18.536. P = .005

There is a significant relationship between Scenario 1 and customer perceptions of ethical issue regarding capitalism based in market pricing (Chi-Square = 18.536, P = .005). Further, overwhelming majority of respondents are in the anger category (73.2%), while a small fraction of respondents are in the excitement category (8.7%).

Table 4 explains that 88.6% of the respondents agreed and 11.4% disagreed that the U.S. is a capitalist economy and hotels are entitled to change their pricing strategies to maximize revenue. When reacting to Scenario 1, 8.3% of respondents were in the excitement range, whereas 72.7% respondents were in the anger range. A slim minority (18.9%) of respondents remained neutral.

When reacting to Scenario 1, respondents who perceived that it was not-ethical that the U.S. is a capitalist economy and hotels are entitled to change their pricing strategy, 11.8% were in the excitement and neutral range whereas, 76.5% were in the anger range. Hence, one can conclude that respondents whose perception is that it is not- ethical for hotels to change their prices to maximize revenues are angrier than those respondents who think that it is ethical.

Table 27

Research Question 3: Cross-tabulation Analysis for Relationship Between Scenario 1 and Ethical Issue Relating to Customer Perceptions of Seasonal Price Adjustments

Statistics	Excited (%)	Not too Much Excited (%)	Little Excited (%)	Doesn't Bother Me (%)	Little Angry (%)	Not too Much Angry (%)	Angry (%)	Total (%)
Ethical	2.7	3.6	1.2	19.3	38.7	25.3	9.2	100
Not-Ethical	0.0	6.3	5.4	14.4	29.7	27.0	17.1	100
Total-N	2.0	4.3	2.2	18.1	36.5	25.7	11.2	100

Chi-Square = 18.766. P = .005

There is a significant relationship between Scenario 1 and customer perceptions of ethical issue regarding seasonal price adjustments (Chi-Square = 18.766, P =.005). Further, an overwhelming majority of respondents are in the anger category (73.4%), while a small fraction of respondents are in the excitement category (8.5%).

Table 4 states that 75.2% of respondents agree and 24.6% disagree on the ethical issue that hotels can increase the price of the room rate during high seasons and decrease them during low seasons. When Scenario 1 was presented to respondents who agreed on the ethical issue that hotels can increase and decrease prices during high and low seasons, 7.5% were in the excitement range, whereas 73.2% were in the

anger range. A slim minority (19.3%) said that the increase and decrease did not bother them.

When Scenario 1 was presented to respondents who disagreed with the ethical issue of increases and decreases, 11.7% were in the excitement range, whereas 73.8% were in the anger range. A slim minority (14.4%) remained neutral. Hence, one can conclude that the respondents are angry in any circumstances when given Scenario 1.

Table 28

Research Question 3: Cross-tabulation Analysis for Relationship Between Scenario 1 and Ethical Issue Relating to Customer Perceptions of Pricing Fluctuations Based on Marketing Channel

Statistics	Excited (%)	Not too Much Excited (%)	Little Excited (%)	Doesn't Bother Me (%)	Little Angry (%)	Not too Much Angry (%)	Angry (%)	Total (%)
Ethical	2.9	3.7	2.1	21.0	37.4	26.7	6.2	100
Not-Ethical	1.0	4.9	2.4	14.6	35.6	24.4	17.1	100
Total-N	2.0	4.2	2.2	18.1	36.6	25.7	11.2	100

Chi-Square =17.107. P = .009

There is a significant relationship between Scenario 1 and customer perceptions of ethical issue regarding pricing fluctuations based on marketing channel (Chi-Square = 17.107, P = .009). Further, an overwhelming majority of respondents are in the anger category (73.5%), while a small fraction of respondents are in the excitement category (8.4%). Table 4 states that 54.3% respondents agree and 45.7% respondents disagree on the ethical issue that booking a hotel room over the phone and Internet could have two different room rates.

When Scenario 1 was presented to respondents who agreed that booking a hotel room over the phone and Internet could have two different room rates, 8.7% were in the excitement range, whereas 70.3% were in the anger range. A slim majority (21.0%) responded that it did not bother them. When Scenario 1 was presented to respondents who disagree that booking a hotel room over the phone and Internet could have two different room rates, 8.3% were in the excitement range, whereas 77.1% were in the anger range. A slim majority (14.6%) responded that getting two different rates did not bother them. Hence, one can conclude that when given Scenario 1, respondents who agreed that it is ethical issue when two different room rates are gained are less angry than respondents who disagreed that it was an ethical issue.

Table 29

Research Question 3: ANOVA Analysis for Relationship Between Scenario 1 and Ethical Issue Relating to Customer Perceptions of Pricing Fluctuations Based on Marketing Channel

Statistics	Scenario 1
Ethical	4.91
Not-Ethical	5.20
F Value	5.682
Significance	.018

Respondents whose perception is that it is not ethical to price variations based on marketing channel are significantly angrier than the respondents who perceive that it is ethical when Scenario 1 is provided ( $F = 5.628$ ,  $P = .018$ ). Table 4 explains that 54.3% of respondents agreed and 45.7% respondents disagreed that booking over the phone and Internet could provide two different room rates. Respondents who agreed leaned toward “Little Angry” when Scenario 1 is provided. The mean value is 4.91,

which is close to “Little Angry.” Furthermore, respondents who disagreed leaned more toward “Not too Much Angry” when Scenario 1 is provided. The mean value is 5.20, which is close to “Not too Much Angry.” Thus, one can conclude that the ethical issue of price fluctuations based on marketing channel is a significant factor when Scenario 1 is provided.

Table 30

Research Question 3: Pearson’s correlation Analysis for Relationship Between Scenario 1 and Level of Education, Leisure-fixed Price, and Hotel Revenue Management Information not Provided

Statistics	Level of Education	Leisure-fixed Price	Hotel Revenue Management Information NOT Provided
r	-.125	.126	.113
Significance	.009	.008	.017

\* correlation is significant at the .05 level (2 tailed)

Level of Education

Level of education is a significant factor in relation to Scenario 1 ( $r = -.125$ ,  $P = .009$ ). Table 1 reflects a high number of respondents had a 4-year college degree (31.9%). Furthermore, there were few respondents who had less than a high school diploma (10.9%). As most of the respondents had some level of higher education probably that have better knowledge about different room rates.

Leisure-fixed Price

Leisure-fixed Price is a significant factor in relationship with Scenario 1 ( $r = .126$ ,  $P = .008$ ). Table 6 states that most of the respondents are dissatisfied (53.8%) when leisure travelers pay a fixed price for a hotel room. Furthermore, when the price of the room rate increased than the last time the respondent stayed in the same hotel

(Scenario 1), the respondents were angry because the respondents were dissatisfied with the fixed price when traveling for leisure (Table 6). The dissatisfaction led to anger towards Scenario 1. Thus, one can conclude that when hotels have a fixed price for leisure travelers and an increase in price over last time for the same hotel room, it will upset customers.

#### Hotel Revenue Management Information not Provided

Revenue management information not provided is a significant factor in relationship with Scenario 1 ( $r = .113$ ,  $P = .017$ ). Table 8 states that a majority of the respondents are dissatisfied (51.8%) when revenue management information is not provided. Furthermore, when the price of the room rate increased over the last time the respondents stayed in the same hotel (Scenario 1), the respondents were angry. When HRM information is not provided, customers are dissatisfied because they do not know the different room rates of the given market.

Table 31 provides a summary of significant and non-significant variables related to inconsistency in pricing across multiple visits (Scenario 1 and 2) and other variables.

Table 31

Significant and Non-Significant Variables for Research Question Three: Relationship  
Between Respondent Perceptions of Inconsistency in Pricing Across Multiple Visits and  
Other Variables – Scenario 2

Name	Crosstabs Significant	ANOVA Significant	Correlation Significant
Gender	Yes	No	N/A
Age	N/A	N/A	Yes
Income	N/A	N/A	Yes
Education	N/A	N/A	Yes
Ethnicity	Yes	Yes	N/A
HFGP enrolled	No	No	N/A
HFGP redeemed	Yes	Yes	N/A
FFP enrolled	No	Yes	N/A
FFP redeemed	No	Yes	N/A
Customer perceptions of capitalism as a basis for market-based pricing	No	No	N/A
Customer perceptions of seasonal price Adjustments	No	No	N/A
Customer perceptions of pricing based on marketing channel	Yes	Yes	N/A
Revenue management information provided	N/A	N/A	No
Revenue management information not provided	N/A	N/A	No
Frequency of business travelers	N/A	N/A	Yes
Frequency of leisure travelers	N/A	N/A	No
Business-fixed price	N/A	N/A	No
Leisure-fixed price	N/A	N/A	No
Business-negotiated price	N/A	N/A	No
Leisure-negotiated price	N/A	N/A	No



Table 32

Research Question 3: Cross-tabulation Analysis for Relationship Between Scenario 2

and Gender

Gender	Excited (%)	Not too Much Excited (%)	Little Excited (%)	Doesn't Bother Me (%)	Little Angry (%)	Not too Much Angry (%)	Angry (%)	Total (%)
Male	20.6	26.8	30.7	13.2	3.5	4.4	0.9	100
Female	33.6	26.8	17.7	11.8	4.5	4.5	0.9	100
Total-N	27.0	26.8	24.3	12.5	4.0	4.5	0.9	100

Chi-Square = 15.245. P = .018

There is a significant relationship between Scenario 2 and gender (Chi-Square = 15.245, P = .018). Further, an overwhelming majority of respondents are in the excitement category (78.1%), while a small fraction of respondents are in the anger category (9.4%). Table 1 state that 51.1% of respondents are male and 48.9% are female. When respondents were asked about their perception in regard to Scenario 2, of male respondents 78.1% were in the excitement category, while 8.8% were in the anger category. A small fraction (13.2%) was in the “Doesn’t Bother Me” category.

Of female respondents who were asked about their perception of Scenario 2, 78.1% were in the excitement category, while 9.9% were in the anger category. Small fraction (11.8%) was in the “Doesn’t Bother Me” category. Thus, one can conclude that both male and female respondents are thrilled when a lower price is offered to them when compared to the last time they stayed in the same hotel.

