

From Surviving to Thriving: The New Face of Revenue Management Strategies in A Crisis Era

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Abstract. This paper aims to investigate and evaluate the main changes in revenue management strategies in a luxury boutique hotel in France amid the Covid-19 pandemic. This study offers a comprehensive approach to revenue management. The literature and the case study on hotel N are based on Kimes's (1989) key pillars: right customer, product, price, distribution and communication. Through an internal and external analysis, the case study compares hotel N's revenue management strategies in a pre-versus post-crisis context, and concerning its direct competitors, with the contribution of experts' interviews analyzed through Nvivo software. It is found that changes to N revenue management strategies are mainly for the short term and may be counterproductive. Instead, to thrive in the medium and long run, the hotel should adapt its strategy by focusing on developing an efficient revenue management system and attracting and retaining a skilled workforce

Keywords: Competitors, Covid-19 crisis, Luxury boutique hotel, Revenue management, Right communication, Right customer, Right distribution, Right price, Right product

1 Introduction

'It is not the strongest species that survives, not the most intelligent that survives. It is the one that is most adaptable to change' [1]. In a nutshell, this famous quote summarizes this paper's essence, which aims to investigate the changes in revenue management strategies in a luxury boutique hotel brought about by the Covid-19 sanitary and economic crisis. This paper may represent a relevant added value thanks to an in-depth analysis of a case study conducted in a boutique hotel in Corsica, France. The outcome shows how resilience is the key element to a recovery path, in which only those who can grasp the wave of change and adapt to it will survive and prosper.

The global Covid-19 pandemic has devastated the entire hospitality industry, with hotels overwhelmed by an increase in room booking cancellations and striking declines in occupancy, average daily rate and RevPAR [2], including luxury boutique hotels. Boutique hotels can be defined as highly-priced hotels focusing on authenticity, the establishment of genuine one-on-one relationships, the uniqueness of service and personalization [3].

Thus, revenue management foundations are being questioned in such a moment of unprecedented crisis. While this discipline is traditionally based on forecasting and demand optimization, the Covid-19 crisis has highlighted the need to adopt a more inclusive definition and approach to revenue management, encompassing different business areas and creating synergies among them. Although Covid-19 has placed many strains on the hospitality sector, it may be considered an opportunity to rethink revenue management's role and strengthen its long-term resilience.

This paper investigates the changes in revenue management brought by the Covid-19 crisis, including those likely to persist after the pandemic. Secondly, the paper details the methodology chosen, particularly the adoption of an empirical approach with a case study on a 5-star boutique hotel in Corsica (France). The results from the case study, together with those based on multiple interviews with other luxury boutique hotels in Corsica, provide insightful suggestions on the winning RM strategies in the short and long term.

2 Literature Review

2.1 Crisis and Revenue Management

A crisis can be defined as a "*Disruption that physically affects a system as a whole and threatens its basic assumptions, its subjective sense of self, its existential core*" [4]. The hospitality industry is considerably exposed to crises [5], with demand reduction being the prime consequence leading to drastic drops in hotel room metrics (ADR, RevPAR) and occupancy percentage [6]. The Covid-19 pandemic may be considered one of the past century's most challenging crises for the tourism industry. The hospitality sector has experienced revenue declines more than four times greater than 9/11 and the global financial crisis combined. Hotels worldwide have experienced monthly RevPAR drops between 60% and 80% in 2020 compared to 2019 [7]. Luxury hotels and boutique hotels are considered the worst hit by the pandemic as they project the longest recovery time. For instance, boutique resort weekday occupancy for July 2020 was around 49%, while weekend occupancy was approximately 57% [8].

The goal of each hotel is to remain profitable and earn revenues, even in times of crisis. Therefore, it is fundamental to analyze how the current pandemic has reshaped the role of revenue management with temporary and long-term structural changes. This paper adopts Kimes [9] definition of revenue management: "*Revenue management in the context of hospitality is allocating the right type of capacity to the right kind of customer at the right price through the right distribution channel to maximize revenue or yield*". In 2003, Kimes defined 'right' as achieving the maximum revenue for sellers and gaining the maximum value for buyers. This definition was chosen as it encompasses numerous interrelated areas, providing a more practical approach to discipline in times of crisis [10].

