Abstract

Pricing is the key strategic decision deployed by hotel to manage revenue. Rising price at certain level can give hotels additional revenue. Whereas, descending price at particular degree can stimulate demand. Pricing, however, is not an easy judgement when demand is fluctuating and uncertain. Hoteliers frequently hardly find sufficient success in this way which is oftentimes called dynamic pricing. Mathematical model of dynamic pricing is the best way to solve this problematic decision. Using deterministic approach, this research optimizes linear and log-linear models resulting both one-type and two-types of room rate which can be applied together. The rates determined by models make revenue become higher compared than the legacy ones. In order to make it easier to be understood, output of the complex computational is shown in a web-based application, ready to be used for both hoteliers and customers.

Keywords: hotel room rate, dynamic pricing
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