Table 33

Research Question 3: Cross-tabulation Analysis for Relationship Between Scenario 2

and Ethnicity

Ethnicity	Excited (%)	Not too Much Excited (%)	Little Excited (%)	Doesn't Bother Me (%)	Little Angry (%)	Not too Much Angry (%)	Angry (%)	Total (%)
African-American	44.3	19.7	8.2	14.8	3.3	9.8	.0	100%
Hispanic-American	32.7	30.9	25.5	7.3	1.8	1.8	.0	100%
White-American	20.4	27.6	28.9	13.3	4.4	4.1	1.4	100%
Asian-American	52.6	26.3	5.3	.0	10.5	5.3	.0	100%
Native – American	20.0	40.0	.0	40	.0	.0	.0	100%
Total	26.7	27.0	24.2	12.4	4.1	4.6	.9	100%

Chi-Square = 48.950. P = .002

There is a significant relationship between Scenario 2 and ethnicity (Chi-Square = 48.950, P = .002). Further, an overwhelming majority of respondents are in excitement category (77.9%), while a small fraction of respondents are in the anger category (9.6%). Table 1 states that 13.8% of respondents are African-American, 12.7% are Hispanic-American, 67.6% are White-American, 4.5% are Asian-American, and 1.4% are Native-American. When respondents were asked about their perception of Scenario 2, of African-American respondents 72.2% were in the excitement category and 13.1% were in the anger category. A small fraction (14.8%) was in the “Doesn’t Bother Me” category.

Of Hispanic-Americans who were asked about their perception of Scenario 2, 89.1% were in the excitement category and 3.6% were in the anger category. Small fraction (7.3%) was in the “Doesn’t Bother Me” category. Moreover, 76.9% of White-Americans were in the excitement category and 9.9% were in the anger category with

13.3% in the “Doesn’t Bother Me” category. Further, 82.2% of Asian-Americans were in the excitement category, 15.8% were in the anger category and 0% Asian-Americans were in the “Doesn’t Bother Me” category.

Additionally, 60% of Native-Americans were in the excitement category and 0% were in the anger category. Small fraction (40%) was in the “Doesn’t Bother Me” category. Thus, one can conclude that Hispanic-Americans are more excited when provided Scenario 2 than other ethnicities, meaning Hispanic-Americans are price-sensitive customers. To make the Hispanic-American community satisfied, it is imperative that a cheaper price be provided to them than the regular market price.

Table 34

Research Question 3: Cross-tabulation Analysis for Relationship Between Scenario 2 and Customer who Redeem Hotel Frequent Guest Program Points

Statistics	Excited (%)	No too Much Excited (%)	Little Excited (%)	Doesn't Bother Me (%)	Little Angry (%)	Not too Much Angry (%)	Angry (%)	Total (%)
Redeem HFGP points	15.8	28.4	25.3	18.9	6.3	5.3	.0	100
Not redeem HFGP points	30.2	26.2	24.2	10.5	3.4	4.3	1.1	100
Total-N	27.1	26.7	24.4	12.3	4.0	4.5	.9	100

Chi-Square = 12.977. P = .043

There is a significant relationship between Scenario 2 and customer who redeemed HFGP points (Chi-Square = 12.977, P = .043). Further, an overwhelming majority of respondents are in the excitement category (78.2%), while a small fraction of respondents are in the anger category (9.4%).

Table 2 states that 40.2% of respondents were enrolled in the HFGP and 59.8% were not enrolled. When respondents were asked about their perception of Scenario 2, of respondents who were enrolled 69.5% were in the excitement category and 11.6% were in the anger category. Small fraction (18.9%) was in the “Doesn’t Bother Me” category.

Of respondents not enrolled their perception of Scenario 2 was that 80.6% were in the excitement category, 8.8% were in the anger category, and 10.5% were in the “Doesn’t Bother Me” category. Hence, one can suggest that respondents not enrolled in the HFGP are more excited than those enrolled, perhaps because a non-HFGP customer does not expect any special services or promotions given to him/her by the hotel. Receiving a lower price for the same room would please the customer. However, a customer who is a member of a HFGP expects more from the hotel and therefore, is less excited than a non-HFGP customer.

Table 35

Research Question 3: Cross-tabulation Analysis for Relationship Between Scenario 2 and Ethical Issue Relating to Customer Perceptions of Pricing Fluctuations Based on Marketing Channel

Statistics	Excited (%)	No too Much Excited (%)	Little Excited (%)	Doesn't Bother Me (%)	Little Angry (%)	Not too Much Angry (%)	Angry (%)	Total (%)
Ethical	20.7	26.0	28.5	14.5	5.0	4.5	.8	100
Not-Ethical	35.1	27.3	19.5	9.8	2.9	4.4	1.0	100
Total-N	27.3	26.6	24.4	12.3	4.0	4.5	.9	100

Chi-Square = 15.429. P = .017

There is a significant relationship between Scenario 2 and ethical issue relating to customer perceptions of pricing fluctuations based on marketing channel (Chi-Square = 15.429, P = .017). Further, an overwhelming majority of respondents are in the excitement category (78.3%), while a small fraction of respondents are in the anger category (9.4%).

Table 4 states that 54.3% of respondents agree and 45.7% disagree that getting different rates when booking a hotel room over the phone and Internet is an ethical issue. When Scenario 2 was presented to the respondents who agree, 75.2% respondents were in the excitement category, 10.3% were in the anger category, and 14.5% of the respondent's perception was in the "Doesn't Bother Me" category.

When Scenario 2 was presented to respondents who disagreed, 81.9% respondents were in the excitement category, 8.3% respondents were in the anger category, and 9.8% responded that two different rates did not bother them. Hence, one can state that given Scenario 2, respondents who disagreed two rates signified ethical issue are more excited than those who agreed. This could be because these respondents prefer a fixed price be charged when they arrive at the hotel and getting a lower price than last time, the respondent expectation level towards the hotel is positive and the respondent is happy and satisfied, as Kimes & Renaghan suggested, (2003) and Zeithaml (1988) have suggested.

Table 36

Research Question 3: ANOVA Analysis for Relationship Between Scenario 2 and

Ethnicity

Statistics	Scenario 2
African-American	2.43
Hispanic-American	2.20
White-American	2.71
Asian-American	2.05
Native -American	2.60
F value	2.508
Significance	.041

Asian-American ethnic group is significantly most excited than any other ethnic group when Scenario 2 is provided ( $F = 2.508$ ,  $P = .041$ ). Table 1 explains that 13.8% of the respondents are African-American, 12.7% are Hispanic-American, 67.6% are White-American, 4.5% are Asian-American, and 1.4% are Native-American.

The perceptions of African-American, Hispanic-American, and Asian-American respondents in relation to Scenario 2 leaned toward “Not too Much Excited” because the mean value (2.43, 2.20, 2.05) is much closer to “Not too Much Excited” than “Little Excited.” On the other hand, the perceptions of White-American and Native-American respondents in relation to Scenario 2 leaned more towards “Little Excited” because the mean value (2.71, 2.60) is much closer to “Little Excited” than “Not too Much Excited.” Hence, one can conclude that ethnicity is a significant factor when Scenario 2 is provided.

Table 37

Research Question 3: ANOVA Analysis for Relationship Between Scenario 2 and

Customer who Redeem Hotel Frequent Guest Program Points

Statistics	Scenario 2
Redeem HFGP points	2.87
Not redeem HFGP points	2.48
F Value	5.815
Significance	.016

Customers who do not redeem points are significantly more excited than those who do when Scenario 2 is provided ( $F = 5.815$ ,  $P = .016$ ). Table 2 explains that 21.1% of respondents redeem their HFGP points and 78.9% do not. Respondents who redeemed points are inclined more toward “Little Excited” when Scenario 2 is provided, because the mean value is 2.87.

Respondents who did not redeem points leaned more toward “Not too Much Excited” when Scenario 1 is provided, because the mean value is 2.48, much closer to “Not too Much Excited.” Thus, customer who redeems HFGP points has a significant factor when Scenario 2 is provided.

Table 38

Research Question 3: ANOVA Analysis for Relationship Between Scenario 2 and

Customer who were Enrolled in Airline Frequent Flier Program

Statistics	Scenario 2
Enrolled in Airline FFP	2.38
Not enrolled in Airline FFP	2.68
F Value	5.036
Significance	.025

Customers who are enrolled in the FFP are significantly more excited than the customers who are not enrolled when Scenario 2 is provided ( $F = 5.036$ ,  $P = .025$ ).

Table 3 explains that 57.9% of respondents are enrolled in the Airline FFP and 42.1%

are not enrolled. Respondents enrolled leaned more toward “Not too Much Excited” when Scenario 2 is provided because the mean value is 2.38, which is close to “Not too Much Excited.”

Additionally, respondents who have not enrolled leaned more towards “Little Excited” on Scenario 2 because the mean value is 2.68, which is closer to “Little Excited” than “Not too Much Excited.” Hence, one can conclude that customers who were enrolled in the Airline FFP were excited when Scenario 2 was provided.

Table 39

Research Question 3: ANOVA Analysis for Relationship Between Scenario 2 and Customer who Redeem Airline Frequent Flier Program Miles

Statistics	Scenario 2
Redeem Airline FFP miles	2.43
Not Redeem Airline FFP miles	2.75
F Value	5.390
Significance	.021

Customers who redeem miles are significantly more excited than those who do not redeem when Scenario 2 is provided ( $F = 5.390$ ,  $P = .021$ ). Table 3 explains that 37.9% of respondents redeem their FFP miles and 62.1% do not redeem miles.

Respondents who redeem miles leaned toward “Not too Much Excited” on Scenario 2 because the mean value is 2.43, which is closer to “Not too Much Excited” than “Little Excited.”

Additionally, respondents who do not redeem miles leaned more toward “Little Excited” on Scenario 2 because the mean value is 2.75, which is closer to “Little Excited” than “Not too Much Excited.” Hence, one can conclude that customers who redeemed Airline FFP miles were excited when Scenario 2 was provided.



Table 40

Research Question 3: ANOVA Analysis for Relationship Between Scenario 2 and Ethical Issue Relating to Customer Perceptions of Pricing Fluctuations Based on Marketing Channel

Statistics	Scenario 2
Ethical	2.74
Not-Ethical	2.35
F Value	8.514
Significance	.004

Customers who think that the practice of price fluctuations based on marketing channel is not ethical are significantly more excited than who think that the practice is ethical when Scenario 2 is provided ( $F = 8.514$ ,  $P = .004$ ). Table 4 explains that 54.3% of respondents agreed and 45.7% disagreed that booking over the phone and Internet could provide two different room rates. Respondents who agreed it was an ethical practice leaned more toward “Little Excited” on Scenario 2 because the mean value is 2.74, which is closer to “Little Excited” than “Not too Much Excited.”