The following section focuses on the literature review of revenue management adopting the definition of Kimes, thus the four main pillars of right customer, right price, right product and right distribution and communication channels.

2.2 Right Customer

The effects of the crisis on the hotel industry vary across the segment, while some are short-term, others are projected to bring about structural changes. Business trips are projected to drop by around one-third to pre-Covid-19 level due to companies' cost-efficiency considerations [11]. Since boutique hotels do not usually accommodate internal company meetings, they are less likely to suffer from lower business occupancy. In leisure, longer international leisure trips will slowly return to pre-Covid-19 levels, and travelers expect greater flexibility in cancellation and change fees [12]. In the short term, tourists are more likely, to travel independently or in small groups to less well-known and nature-based destinations [13]. Boutique hotels may benefit from this trend, as they are usually located in "under tourism" spots. Also, loyal customers are a significant asset for hotels' survival amid the crisis, as they are a valuable source of ideas and precious feedback providers [14].

With the Covid-19 outbreak and the consequent disruption of the customer base, hotel businesses, including boutique hotels, were forced to reconsider their marketing strategies and focus mainly on the domestic market. In other words, they apply a concentrated marketing strategy [15]. Moreover, also for the long term, alternative markets and segments should be investigated to compensate for the cancellations and low occupancy rates with the aid of technology [16].

2.3 Right Product

Regarding the right product pillar, hotels are advised to push their business beyond the traditional revenue streams during and after the pandemic and develop diversified products to drive profitability through alternative revenue sources [13]. Thus, investments in renovating infrastructure, such as expanding open-air spaces, could have long-term benefits, also thanks to the changes in market segmentation due to the pandemic.

Moreover, the Covid-19 outbreak is expected to accelerate the adoption of AI and robotics technology in hotel management practices [16]. Plus, considering the increasing complexity of travelers' demands and requests following the Covid-19 outbreak, big data and analytical/thinking AI capture individual preferences beyond simple segmentation to reach high levels of service personalization [17].

With the pandemic, the personalized experience is gaining momentum by combining the right customer with the right product. As a result, hoteliers should also focus on guests' needs, expectations and satisfaction drivers, not only on the competitive environment [13]. Indeed, it is paramount for hotel managers to analyze and forecast future commercial trends and customer profile changes during and after the crisis. Also, advanced technology and AI can play an increasingly relevant role in providing personalized services and experiences. For instance, machine learning algorithms could be used to analyze user perspectives [18], while AI could be employed in customer care to assist human service employees [19].

However, these tools are costly, and some hoteliers, especially independent ones, could be reluctant to use them. Besides, these tools could not be well accepted by employees or hotel guests.

2.4 Right Price

In times of crisis, luxury hotels should be very cautious in lowering their rates not to affect the reference price and harm the brand image [20]. If decreasing rates in the short term leads to the successful filling of hotel rooms, in the long term, the effect of rate-decreasing may be detrimental to the hotel and the market in which it operates [21].

Revenue management is likely to rely more on analytical models, such as the inclusion of customer behavioral data into forecast and optimization [20], thanks to AI, big data technology and text mining. Indeed, the Covid-19 crisis has brought about new *forecasting* models, optimization strategies and *monitoring* tools. While the forecasting and monitoring models and tools are considered a permanent change in RM practices, the optimization strategies are considered short-term strategies [22], like the incentive for early booking. Thus, to get liquidity, hotels are advised to stimulate the prepaid flex fare [23]. Another optimization strategy regards flexibility and fare simplicity [24].

Lastly, new monitoring tools, such as business intelligence and big data, are deemed to be frequently employed in the long run, as the pandemic accelerated processes that were already in development. For instance, one of the most important metrics is the pace of bookings. SMART reports are increasingly gaining relevance through the integration of multiple sources of data – PMS, Sentiment, Mobility report, Competitor, Big Data, and Google Analytics – which are elaborated in real time to evaluate the customers' intentions to travel and eventually set a price [22].

2.5 Right Distribution and Right Communication Channel

Distribution and communication channels, especially for luxury hotels, are among the temporary and structural changes due to the simultaneous effect of two main factors: increased reliance on the Internet and social media for both guests and hotels and the consequences of the Covid-19 pandemic.