Respondents who disagreed that it is an ethical practice leaned more toward “Not too Much Excited” on Scenario 2 because the mean value is 2.35, which is closer to “Not too Much Excited” than “Little Excited.” Hence, customers whose perception was that this practice is unethical are more excited when Scenario 2 is provided.

Table 41

Research Question 3: Pearson's correlation Analysis for Relationship Between Scenario 2 and Age, Income, Level of Education, and Frequency of Business Travelers

Statistics	Age	Income	Level of Education	Frequency of Business Travelers
r	.149	.217	.149	.111
Significance	.002	.000	.002	.020

\* correlation is significant at the.05 level (2 tailed)

### Age

Age is a significant factor in relationship with Scenario 2 ( $r = .149$ ,  $P = .002$ ).

Table 1 states that 40.4% of respondents were in the age bracket 18-29 years, which is almost double the number of respondents between 30-39 years and 40-49 years.

Further, 14.5% of the respondents were between the age of 50-59 years and only 2.2% respondents were between 60-69 years old. Moreover, younger people tend to spend less on traveling and prefer to spend less on leisure activities. As age increases people tend to spend more on leisure trips.

### Income

Income is a significant factor in relationship with Scenario 2 ( $r = .217$ ,  $P = .000$ ).

Table 1 states that 17% of respondents were in the income bracket of \$0-\$19,999, 13.7% were in the \$30,000-\$39,999 group. A slim minority (16.8%) had an income of over \$100,000, and the rest of the income brackets held between 2.7% and 10.5%. One can state that income fell into two extreme levels, one from \$0-\$19,999 and one above \$100,000.

### Level of Education

Education is a significant factor in relationship with Scenario 2 ( $r = .149$ ,  $P = .002$ ). Table 1 states that 31% of respondents have a 4-year college degree, 28.6% have some type of college education, and 20.1% have a graduate degree. In conclusion, one can suggest that a higher education level than “Some College” plays an imperative role in the excitement or anger level in the customer on Scenario 2.

### Frequency of Business Travelers

Frequency of yearly travel for business is a significant factor in relationship with Scenario 2 ( $r = .111$ ,  $P = .013$ ). Table 5 states that 53.6% of respondents traveled 0-2 times for business, 16.9% traveled 3-5 times, and 29.5% traveled more than five times in the past 12 months. Thus, one may conclude that people traveling fewer than five times in a year are highly sensitive to Scenario 2 when the price of the hotel room is lower than the last time the traveler stayed in the same room.

Table 42 provides a summary of significant and non-significant variables related to inconsistency in pricing across individuals (Scenario 3 and 4) and other variables.

Table 42

Significant and Non-Significant Variables for Research Question 3: Relationship  
Between Respondent Perception of Inconsistency in Pricing Across Individuals and  
Other Variables – Scenario 3

Name	Crosstabs Significant	ANOVA Significant	Correlation Significant
Gender	No	No	N/A
Age	N/A	N/A	No
Income	N/A	N/A	No
Education	N/A	N/A	No
Ethnicity	Yes	No	N/A
HFGP enrolled	Yes	No	N/A
HFGP redeemed	No	No	N/A
FFP enrolled	No	No	N/A
FFP redeemed	No	No	N/A
Customer perceptions of capitalism as a basis for market-based pricing	Yes	No	N/A
Customer perceptions of seasonal price Adjustments	No	No	N/A
Customer perceptions of pricing based on marketing channel	Yes	Yes	N/A
Revenue management information provided	N/A	N/A	No
Revenue management information not provided	N/A	N/A	Yes
Frequency of business travelers	N/A	N/A	No
Frequency of leisure travelers	N/A	N/A	No
Business-fixed price	N/A	N/A	No
Leisure-fixed price	N/A	N/A	No
Business-negotiated price	N/A	N/A	No
Leisure-negotiated price	N/A	N/A	No

Table 43

Research Question 3: Cross-tabulation Analysis for Relationship Between Scenario 3

and Ethnicity

Ethnicity	Excited (%)	Not too Much Excited (%)	Little Excited (%)	Doesn't Bother Me (%)	Little Angry (%)	Not too Much Angry (%)	Angry (%)	Total (%)
African-American	3.3	4.9	8.2	19.7	13.1	24.6	26.2	100%
Hispanic-American	.0	3.7	1.9	24.1	11.1	31.5	27.8	100%
White-American	1.0	3.4	4.8	22.1	25.2	30.0	13.4	100%
Asian-American	10.5	.0	5.3	10.5	26.3	31.6	15.8	100%
Native – American	.0	.0	20.0	20.0	40.0	.0	20.0	100%
Total	1.6	3.5	5.1	21.4	21.9	29.1	17.2	100%

Chi-Square = 48.950. P = .043

There is a significant relationship between Scenario 3 and ethnicity (Chi-Square = 48.950, P = .043). Further, an overwhelming majority of respondents are in the anger category (68.2%), while a small fraction of respondents are in the excitement category (10.2%). Table 1 states that 4.5% of respondents were Asian-American, 12.7% of the respondents were Hispanic-American, 13.8% of the respondents were African-American, 67.6% were White-American, and 1.4% were Native-American. When respondents were asked about their perception regarding Scenario 3, 73.7% Asian-American respondents were in the anger category, 15.8% were in the excitement category, and 10.5% were in the “Doesn’t Bother Me” category.

Of Hispanic-Americans who were asked about Scenario 3, 70.1% were in the anger category, 5.6% were in the excitement category, and 24.1% were in the “Doesn’t Bother Me” category. There were 63.9% African-Americans in the anger category, 16.4% were in the excitement category, and 19.7% in “Doesn’t Bother Me” category.

Further, 40.0% of Native-Americans were in the anger category, 20% were in the excitement category, and 20% were in the “Doesn’t Bother Me” category. There were 55.3% of White-Americans were in the anger category, 9.2% were in the excitement category, and 22.1% were in the “Doesn’t Bother Me” category.

Thus, one can conclude that Asian-Americans are angrier about Scenario 3 than other ethnicities. Additionally, Asian-Americans are most angry when friend pays a higher room rate for the same hotel room, possibly because the Asian-American community is extremely price-sensitive, emotionally attached to their friends, and they want to always get the best deal.

Table 44

Research Question 3: Cross-tabulation Analysis for Relationship Between Scenario 3 and Customer who were Enrolled in Hotel Frequent Guest Program

Statistics	Excited (%)	No too Much Excited (%)	Little Excited (%)	Doesn't Bother Me (%)	Little Angry (%)	Not too Much Angry (%)	Angry (%)	Total (%)
Enrolled in HFGP	1.7	1.1	5.1	23.9	26.7	31.3	10.2	100
Not enrolled in HFGP	1.5	4.9	4.9	19.9	18.0	28.2	22.6	100
Total-N	1.6	3.4	5.0	21.5	21.5	29.4	17.6	100

Chi-Square = 18.348. P = .005

There is a significant relationship between customer who were enrolled in HFGP and Scenario 3 (Chi-Square = 18.348, P = .005). Further, an overwhelming majority of respondents are in the anger category (68.5%), while a small fraction of respondents are in the excitement category (10%).

Table 2 states that 40.2% of respondents were in enrolled in the HFGP and 59.8% were not. When respondents were asked about Scenario 3, of respondents

enrolled, 68.2% were in the anger category, 7.9% of the respondents were in the excitement category, and 23.9% were in the “Doesn’t Bother Me” category. Of respondents not enrolled 68.8% were in the anger category on Scenario 3, 11.3% were in the excitement category, and 19.9% were in the “Doesn’t Bother Me” category. Hence, one can state that when the customer’s friend pays a higher price, the customer enrolled in the HFGP is angrier than the customer not enrolled.

Table 45

Research Question 3: Cross-tabulation Analysis for Relationship Between Scenario 3 and Ethical Issue Relating to Customer Perceptions of Capitalism as a Basis for Market-based Pricing

Statistics	Excited (%)	No too Much Excited (%)	Little Excited (%)	Doesn't Bother Me (%)	Little Angry (%)	Not too Much Angry (%)	Angry (%)	Total (%)
Ethical	1.0	3.8	4.6	23.2	21.9	29.3	16.1	100
Not-Ethical	6.0	.0	8.0	8.0	18.0	30.0	30.0	100
Total-N	1.6	3.4	5.0	21.5	21.5	29.4	17.6	100

Chi-Square = 19.868. P = .003

There is a significant relationship between ethical issue relating to customer perceptions of capitalism based on market pricing and Scenario 3 (Chi-Square = 19.868, P = .003). Further, an overwhelming majority of respondents are in the anger category (68.5%), while a small fraction of respondents are in the excitement category (10.1%).

Table 4 explains that 88.6% of respondents agreed that it’s ethical issue when the U.S. is a capitalist economy and hotels are entitled to change their prices for the rooms to maximize revenue. However, 11.4% disagreed. When respondents were asked about Scenario 3, of respondents who disagreed that it is an ethical issue, 78%

were in the anger category, 14% were in the excitement category, and 23.2% were in the “Doesn’t Bother Me” category.

Furthermore, out of the respondents who agreed, 67.3% of the respondents were in the anger category, 9.4% were in the excitement category, and 8.0% were in the “Doesn’t Bother Me” category. Thus, one can conclude that few respondents who disagree with the ethical issue are excited in relation to the Scenario 3.

Table 46

Research Question 3: Cross-tabulation Analysis for Relationship Between Scenario 3 and Ethical Issue Relating to Customer Perceptions of Pricing Fluctuations Based on Marketing Channel

Statistics	Excited (%)	No too Much Excited (%)	Little Excited (%)	Doesn't Bother Me (%)	Little Angry (%)	Not too Much Angry (%)	Angry (%)	Total (%)
Ethical	1.7	2.1	5.4	25.2	23.6	29.8	12.4	100
Not-Ethical	1.0	5.0	4.5	17.0	19.0	29.5	24.0	100
Total-N	1.4	3.4	5.0	21.5	21.5	29.6	17.6	100

Chi-Square = 16.133. P = .013

There is a significant relationship between ethical issue relating to customer perceptions of pricing fluctuations based on marketing channel and Scenario 3 (Chi-Square = 16.133, P = .013). Further, an overwhelming majority of respondents are in the anger category (68.7%), while a small fraction of respondents are in the excitement category (9.8%).

Table 4 explains that 54.3% of respondents agreed it was ethical practice for hotels to book a room through phone or Internet. However, 45.7% respondents disagreed. When respondents were asked about Scenario 3, of the respondents who



agreed it was an ethical issue, 65.8% were in the anger category, 9.2% were in the excitement category, and 25.2% were in the “Doesn’t Bother Me” category.

Out of the respondents who disagreed, 72.5% were in the anger category, 10.5% were in the excitement category, and 17% were in the “Doesn’t Bother Me” category. In conclusion, customers who disagree that it is ethical to get different room rates are angrier than customers who agree with this concept.

Table 47

Research Question 3: ANOVA Analysis for Relationship Between Scenario 3 and Ethical Issue Relating to Customer Perceptions of Pricing Fluctuations Based on Marketing Channel

Statistics	Scenario 3
Ethical	5.06
Not-Ethical	5.33
F value	4.118
Significance	.043

Customers who think that the practice of pricing fluctuations based on marketing channel is not ethical are significantly more angry than who think that the practice is ethical when Scenario 3 is provided ( $F = 4.118$ ,  $P = .043$ ). From Table 1 and Table 46 with Scenario 3 one can state that respondents who disagreed it was an ethical issue to get two different room rates leaned more toward “Not too Much Angry” because the mean value is 5.33 which is more closer to “Not too Much Angry” than “Little Angry.”

Furthermore, respondents who agreed it was an ethical issue leaned more toward “Little Angry” because the mean value is 5.06, which is more closer to “Little Angry” than “Not too Much Angry.” In conclusion, an ethical issue relating to customer perceptions of pricing fluctuations based on marketing channel is a significant factor when Scenario 3 is provided.

Table 48

Research Question 3: Pearson's correlation Analysis for Relationship Between Scenario 3 and Hotel Revenue Management Information not Provided

Statistics	Hotel Revenue Management Information not Provided
r	.192
Significance	.000

\* correlation is significant at the .05 level (2 tailed)

Hotel Revenue Management Information not Provided

Revenue management information not provided to the customers at the time of booking is a significant factor in the relationship to Scenario 3 ( $r = .192$ ,  $P = .000$ ). When the hotel receptionist does not provide information to the customers and the customer discovers that his/her friend has paid a higher room rate than him/her, the customer will be dissatisfied and angry with hotel management. In conclusion, revenue management information provided to the customer is imperative and plays an important role in customer satisfaction and dissatisfaction level while booking a room. Providing a list of the prices while the customer reserves a hotel room is very essential, as it can satisfy customers and in turn increase the profits as Kemis suggested (2002).

Table 49 provides a summary of significant and non-significant variables related to inconsistency in pricing across individuals (Scenario 3 and 4) and other variables.

Table 49

Significant and Non-Significant Variables for Research Question 3: Relationship  
Between Respondent Perception of Inconsistency in Pricing Across Individuals and  
Other Variables – Scenario 4

Name	Crosstabs Significant	ANOVA Significant	Correlation Significant
Gender	No	Yes	N/A
Age	N/A	N/A	Yes
Income	N/A	N/A	No
Education	N/A	N/A	No
Ethnicity	Yes	No	N/A
HFGP enrolled	No	No	N/A
HFGP redeemed	No	No	N/A
FFP enrolled	Yes	Yes	N/A
FFP redeemed	No	No	N/A
Customer perceptions of capitalism as a basis for market-based pricing	No	No	N/A
Customer perceptions of seasonal price Adjustments	No	No	N/A
Customer perceptions of pricing based on marketing channel	No	No	N/A
Revenue management information provided	N/A	N/A	No
Revenue management information not provided	N/A	N/A	Yes
Frequency of business travelers	N/A	N/A	No
Frequency of leisure travelers	N/A	N/A	No
Business-fixed price	N/A	N/A	No
Leisure-fixed price	N/A	N/A	Yes
Business-negotiated price	N/A	N/A	Yes
Leisure-negotiated price	N/A	N/A	Yes

Table 50

Research Question 3: Cross-tabulation Analysis for Relationship Between Scenario 4 and Ethnicity

Ethnicity	Excited (%)	Not too Much Excited (%)	Little Excited (%)	Doesn't Bother Me (%)	Little Angry (%)	Not too Much Angry (%)	Angry (%)	Total (%)
African-American	4.9	8.2	3.3	16.4	11.5	23.0	32.8	100%
Hispanic-American	5.5	3.6	3.6	10.9	14.5	25.5	36.4	100%
White-American	1.7	4.5	7.9	13.4	20.0	31.4	21.0	100%
Asian-American	16.7	5.6	.0	5.6	11.1	38.9	22.2	100%
Native – American	20.0	.0	.0	20.0	40.0	.0	20.0	100%
Total	3.5	4.9	6.3	13.3	17.9	29.4	24.7	100%

Chi-Square = 38.283. P = .032

There is a significant relationship between Scenario 4 and ethnicity (Chi-Square = 38.283, P = .032). Further, an overwhelming majority of respondents are in the anger category (72%), while a small fraction of respondents are in the excitement category (14.7%).

Table 1 states that 4.5% of respondents were Asian-American, 12.7% were Hispanic-American, 13.8% were African-American, 67.6% were White-American, and 1.4% were Native-American. When respondents were asked about Scenario 4, of Hispanic-American respondents 76.40% were in the anger category, 12.7% were in the excitement category, and 10.9% were in the “Doesn’t Bother Me” category.

White-Americans and Asian-Americans who were asked on Scenario 4 were very close to each other in the anger category (72.0%). However, of White-Americans, 12.7% were in the excitement category and of Asian-Americans 22.3% were in the excitement category. There were 67.30% African-Americans in the anger category,

16.4% were in the excitement category, and 16.4% were in the “Doesn’t Bother Me” category. Additionally, 40.0% of Native-Americans were in the anger category, 20% were in the excitement category, and 20% were in the “Doesn’t Bother Me” category.

Thus, one may conclude that Hispanic-Americans are angrier at Scenario 4 when compared to other ethnicities because this group is price-sensitive and wants to get the best deal whenever possible. Additionally, one can state that Asian-Americans and White-Americans get upset or angry almost equally at Scenario 4. However, Asian-Americans get more excited than White-Americans when Scenario 4 is provided to them. African-Americans and Native-Americans are least excited or angry when the respondent has to pay a higher price than his/her friend.

Table 51

Research Question 3: Cross-tabulation Analysis for Relationship Between Scenario 4 and Customer who were Enrolled in Airline Frequent Flier Program

Statistics	Excited (%)	No too Much Excited (%)	Little Excited (%)	Doesn't Bother Me (%)	Little Angry (%)	Not too Much Angry (%)	Angry (%)	Total (%)
Enrolled in Airline FFP	2.4	2.0	4.7	14.6	21.7	31.2	23.3	100
Not enroll in Airline FFP	4.8	8.1	7.5	14.0	12.4	26.9	26.3	100
Total-N	3.4	4.6	5.9	14.4	17.8	29.4	24.6	100

Chi-Square = 18.452. P = .005

There is a significant relationship between customer enrolled in Airline FFP and Scenario 4 (Chi-Square = 18.452, P = .005). Further, an overwhelming majority of respondents are in the anger category (71.8%), while a small fraction of respondents are in the excitement category (13.9%).

Table 3 states that 57.9% of respondents were enrolled in the Airline FFP and 42.1% were not. When respondents were asked about Scenario 4 and FFP miles enrollment, of respondents enrolled, 9.1% were in the excitement category, 76.20% respondents were in the anger category, and 14.6% said it did not bother them.

Of respondents not enrolled their perception of Scenario 4 was that 20.4% respondents were in the excitement category, 65.60% were in the anger category, and 14% remained neutral. Customers enrolled have knowledge about the concept of revenue management system and can relate the services and concept of FFP to HFPG. In conclusion, customers enrolled in Airline FFP will expect the same concept to apply to the HFPG. The customer enrolled in FFP who pays a higher price for a room than his/her friend is angrier than the customer who is not enrolled. The customer who is not enrolled lacks the knowledge of the revenue management system and cannot relate the same concept to the HFPG. Thus, is less angry than the customer who is enrolled.

Table 52

Research Question 3: ANOVA Analysis for Relationship Between Scenario 4 and Gender

Statistics	Scenario 4
Male	5.05
Female	5.43
F value	6.049
Significance	.014

Females are significantly angrier than males when Scenario 4 is provided (F = 6.049, P = .014). Table 1 state explains that 51.1% of respondents were male and 48.9% were females. Male respondents who paid a higher room rate for a room than their friend (Scenario 4) are inclined more toward “Little Angry” because the mean value

is 5.05, which is close to “Little Angry.” Female respondents who paid a higher room rate than their friend (Scenario 4) leaned toward “Not too Much Angry” because the mean value is 5.43. Thus, one can conclude that gender is a significant factor when Scenario 4 is provided.

Table 53

Research Question 3: ANOVA Analysis for Relationship Between Scenario 4 and Customer who were Enrolled in Airline Frequent Flier Program

Statistics	Scenario 4
Enrolled in Airline FFP	5.07
Not enrolled in Airline FFP	5.38
F value	6.049
Significance	.014

Customers who were enrolled in the Airline FFP are significantly less angry than customer who are not enrolled when Scenario 4 is provided ( $F = 6.049$ ,  $P = .014$ ). Table 3 and Table 51 state that respondents who paid a higher price for a room rate than a friend (Scenario 4) and who are enrolled in the Airline FFP leaned more toward “Little Angry” because the mean value is 5.07, which is close to “Little Angry.” Respondents who paid a higher price but were not enrolled leaned more toward “Not too Much Angry” because the mean value is 5.38. In conclusion, customer who was enrolled in the Airline FFP is a significant factor when Scenario 4 is provided.

Table 54

Research Question 3: Pearson's correlation Analysis for Relationship Between Scenario 4 and Age, Leisure-fixed Price, Business Negotiated Price, Leisure-negotiated Price, and Hotel Revenue Management Information not Provided

Statistics	Age	Leisure - fixed Price	Business Negotiate Price	Leisure-negotiate Price	Hotel Revenue Management Information not Provided
r	.123	.200	.102	-.099	.131
Significance	.010	.000	.035	.037	.006

\* correlation is significant at the.05 level (2 tailed)

### Age

Age is a significant factor in relation to Scenario 4 ( $r = .123$ ,  $P = .010$ ). Table 1 states that 40.4% of respondents were in the 18-29 age group, 22.6% were in the 30-39 age group, 20.2% were in the 40-49 age group, and 16.7% were older than 49. Furthermore, from Table 9 one can intuit that a majority of respondents fall under the anger category because they are dissatisfied with paying a higher price for a room rate than a friend. Hence, one can conclude that the younger age group (18-29 years) member are price-sensitive and are dissatisfied and angry when they pay a higher price than their friend.