In the short-term, consumers may be more inclined to seek professional travel agencies rather than OTAs [25], while online bookings are likely to play the primary role in the long term. Thus, the pandemic could also be seen as an opportunity to innovate distribution strategies. Indeed, as consumers are more and more prudent with their financial resources, a best-rate guarantee for booking could lead customers to change their booking behaviors in the long term [25]. Direct booking may become the primary mode after the pandemic, surpassing OTAs. Moreover, reinforcing rate parity across all distribution channels becomes key to increasing direct bookings and staying competitive [14].

Regarding proper communication, the marketing budget should be maintained during a crisis. The marketing plan can be redesigned by restructuring the funding for new initiatives to retain existing clients and attract new ones [26]. In times of crisis, communication becomes crucial in the three stages of the consumer lifecycle (pre-, during- and after-stay), as loyal customers remain a key asset, so keeping contact with them becomes pivotal [14;27]. This constant connection between property and guests stimulates the so-called '*never-ending tourism*', a new traveling approach where the trip continues well beyond the stay, thanks to social media [23].

Managing social media reputation is fundamental, as it plays a crucial role in various aspects of the hotel business, such as positioning, demand and messaging [27]. Reviewing clients' current social media strategies is vital to determine whether changes in messaging and targeting are needed. To mitigate revenue loss, hotels could focus their social media marketing strategies on promoting staycations and other revenue drivers less impacted by the crisis [14].

All in all, the pandemic has brought about radical changes to revenue management, both short-term - as a way to counteract the challenges and consequences caused by the Covid-19 pandemic - and long-term ones that structurally modify the face of revenue management by accelerating processes already in progress prior the outbreak of the pandemic.

3 Methodology

This section describes the methodology applied to assess the revenue management strategies adopted by luxury boutique hotels following the Covid-19 crisis, focusing on a specific 5-star property in Corsica (France) called "hotel N" for confidentiality reasons in this research. Also, the following section explains the method of data collection and analysis of the case study through various online and offline sources, as well as in-depth interviews with hotel managers.

3.1 Research Framework

In order to thoroughly answer the research question, an internal and external analysis was carried out, providing a comprehensive and exhaustive approach. The former focuses on hotel N through a case study, while the latter assesses four of its direct competitors (for confidentiality reasons, the names of these luxury hotels are coded). Since this paper focuses on revenue management, both analyses are built around the four main pillars of revenue management defined by Kimes, which were theoretically analyzed in the literature review: right product, right client, right price and right communication and distribution channel. This framework (shown in **Figure 1**) will enable a better understanding of the changes taking place due to the Covid-19 pandemic, in the short and long run, through the collection of both primary and secondary data, such as interviews with hotel N's owners, a typical customer and its competitors, as it will be further detailed.

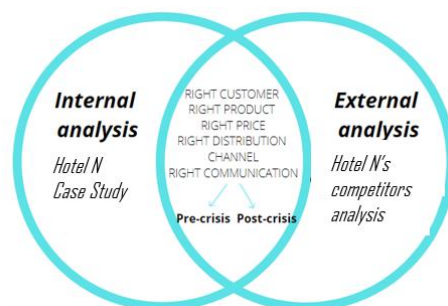


Fig. 1. Summary of the research framework

The qualitative research method was deemed appropriate for this research as it allows one to gain an in-depth understanding of the concepts and strategies suggested by experts and acquire

new insights on topics that are not yet well understood. More, in particular, the case study methodology was adopted since it enables a thorough awareness of the research context and the processes being enacted, with the researchers being an integral part of the process [28].

3.2 Data Collection Method

Data were gathered through primary and secondary research method, so as to collect a comprehensive set of information both from already published sources and directly from experts in the field. Regarding primary research method, in-depth interviews (see **Table 1**) to the owners of hotel N were carried out, as well as to the general managers of four of its main competitors (for confidentiality reasons, their names are coded). An additional interview was realized to Mrs Smith, a guest of hotel N, who well exemplifies the typical customer of a luxury boutique hotel.