### Leisure-fixed Price

Leisure-fixed price is a significant factor in relation to Scenario 4 ( $r = .200$ ,  $P = .000$ ). Table 6 states 30.2% of respondents are satisfied with fixed price when traveling for leisure and 53.8% are dissatisfied. The higher the dissatisfaction level among leisure travelers who prefers fixed price, the higher the anger category when the respondent pays a higher room rate than a friend. In conclusion, respondents who prefer fixed price while traveling for leisure and have to pay a higher price for a room rate than their



friend fall in the anger category because they are price-sensitive customers and are ready to sacrifice other types of luxuries if provided a cheaper price. However, a fixed price charged by hotel to the leisure customers results in more dissatisfaction than satisfaction among customers, and if leisure travelers' fixed price is higher than his/her friend's, the travelers will be angry.

#### Business Negotiated Price

Business negotiated price is a significant factor in relation to Scenario 4 ( $r = .102$ ,  $P = .035$ ). Table 6 explains 44.7% of respondents are satisfied with a negotiated price when traveling for business and 27.5% are dissatisfied or neutral. Table 9 explains that 61.4% of respondents are in the anger category and 14.2% are in the excitement category. Thus, one can conclude that the satisfaction level among business travelers who prefer a negotiated price is high. However, given Scenario 4, the business traveler is in the anger category because the traveler who prefers a negotiated price has put in a lot of effort to negotiate the best price. His/her friend getting a lower price upsets the business traveler.

#### Leisure-Negotiated Price

Leisure-negotiated price is a significant factor in relation to Scenario 4 ( $r = -.099$ ,  $P = .037$ ). Table 6 states 67.8% of respondents are satisfied with negotiated price when traveling for leisure and 16.4% are dissatisfied. The higher the satisfaction level among leisure travelers who prefer negotiated price, the higher is the anger category when the respondent pays a higher room rate than his/her friend. In conclusion, respondents who prefer a negotiated price while traveling for leisure and have to pay a higher price for a room rate than his/her friend fall in the anger category because leisure travelers are

price-sensitive customers and are ready to sacrifice other types of luxuries if provided a cheaper price. A price negotiated by leisure travelers leads to satisfaction, whereas if leisure travelers' negotiated price is higher than his/her friend's price for a hotel room, the travelers will be angry and dissatisfied.

#### Hotel Revenue Management Information not Provided

Revenue management information not provided is a significant factor in relation to Scenario 4 ( $r = .131$ ,  $P = .006$ ). Table 8 explains that 13.8% of respondents are satisfied and 51.8% are dissatisfied when revenue management information is not provided at the time of booking.

The higher the dissatisfaction level when HRM information is not provided, the higher the anger category when the respondent pays a higher room rate than his/her friend. Therefore, respondents who have not been provided revenue management information and have paid a higher price for a hotel room rate than his/her friend are dissatisfied and angry because the hotel receptionist did not brief the customer about different pricing strategies and competitor's prices at the time of booking. The lack of knowledge about pricing strategies among customers can affect the revenue management system and in turn lead to dissatisfaction among customers.

Table 55 provides a summary of significant and non-significant variables related to upgrades for HFGP enrollees (Scenario 5) and other variables.

Table 55

Significant and Non-Significant Variables for Research Question 3: RelationshipBetween Respondent Perceptions Related to Room Upgrades for Hotel Frequent GuestProgram Enrollees and Other Variables – Scenario 5

Name	Crosstabs Significant	ANOVA Significant	Correlation Significant
Gender	No	No	N/A
Age	N/A	N/A	No
Income	N/A	N/A	No
Education	N/A	N/A	No
Ethnicity	No	No	N/A
HFGP enrolled	No	No	N/A
HFGP redeemed	No	No	N/A
FFP enrolled	No	No	N/A
FFP redeemed	No	No	N/A
Customer perceptions of capitalism as a basis for market-based pricing	No	Yes	N/A
Customer perceptions of seasonal price Adjustments	Yes	No	N/A
Customer perceptions of pricing based on marketing channel	No	No	N/A
Revenue management information provided	N/A	N/A	No
Revenue management information not provided	N/A	N/A	No
Frequency of business travelers	N/A	N/A	No
Frequency of leisure travelers	N/A	N/A	Yes
Business-fixed price	N/A	N/A	No
Leisure-fixed price	N/A	N/A	No
Business-negotiated price	N/A	N/A	Yes
Leisure-negotiated price	N/A	N/A	No

Table 56

Research Question 3: Cross-tabulation Analysis for Relationship Between Scenario 5 and Ethical Issue Relating to Customer Perceptions of Seasonal Price Adjustments

Gender	Excited	Not too Much Excited	Little Excited	Doesn't Bother Me	Little Angry	Not too Much Angry	Angry	Total
Ethical	6.8	13.1	11.3	55.7	8.0	3.0	2.1	100
Not-Ethical	7.3	13.6	10.0	42.7	13.6	6.4	6.4	100
Total-N	7.0	13.2	11.0	52.5	9.4	3.8	3.1	100

Chi-Square = 12.901. P = .045

There is a significant relationship between ethical issue relating to customer perceptions based on seasonal price adjustments and Scenario 5 (Chi-Square = 12.901, P = .045). Further, small majority of respondents are neutral (52.5%), while a small fraction of respondents are in the excitement (31.2%) and anger category (16.3%). Table 4 states that 75.2% of respondents agree and 24.8% disagree whether it is ethical that hotels increase the price of the room rate during high seasons and decrease the price during low seasons.

When Scenario 5 was presented to respondents who agreed that it is ethical issue to increase and decrease prices, 31.2% respondents were in the excitement category, 13.1% respondents were in the anger category, and 55.7% said it did not bother them. When Scenario 5 was presented to respondents who disagreed, 30.9% were in the excitement category, 26.4% were in the anger category, and 42.7% remained neutral. Hence, for respondents who agree or disagree with the ethical issue of hotels increasing or decreasing their prices, the percentage of excitement is close to each other. In other words, the respondents are excited in any circumstances when given Scenario 5. Furthermore, a majority of the respondents were in the "Doesn't

Bother Me” category and few respondents who disagreed or agreed were in the anger category. In conclusion, the majority of respondents are not affected by Scenario 5.

Table 57

Research Question 3: ANOVA Analysis for Relationship Between Scenario 5 and Ethical Issue Relating to Customer Perceptions of Capitalism as a Basis for Market-based Pricing

Statistics	Scenario 5
Ethical	3.74
Not-Ethical	3.25
F value	6.271
Significance	.013

Customers who think that capitalism based on market based pricing is an ethical issue, those customers are significantly angry than who think that the practice is not ethical when Scenario 5 is provided ( $F = 6.271$ ,  $P = .013$ ). Table 4 explains that 88.6% of respondents agreed and 11.4% of the respondents disagreed on ethical issue relating to the U.S. as a capitalist economy and that hotel are entitled to increase prices to maximize revenues. Respondents who agreed leaned toward “Doesn’t Bother Me” category when given Scenario 5 because the mean value is 3.74, which is close to “Doesn’t Bother Me” category.

Furthermore, respondents who disagreed leaned more toward “Little Excited” on Scenario 5 because the mean value is 3.25, which is close to “Little Excited” category. Thus, one can conclude that ethical issue of customer perceptions of capitalism based on market pricing is a significant factor when Scenario 5 is provided.

Table 58

Research Question 3: Pearson's correlation Analysis for Relationship Between Scenario 5 and Frequency of Leisure Travelers and Business Negotiated Price

Statistics	Frequency of Leisure Travelers	Business Negotiate Price
R	-.110	.103
Significance	.021	.033

\* correlation is significant at the .05 level (2 tailed)

Frequency of Leisure Travelers

Frequency of travel for leisure is a significant factor in relation to Scenario 5 ( $r = -.110$ ,  $P = .028$ ). Table 5 states that 32.0% of respondents travel 0-2 times a year, 40.2% travel 3-5 times a year, 14.6% of the respondents travel 6-8 times a year for leisure, and 13.2% travel more than 9 times a year. Table 9 explains that 31.2% of respondents were in the excitement category and 16.5% in the anger category. Hence, one can conclude that the fewer times the respondents travel for leisure the more excited they will get when a friend has been upgraded to a hotel suite from a standard double bedroom because he/she had a HFGP card.

Business Negotiated Price

Business negotiated price is a significant factor in relation to Scenario 5 ( $r = .103$ ,  $P = .033$ ). Table 6 explains 44.7% are satisfied with a negotiated price when traveling for business and 27.5% dissatisfied or neutral. Table 9 explains that 31.2% are in the excitement category and 16.5% in the anger category. The higher the satisfaction level when business traveler negotiates price with the hotel receptionist higher the excitement level when the business traveler's friend has been upgraded to a suite from a standard double bedroom because he/she had a HFGP card.

## Summary of Findings and Issues Related

From analyses of Tables 1 to 58 one can mention that:

1. Hotels should provide to its customers hotel revenue management information.
  - a) Females are sensitive, want more information, and expect more.
  - b) Younger age group (18-29 years) doesn't know much about pricing strategies.
2. Customer will generally be dissatisfied when paying a higher price for a room rate than last time and satisfied if paying a lower price.
  - a) Any degree higher than an Associates degrees helps in the decision making when Scenario 1 and 2 are provided.
  - b) Customers enrolled in Airline FFP and who redeem miles have direct impact on satisfaction level when Scenario 1 and 2 are provided
  - c) Customers whose perception was that obtaining varying price quotes from a hotel through different marketing channels is an unethical practice is particularly important when Scenario 1 and 2 are provided.
3. Customers are dissatisfied if a friend pays a higher or a lower price, as given in Scenario 4 and 5.
  - a) Hispanic-Americans and Asian-Americans are highly sensitive to Scenario 4 and 5.
4. When a friend is upgraded to a suite, customers are mostly unbothered.

From the above summary findings and issues related, we can infer that this raises the question whether gender and ethnicity issues are overshadowed by bigger issues of travel “sophistication” versus infrequent travelers. Perhaps, frequent travelers are already conversant with variable pricing issues and hence are not emotionally responsive. To answer these issues, additional analyses were conducted. Cross-tabulation analyses were conducted and can be referred to Table 59 and 60.

Table 59

Summary Findings and Issues Related: Cross-tabulation Analysis for Gender and Frequent Business Traveler

Gender	Not a Frequent Business Traveler (%)	Frequent Business Traveler (%)	Total (%)
Male (%)	43.5	56.5	100
Female (%)	64.2	35.8	100
Total-N	53.6	46.4	100

Chi-Square = 19.335. P = .000

Table 60

Summary Findings and Issues Related: Cross-tabulation Analysis for Ethnicity and Frequent Business Traveler

Gender	Not a Frequent Business Traveler (%)	Frequent Business Traveler (%)	Total (%)
African-American (%)	68.9	31.1	100
Hispanic-American (%)	64.2	35.8	100
White-American (%)	49.3	50.7	100
Asian-American (%)	40.0	60.0	100
Native-American (%)	60.0	40.0	100
Total-N	53.6	46.4	100

Chi-Square = 11.822. P = .019



From the Table 59 and 60 we can infer that there is a significant difference in the gender and ethnic profile of frequent business travelers. Among women one third of respondents are frequent business travelers. On the other hand, more than fifty percent are males who travel frequently for business. As reported, it would appear that sample is skewed in favor of male respondents, however, women are under represented among business travelers.

Among Hispanic-American and African-American respondents one third of the respondents are frequent business travelers. On the other hand, among White-American almost half respondents are frequent business travelers. As noted, it would appear that sample is skewed in favor of White-American, but that woman racial minorities are under represented among frequent business travelers. This important issue of potential, which the data set has, should be noted.

## CHAPTER V

### SUMMARY, IMPLICATIONS AND RECOMMENDATIONS

#### Summary of Findings

In Chapter IV, the data analysis provided some exploratory insights into consumer perceptions of fairness relative to standard practices in HRM. Specifically, this study explored factors that may positively influence both hotel revenue and customer satisfaction. Since customers with a propensity for using hotel services were the focal population of interest, participants were recruited using an intercept sample design at a major airport in the Southwest. The sample design yielded data from 460 air travelers at Dallas Love Field Airport. The data were analyzed using descriptive statistics (e.g., cross-tabulations, frequencies, and correlations). Some were further analyzed using ANOVA. In this chapter, I will discuss managerial implications derived from this exploratory study, and limitations inherent within the research design.

Finally, opportunities for extending this exploratory study to future streams of research, i.e. utilizing managerial mechanisms for enhancing revenue and customer satisfaction outcomes in the hospitality industry are offered. This study was conducted to determine the relationship between the following: customer perceptions of fairness about HRM, satisfaction level when provided five different scenarios and demographics, HFGP enrolled and redeemed points, Airline FFP enrolled and redeemed, three different ethical issues, frequency of business and leisure travelers, and four

preferences of booking a hotel room. Specifically, the researcher evaluated the impact of the HRM system on customer satisfaction.

The sample for the survey was taken from travelers at Dallas Love Field; 446 were usable. The findings and analysis of the data sought to answer the research questions from Chapter I. Due to the large number of tables generated, only those tables which had a significant relationship were explained in this study. The non-significant tables were not analyzed. Furthermore, as explained in the literature review, the study only took into consideration distributive justice, one of three methods used to measure how customers evaluate fairness. There has been no direct research pertaining to the provision of research questions in Chapter I. Given the lack of previous studies, the author has contributed to the literature by strategizing different topics on revenue management, customer's evaluation of fairness, and customer satisfaction.

#### Research Question 1

For research question one, it was determined that the frequency in Table 7 explains that when revenue management information was provided to customers, the majority were satisfied with the hotel stay. From relationship of HRM information when provided to customers and other attributes in the research question one, one can infer that there was a significant relationship with gender, age, customer perceptions of pricing fluctuations based on marketing channel, and leisure traveler preference to negotiate price when booking a hotel room.

A study of revenue management by Hank, Cross, and Noland (1992) stated that the relationship of revenue management and customers booking a hotel room is vital as customers always think they want the lowest possible price when staying in the hotel

room. Additionally, having two or more different room rates could dissatisfy the customer, especially if the leisure traveler, who is price-sensitive and wants to receive the best possible price.

Distributive justice in hotel revenue management plays a vital role as it considers overall customer's satisfaction and dissatisfaction level (Sparks and McColl-Kenndy, 2001). There has not been any prior study relating to revenue management information provided to customers and gender and age of the customers. Furthermore, Belobaba (2001) stated that the concept of revenue management in the hotel industry needs extensive improvement and in-depth research.

One can infer data from research question one that hotels can increase the customer satisfaction level and simultaneously attract customers to their hotels if revenue management information is provided during booking. Further, to increase revenue, hotels should consider age and whether the individual supports the price changes when booking rooms through different marketing channels. It is imperative for the hotel to distinguish between business and leisure travelers as this differentiation could increase customer satisfaction. Additionally, from this analysis, one can infer that when HRM information is provided, hotels should capture the leisure traveler market to increase satisfaction and repeat customers.

## Research Question 2

Data from research question two, it was determined that frequency in Table 8 explains that when revenue management information was not provided to customers, the majority were dissatisfied with the hotel stay. From relationship of HRM information not provided to customers and other attributes in research question two, one can infer

that there was a significant relationship with gender, age, ethnicity, enrollment in HFGP, and customer perceptions of capitalism as a basis for market-based pricing.

Furthermore, Oliver (1981) elucidated that consumer satisfaction is based on expectations and emotions. If these are not met to a certain standards the consumer will be dissatisfied. Bei and Chiao (2001) revealed that predicting consumer expectation is arduous and time-consuming; an apt relationship is needed between the consumer and the hotel operator. In the current study the author revealed that when not provided hotel revenue management information the customers are dissatisfied and when provided it, they are satisfied. According to Zeithaml's (1988) customers are highly sensitive to issues of inequity and unfair practices. Furthermore, when information about equity is provided to customers before the reservation is made, they are happy and satisfied. Therefore, one can state that providing hotel revenue management information to customers increases their satisfaction level; failing to give information has the reverse effect.

From research question two one can infer that to increase revenue and satisfaction level among customers, hotels need to provide HRM information to its customers. By not providing it, hotels are not satisfying the Asian-American demographic in particular.

Further, hotels should keep a thorough watch on customers who are enrolled in the HFGP because they could be dissatisfied easily, as they know how the hotel system operates. By not providing HRM information, hotels are promoting dissatisfaction among females and the younger age group (18-29 years). Moreover, hotels need to understand customers who think that the U.S. is a capitalist economy, because such a belief is

interwoven with customer satisfaction. Thus, one can conclude that providing info is imperative for the hotel industry, as not providing it leads to dissatisfaction among customers, which in turn could decrease revenue.

### Research Question 3

#### Scenario 1 and 2

Research question three related to inconsistency in pricing across multiple visits (Scenario 1 and 2). Frequency in Table 9 explains that on Scenario 1 a majority of the customers were in the anger category. The relationship between Scenario 1 and other attributes in question three states that there was significant relationship with education, the customer who was enrolled and who redeemed Airline FFP miles, customer perceptions of capitalism as a basis for market-based pricing, customer perception of seasonal price adjustments, customer perceptions of pricing fluctuations based on marketing channel, revenue management information not provided to customers, and leisure travelers preference of fixed price.

The frequency in Table 9 explains that on Scenario 2 the majority of the customers were in the excitement category. The comparison between Scenario 2 and other attributes in question three states that there was a significant relationship with gender, age, income, education, ethnicity, customer who redeemed HFGP points, customer who was enrolled and who redeemed Airline FFP miles, customer perceptions of seasonal price adjustments, customer perceptions of pricing fluctuations based on marketing channel, and frequency of business travelers.

Anderson, Fornell, and Lehmann (1994) highlighted price as an imperative factor in consumer satisfaction because consumers usually think about price as the first factor

whenever a product or services are acquired. Furthermore, Zeithaml (1988) states that lower perceived price links to lower perceived sacrifice of price and vice versa.

Furthermore, Bei and Chiao (2001) explains that hotel operators need to pay more attention to customer's perception of price fairness, as equity is compared directly with customer's satisfaction. It is imperative that in the minds of customers, they think that they are paying the right price for the product. This will satisfy the customers, who evaluate each product or services when they pay.

One can infer that the hotel industry needs to understand from inconsistency in pricing across multiple visits (Scenario 1 and 2) that demographics of the customer play a key role in customer satisfaction. The fact is that there is a difference between customers who are enrolled, not enrolled and, who redeem or not redeem the Airline FFP miles. Furthermore, the customer who redeems the HFGP has an impact on customer satisfaction level and increasing revenue for the hotel. Segmenting the customer into business and leisure travelers for the hotel industry is a must. Getting information about frequency of travel for business travelers will help increase revenue for the hotels. Lastly, hotels should take into consideration the three ethical issues seriously as this could change the level of satisfaction among customers. Implementing the provision of information at the time of booking a room will allow the industry to better maximize revenue, increase satisfaction among customers, and ensure a higher number of return customers.

### Research Question 3: Scenario 3 and 4

Research question three related to inconsistency in pricing among individuals (Scenario 3 and 4) concluded that the frequency in Table 9 explains that on Scenario 3 a majority of the customers were in the anger category. The relationship between Scenario 3 and other attributes in question three states that there was a significant relationship with ethnicity, enrollment in HFGP, customer perception of capitalism as a basis for market-based pricing, customer perception of pricing fluctuations based on marketing channel, and revenue management information not provided.

Furthermore, the frequency in Table 9 explains that on Scenario 4 a majority of the customers were also in the anger category. The relationship between Scenario 4 and other attributes reveals that there was significant relationship with gender, age, ethnicity, customer who was enrolled in Airline FFP, revenue management information not provided, leisure traveler preference of fixed and negotiated price for a room, and business traveler preference for negotiated price.