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Table 1. Summary of the research interviews

Interview Number	Interviewee	Role	Hotel
I1	Anne L.	Owner	Hotel N
I2	Renaud M.	Owner	Hotel N
I3	Mrs Smith	Client	Hotel N
I4	Martin R.	General Manager	Hotel A
I5	Jean D.	Deputy Manager	Hotel B
I6	Michel S.	General Manager	Hotel C
I7	Marie S.	Direction Assistant	Hotel D

The interviews with the owners of hotel N and its four competitors were semi-structured, encouraging two-way communication, with open-ended questions concerning the four main pillars of RM to acquire a better understanding of the changes occurring with the pandemic, such as the composition of guests over time (right customer), the reopening and the new human resource plan (right product), the new pricing strategy (right price) and the new marketing plan (right communication and distribution channel). The interviews were carried out one-to-one, either face-to-face or by telephone and web platforms (Teams, Zoom, Skype). All interviewees were informed that their participation was voluntary, and confidentiality was ensured before they proceeded to answer the questions. Interviews were conducted in English or French, entirely recorded and transcribed.

The sample deemed appropriate for the investigation of hotel N's competitive environment was of four direct competitors -luxury boutique hotels in Corsica- as suggested by the STR sufficiency rule [29]. An interview was also carried out with a guest of hotel N – Mrs. Smith – who represents the hotel's typical customer base. The goal of this interview was to inquire about the client's motivational and cognitive drivers in the choice of the hotel and the possible shift in expectations due to the pandemic.

To rigorously identify common themes, topics, ideas and patterns of meaning that come up repeatedly in the competitors' interviews, data were analyzed through thematic content analysis, directly applied to interviews' transcripts. The software *Nvivo* was used for in-depth qualitative data analysis following the six-step process prescribed by Braun and Clarke [30]. The software helped the researchers identify common trends, evaluate their relevance and assess relations, thanks to word clouds and various network layouts.

Concerning the secondary research method, documents were retrieved from online public libraries, (hotel) websites, surveys, social media, magazines and the hotel N's PMS. These sources were double-checked and combined in order to ensure the veracity and accuracy of information and data.

4 Results

Covid-19 has not significantly affected revenue management per se; how hoteliers envisage their strategy has changed. Indeed, abnormal circumstances, such as the current health and economic crisis, trigger a set of actions due to a sudden lack of demand that makes businesses more on the vanguard and more likely to question their targeting, product, price, distribution and communication strategies, as hotel N and its four competitors have done. Thus, Covid-19 could be seen as a catalyst of efficiency, fastness, proactivity and creativity.

The following section firstly summarizes key changes in revenue management strategies adopted by hotel N amid the pandemic and compares them with its four main competitors to empirically assess their effectiveness. Secondly, it proposes strategy suggestions for the hotel to ensure a prosperous future in the mid- and long- run.

4.1 Right Customer

Changes in the guests' composition (by nationality) and focus on customer loyalty. Due to the pandemic, hotel N witnessed a reduction of 10.5% of guests in 2021 compared to 2019, with less significant differences in peak months such as August. Moreover, the pandemic has considerably changed the composition of the hotel's market, with a substantial increase in the percentage of domestic tourists and a tiny share of arrivals from the EU and especially extra-EU countries. While in 2019, 56% of guests were French nationals, in 2021, 95% of the guests were domestic, French people coming from the mainland, as shown in **Figure 2** and **3**.

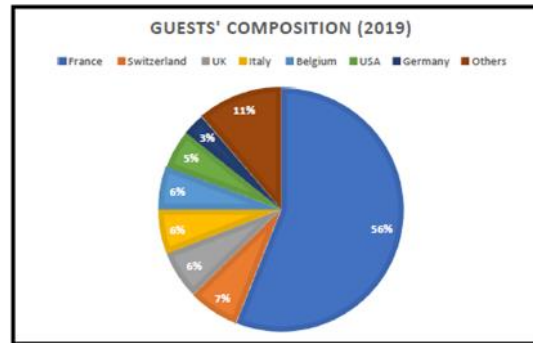


Fig. 2. Hotel N's guest composition (2019)