According to Varini, Englemann, Claessen, Schleusener (2002) if the revenue management system is not used adequately by the hotel operators, the hotel would lose revenue. Hence, it is imperative that hotel operators use the system appropriately. Moreover, customers should be satisfied with services rendered by the hotel and there should be a strong relationship between the hotel revenue management system and customers. It is vital the hotel distinguishes the customers into business travelers and leisure travelers because business travelers are not price-sensitive and can spend money to fulfill their needs. However, leisure travelers are price-sensitive and generally ready to sacrifice price in exchange for restrictions applied to them (Noone, Kimes, and



Renaghan, 2003). To know consumers behavior should be the priority for the hotels and this could be done through proper revenue management systems in place. Further, it is important that high-end technology is used to run the system as this could increase the satisfaction level of the consumers (Kimes and Reneghan, 2003). Bolton, Warlop and Alba's 2003 study states that consumers have a vague idea about the price they are going to pay in the service sector. However, the lack of knowledge or little knowledge the consumer has about the price could result in unfair perceived pricing and in turn dissatisfy customers.

One can draw the inference that the hotel industry needs to consider demographic groups as consumers, especially females, Asian-Americans, and Hispanic-Americans, who are sensitive to inconsistency in pricing. The industry needs to have knowledge about customer spending levels and know whether the customer has a general idea about the pricing strategy used in that market. Furthermore, when there is inconsistency in pricing among individuals, hotels ought to know that enrollment in HFGP and Airline FFP has great impact on satisfaction level. To increase revenue and customer satisfaction it is imperative that HRM information be provided to the customer. As the revenue management system has worked well in other industries, the hotel industry needs to institutionalize the practice for better customer satisfaction. Additionally, hotels should segment customers into business and leisure travelers. Further, the industry must take into consideration that when a friend is paying a higher or lower room rate, there is a difference in the preference of fixed or negotiated price paid by business or leisure travelers.

### Research Question 3: Scenario 5

The frequency in Table 9 explains that a majority of the customers were not bothered when a friend was upgraded to a suite because of the HFGP. The relationship between Scenario 5 and other attributes reveals that there was significant relationship with customer perception of capitalism as a basis for market-based pricing, customer perception of seasonal price adjustments, frequency of leisure traveler, and business traveler's preference to negotiate price.

Due to the lack of research done about HFGP and about upgrading a customer for HFGP, one may infer that on Scenario 5 frequency of travel plays a major role in satisfaction among customers. The hotel industry should understand that there is a difference between traveler preference to negotiate or have a fixed price. Additionally, hotels should consider the ethical issue of capitalism as basis for market-based pricing and pricing fluctuations based on marketing channels, as these opinions could increase customer satisfaction and revenue for the hotel.

### Study Limitations

- 1) Majority of the travelers through Dallas Love Field Airport were business travelers.
- 2) The study could only be generalized to travelers in Texas and neighboring states because airlines (Southwest and Continental Express) traveling from Dallas Love Field Airport fly only to states adjacent to Texas.
- 3) Due to a large number of tables generated from the analysis through SPSS, only attributes which were significant were discussed.

- 4) There were time constraints on days and times the author received permission to do the survey.
- 5) It was difficult to judge the mood of travelers at the airport; the mood of respondents could have a huge impact on the results.

### Study Implications

When this research is looked at as a whole, there are several points that stand out as lessons to be learned. The original objective was to determine customer perceptions of fairness concerning pricing policies charged by hotel industries, and examine how different outcomes in pricing policies affect these perceptions. In broad scope, it was found that not providing HRM information dissatisfied customers, while providing it increased satisfaction.

Furthermore, the perceptions of customers when the price of the hotel room rate fluctuates when returning to the same hotel again are significantly different. On the other hand, the customers are dissatisfied when a friend pays a higher or lower price than the customer for the hotel room. Customers are not bothered if the friend was upgraded to a suite for a HFGP. In all scenarios except Scenario 5 (research question 7), HRM information not being provided to customers at the time of booking a hotel room is a significant factor in perception.

### Recommendations for Future Research

Specific suggestions for future research as a result of this study are:

1. The attributes which were not significant during analysis of each research question should be analyzed.

2. The survey should be used to study travelers other than those in Texas and its bordering states.
3. The survey should be used to study several other categories which were left out, including a comparison of the sample with groups with similarities and differences.
4. The survey should be utilized to study the HRM concept in different markets, with a comparison of sample group similarities and differences.
5. More common types of scenarios used by customers staying in hotels should be researched and analyzed with the concept of HRM system.
6. Research should be conducted to explore technological needs of the HRM system.

APPENDIX A  
QUESTIONNAIRE

SECTION 1	<p>Hotel Revenue Management</p> <p>Please respond to the following questions about <b>YOUR MOST RECENT HOTEL VISIT</b>.</p> <p>Please (✓) <b>Check One Box</b> for each question.</p>
-----------	---

- |   | Yes                      | No                       | N/A                      |
|---|--------------------------|--------------------------|--------------------------|
| 1) In the past twelve months, have you stayed in a hotel? .....                             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2) Have you stayed in the same hotel more than once?.....                                   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3) Would you visit the same hotel again if you were satisfied by the services offered?..... | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4) Have you paid the same room rate each time you stayed in the same hotel?.....            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5) Do you reside in the U.S?.....   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

6) How many times have you paid the same room rate at the same hotel?  
 1    2    3    4    5    6    7    8    9    10 and over    N/A

7) In the past twelve months, how many times have you stayed in the same hotel?  
 1    2    3    4    5    6    7    8    9    10 and over    N/A

8) In the past twelve months, when traveling for <b>BUSINESS</b> , what is the <b>MAXIMUM</b> amount you have spent per night (taxes not included) on any hotel room?	<input type="checkbox"/> \$50 and under	<input type="checkbox"/> \$51-100	<input type="checkbox"/> \$101-150
	<input type="checkbox"/> \$151-200	<input type="checkbox"/> \$201-250	<input type="checkbox"/> \$251-300
	<input type="checkbox"/> \$301-350	<input type="checkbox"/> \$351 and over	<input type="checkbox"/> N/A
9) In the past twelve months, when traveling for <b>BUSINESS</b> , what is the <b>LEAST</b> amount you have spent per night (taxes not included) on any hotel room?	<input type="checkbox"/> \$50 and under	<input type="checkbox"/> \$51-100	<input type="checkbox"/> \$101-150
	<input type="checkbox"/> \$151-200	<input type="checkbox"/> \$201-250	<input type="checkbox"/> \$251-300
	<input type="checkbox"/> \$301-350	<input type="checkbox"/> \$351 and over	<input type="checkbox"/> N/A
10) In the past twelve months, when traveling for <b>LEISURE</b> , what is the <b>MAXIMUM</b> amount you have spent per night (taxes not included) on any hotel room?	<input type="checkbox"/> \$50 and under	<input type="checkbox"/> \$51-100	<input type="checkbox"/> \$101-150
	<input type="checkbox"/> \$151-200	<input type="checkbox"/> \$201-250	<input type="checkbox"/> \$251-300
	<input type="checkbox"/> \$301-350	<input type="checkbox"/> \$351 and over	<input type="checkbox"/> N/A
11) In the past twelve months, when traveling for <b>LEISURE</b> , what is the <b>LEAST</b> amount you have spent per night (taxes not included) on any hotel room?	<input type="checkbox"/> \$50 and under	<input type="checkbox"/> \$51-100	<input type="checkbox"/> \$101-150
	<input type="checkbox"/> \$151-200	<input type="checkbox"/> \$201-250	<input type="checkbox"/> \$251-300
	<input type="checkbox"/> \$301-350	<input type="checkbox"/> \$351 and over	<input type="checkbox"/> N/A

12) How many different **Hotel Frequent Guest Programs** are you enrolled in?  
 0    1    2    3    4    5    5 and over

13) How many times have you redeemed your **Hotel Frequent Guest Program** points?  
 0    1    2    3    4    5  
 6    7    8    9    10 and over

14) How many different **Frequent Flyer Programs** are you enrolled in?  
 0    1    2    3    4    5    5 and over

15) How many times have you redeemed your **Frequent Flyer Program** miles?  
 0    1    2    3    4    5  
 6    7    8    9    10 and over

16) Booking a hotel room:

	Strongly Satisfied		Neutral			Strongly Dissatisfied	
When traveling for <b>BUSINESS</b> , I prefer fixed price (not worthwhile to look for deals) .....	1	2	3	4	5	6	7
When traveling for <b>LEISURE</b> , I prefer fixed price (not worthwhile to look for deals).....	1	2	3	4	5	6	7
When traveling for <b>BUSINESS</b> , I prefer to negotiate (I can easily find the best deals).....	1	2	3	4	5	6	7
When raveling for <b>LEISURE</b> , I prefer to negotiate (I can easily find the best deals).....	1	2	3	4	5	6	7

<b>DEFINITION</b>	
The Hotel Revenue Management system means that prices of the room rate decreases or increases based on the demand of the customers and the channel of booking rooms.	
<i>Example 1</i>	<i>Example 2</i>
<p>During low demand periods rooms become available to all customers at a discounted rate. On the other hand, during peak periods, rooms become available to only a certain segment of customers who are willing to pay a higher room rate.</p> <ul style="list-style-type: none"> <li>• There are 200 rooms in a hotel.</li> <li>• High demand period - June to December. Low demand period - January - May</li> <li>• The computer system during high period automatically changes the room rate to \$200</li> <li>• The computer system during low period automatically changes the room rate to \$100</li> </ul>	<p>The channel (using 800 numbers, internet, and travel agent) of booking a room will also increase or decrease the room rate.</p> <ul style="list-style-type: none"> <li>• Steve's and Jason's families are staying in the same hotel in separate rooms.</li> <li>• Both the families booked their standard double bedrooms 14 days in advance</li> <li>• Steve's family booked their room using the internet and he paid \$100 for a standard double bedroom and</li> <li>• Jason's family booked their room using a travel agent and he paid \$ 200 for the same type of room</li> </ul>

	Highly Satisfied		Neutral			Highly Dissatisfied	
17) If at the time of booking a room, the hotel operator <b>PROVIDED</b> you with information (low - high demand periods and channel of booking) regarding their Hotel Revenue Management system, what would your perception be about the hotel? .....	1	2	3	4	5	6	7
18) If at the time of booking a room, the hotel operator <b>DID NOT PROVIDE</b> you with information (low-high demand periods and channel of booking) regarding their Hotel Revenue Management system, what would your perception be about the hotel?.....	1	2	3	4	5	6	7

<b>SECTION - II</b>	Customer Satisfaction Please respond to the following questions about <b>YOUR MOST RECENT HOTEL VISIT</b> . Please <b>Circle One</b> category from each question.
---------------------	---

	Excited		Doesn't Bother me			Angry	
1) If you visited the same hotel again and the hotel operator quoted you a <b>HIGHER</b> price than the last time you stayed in that hotel, what would be your perception of the hotel? .....	1	2	3	4	5	6	7
2) If you visited the same hotel again and the hotel operator quoted you a <b>LOWER</b> price than the last time you stayed in that hotel, what would be your perception of the hotel? .....	1	2	3	4	5	6	7
3) If you and your friend/colleague were staying in same hotel and had reserved a room in advance on the same day and you found out that your friend/colleague had paid a <b>HIGHER</b> room rate for the same room, what would be your perception of the hotel? .....	1	2	3	4	5	6	7
4) If you and your friend/colleague were staying in same hotel and had reserved a room in advance on the same day and you found out that your friend/colleague had paid a <b>LOWER</b> room rate for the same room, what would be your perception of the hotel? .....	1	2	3	4	5	6	7
5) If you and your friend/colleague were staying in separate standard double bedrooms in a hotel and paid the same room rate, but your friend/colleague was upgraded to a suite because he/she had a <b>Hotel Frequent Guest Program</b> , what would be your perception of the hotel? .....	1	2	3	4	5	6	7

Please (✓) check one category.

6) The US is a capitalistic economy. Hotels are entitled to change their price to maximize revenues.....	Yes	No
7) The hotel increases the price of room rates during high seasons and decreases the price of room rate during low seasons. Is this practice unethical? .....	<input type="checkbox"/>	<input type="checkbox"/>
8) Booking a standard room over the phone and booking the same standard room for the same hotel over the internet would provide two different room rates. Is this practice unethical?.....	<input type="checkbox"/>	<input type="checkbox"/>

SECTION III	<b>General Information</b> The following questions will be used for descriptive purposes only. Please (✓) <b>Check One</b> category from each question.
-------------	---

1) If traveling for <b>BUSINESS</b> , what is the most common way you or your company books a hotel room?	<input type="checkbox"/> hotel's website <input type="checkbox"/> travel agent <input type="checkbox"/> N/A	<input type="checkbox"/> third-party website(eg. <a href="http://www.hotels.com">www.hotels.com</a> ) <input type="checkbox"/> calling the hotel directly <input type="checkbox"/> other
2) If traveling for <b>LEISURE</b> , what is the most common way you book a hotel room?	<input type="checkbox"/> hotel's website <input type="checkbox"/> travel agent <input type="checkbox"/> N/A	<input type="checkbox"/> third-party website(eg. <a href="http://www.hotels.com">www.hotels.com</a> ) <input type="checkbox"/> calling the hotel directly <input type="checkbox"/> other

3) If traveling for <b>BUSINESS</b> , what is the most common type of rate, you choose for reserving your hotel room?	<input type="checkbox"/> Corporate rate <input type="checkbox"/> Hotel Rewards program <input type="checkbox"/> Senior Citizen rate (AARP)	<input type="checkbox"/> Government rate <input type="checkbox"/> AAA member <input type="checkbox"/> other	<input type="checkbox"/> Internet rate <input type="checkbox"/> N/A
4) If traveling for <b>LEISURE</b> , what is the most common type of rate, you choose for reserving your hotel room?	<input type="checkbox"/> Corporate rate <input type="checkbox"/> Hotel Rewards program <input type="checkbox"/> Senior Citizen rate (AARP)	<input type="checkbox"/> Government rate <input type="checkbox"/> AAA member <input type="checkbox"/> other	<input type="checkbox"/> Internet rate <input type="checkbox"/> N/A

5) In the past twelve months, how many times have you traveled for <b>BUSINESS</b> ?	<input type="checkbox"/> 0-2 <input type="checkbox"/> 12-14	<input type="checkbox"/> 3-5 <input type="checkbox"/> 15-17	<input type="checkbox"/> 6-8 <input type="checkbox"/> 18-20	<input type="checkbox"/> 9-11 <input type="checkbox"/> 21 and over
6) In the past twelve months, how many times have you traveled for <b>LEISURE</b> ?	<input type="checkbox"/> 0-2 <input type="checkbox"/> 12-14	<input type="checkbox"/> 3-5 <input type="checkbox"/> 15-17	<input type="checkbox"/> 6-8 <input type="checkbox"/> 18-20	<input type="checkbox"/> 9-11 <input type="checkbox"/> 21 and over
7) In the past twelve months, how many times have you traveled with a <b>GROUP</b> (eight or more people)?	<input type="checkbox"/> 0-2 <input type="checkbox"/> 12-14	<input type="checkbox"/> 3-5 <input type="checkbox"/> 15-17	<input type="checkbox"/> 6-8 <input type="checkbox"/> 18-20	<input type="checkbox"/> 9-11 <input type="checkbox"/> 21 and over
8) In the past twelve months, how many times have you traveled to a <b>CONVENTION</b> ?	<input type="checkbox"/> 0-2 <input type="checkbox"/> 12-14	<input type="checkbox"/> 3-5 <input type="checkbox"/> 15-17	<input type="checkbox"/> 6-8 <input type="checkbox"/> 18-20	<input type="checkbox"/> 9-11 <input type="checkbox"/> 21 and over

9) Gender:  M  F

10) Age:  18-29  30-39  40-49  50-59  60-69  70 and over

11) Income:  \$0-\$19,999  \$20,000-\$29,999  \$30,000-\$39,999  \$40,000-\$49,999  
 \$50,000-\$59,999  \$60,000-\$69,999  \$70,000-\$79,999  \$80,000-\$89,999  
 \$90,000-\$ 99,999  \$100,000 and over

12) The highest level of education I have completed:  
 high school or less  some college  2-year college degree  
 4-year college degree  graduate degree  other \_\_\_\_\_

13) I am:  African-American  Hispanic-American  White-American  
 Asian-American  Native-American  other \_\_\_\_\_

**Thank You for Answering These Questions**



## APPENDIX B

### SUMMARY OF INSTRUMENT BY VARIABLES AND TYPE OF DATA

Instrument Item	Variable Description	Data Type
1	Stay at the hotel	Nominal
2	Stayed in the same hotel more than once	Nominal
3	Visit the same hotel again if satisfied by the services	Nominal
4	Paid the same room rate each time stayed in the same hotel	Nominal
5	Reside in the U.S	Nominal
6	Times paid the same room rate at the same hotel	Ordinal
7	Times stayed in the same hotel	Ordinal
8	Traveling for BUSINESS MAXIMUM amount spent per night	Ordinal
9	Traveling for BUSINESS LEAST amount spent per night	Ordinal
10	Traveling for LEISURE MAXIMUM amount spent per night	Ordinal
11	Traveling for LEISURE LEAST amount spent per night	Ordinal
12	Different Hotel Frequent Guest Programs enrolled in	Ordinal
13	Times redeemed Hotel Frequent Guest Programs	Ordinal
14	Different Airlines Frequent Flier enrolled in	Ordinal
15	Times redeemed Airline Frequent Flier	Ordinal
16	Preference – Traveling for BUSINESS fixed price	Ordinal
17	Preference – Traveling for LEISURE fixed price	Ordinal
18	Preference – Traveling for BUSINESS negotiable price	Ordinal
19	Preference – Traveling for LEISURE negotiable price	Ordinal
20	Hotel revenue management Information Provided	Ordinal
21	Hotel revenue management Information NOT Provided	Ordinal
22	Scenario 1- hotel operator quoted HIGHER price than last time	Ordinal
23	Scenario 2- hotel operator quoted LOWER price than last time	Ordinal
24	Scenario 3- friend paid a HIGHER room rate	Ordinal
25	Scenario 4- friend paid a LOWER room rate	Ordinal
26	Scenario 5- friend UPGRADED to a suite	Ordinal
27	Ethical issue – Customer perceptions of capitalism as a basis for market-based pricing	Nominal
28	Ethical issue – Customer perceptions of seasonal price adjustments	Nominal
29	Ethical issues – Customer perceptions of pricing fluctuations based on marketing channel	Nominal
30	Most common way booking a hotel room - BUSINESS traveler	Nominal

(continued)

Appendix B (continued)

Instrument Item	Variable Description	Data Type
31	Most common way booking a hotel room - LEISURE traveler	Nominal
32	Most common type of booking a hotel room - BUSINESS traveler	Nominal
33	Most common type of booking a hotel room - LEISURE traveler	Nominal
34	Frequency traveled for BUSINESS	Ordinal
35	Frequency traveled for LEISURE	Ordinal
36	Frequency traveled for GROUP	Ordinal
37	Frequency traveled for CONVENTION	Ordinal
38	Gender	Nominal
39	Age	Ordinal
40	Income	Ordinal
41	Level of Education	Ordinal
42	Ethnicity	Nominal

APPENDIX C  
INSTITUTIONAL REVIEW BOARD APPROVAL

# UNIVERSITY of NORTH TEXAS

*School of Merchandising and Hospitality Management*

*Accredited by The Accreditation Commission for Programs in Hospitality Administration  
Recipient of the American Textile Manufacturers Institute Award for Excellence*

## Informed Consent Information

The purpose of this research study is to determine customers' perceptions of fairness concerning pricing policies charged by hotel industries and examine how different outcomes in pricing policies affects consumers' perceptions for fairness. You are being asked to complete a survey that will take about twelve minutes. Completion of this survey involves no foreseeable risk.

You must be 18 year of age or older to participate in this study. Participation is voluntary and you may stop at any time. You give consent by completing the survey. No individual responses will be reported to anyone because data will be reported on group basis.

If you have any questions regarding this study, please contact:

Punit Sanghavi  
Hospitality Management Masters Student  
School of Merchandising and Hospitality Management  
University of North Texas  
940-382-4676

or

Johnny Sue Reynolds, Ph.D.  
Professor and Associate Dean  
940-565-2807  
School of Merchandising and Hospitality Management  
University of North Texas

APPROVED BY THE UNT IRB  
FROM 12/8/04 TO 12/7/05  
JRS

This project has been reviewed and approved by the University of North Texas Institutional Review Board (940) 565-3940. You may keep this letter of Informed Consent Notice for your records.

PO Box 511100 • Denton, Texas 76203-1100 • (940) 364-2436  
Tel: (940) 365-4348 • TTY: (800) RELAY TX • www.unt.edu/admission

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