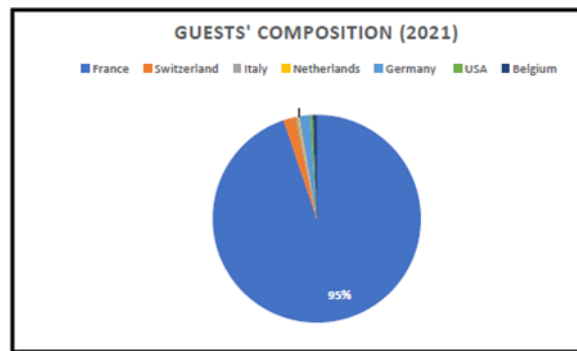


Fig. 3. Hotel N's guest composition (2021)

Similarly, also for the four competitors, the guests' composition has dramatically changed with the pandemic. Before the Covid-19 pandemic, the clientele composition was more balanced in terms of guests' nationality (60% domestic and 40% international) and travel purpose (60% leisure and 40% business). Groups and corporate guests were also an integral part of the customer base. Thus, if, on the one hand, the pandemic has reduced (or even removed) different traditional markets, on the other hand, it has also allowed reinforcing and focusing on a domestic target that is easier to retain, and that pampers itself and thus spends more within the hotel ecosystem (I6). For example, for the 2020 season hotel D was able to attract a solid base of French guests coming back this year (I7).

Moreover, loyalty policies carried out by all the hotels seem to be particularly successful. Indeed loyal customers represent 25% to 50% of total guests. However, some of the managers interviewed have also shown a strong interest in seeking out new customer segments. For example, hotel A searches for and organizes events for multinational companies (I4), while hotel D implements targeted customer policies for a specific geographical area, like the Middle East (I7). Overall, while all the hotels mainly focus on customer loyalty, only two hotels – A and D – also carry out customer differentiation strategies, as summarized in **Figure 4** (I4, I7).

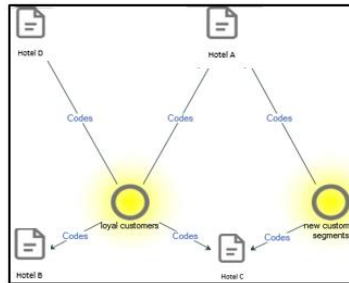


Fig. 4. Competitors' strategy on loyal and new customer segments

4.2 The Right Product

Enhancing products and services based on the contingent circumstances. Hotel N has considerably invested in the product and services offered to the guests. Indeed, in line with the literature, it has focused on developing diversified products/services to reach alternative sources of revenue and keep up with the new guests' demands and requests [15]. For instance, the hotel has focused on renovating and widening open-air private spaces, such as terraces. The opening of an Italian restaurant, *Le D*. Similarly, the four analyzed competitors have also carried out investments in this domain, especially for the renovation and maintenance of existing spaces and the creation of new ones, taking into account the changes in guests' preferences following the pandemic.

Moreover, given the Covid-19 health crisis, hotel N's reopening focused on hygiene and cleanliness, as these measures increase the sense of security for guests without altering the overall guest experience [31]. Thus, hotel N has appointed a Covid Manager to ensure the compliance and follow-up of sanitary measures, and it has enhanced the levels of sanitation in common areas. However, hotel N has not adopted advanced cleaning technology, such as Xenex robots and advanced HVAC, possibly due to the high costs associated with their use which cannot be depreciated on many rooms. Indeed the hotel only has 26 rooms.

Similarly, hotel N's four competitors have also all dedicated significant resources to reinforce hygiene and cleanliness standards through implementing different "traditional" tools (i.e., revision of the SOPs in place or increase in the number of housekeeping employees). Still, none of them has invested in advanced cleaning technologies. Indeed, such technologies are more frequently embraced by well-known luxury hotel chains than boutique hotels due to financial resources and the amortization of the investment in a more significant number of rooms.

Investing in AI is not a priority for hotel N (and its competitors). Although AI reduces guests' perception of risk and enhances the feeling of safety [32], the hotel has deemed it unnecessary to carry out investments in this domain in the short and medium term, even amid the Covid-19 crisis. Indeed, on the one hand, adopting AI and robotics in hotels, especially in high-contact points, could help minimize the risk of cross-infection between guests and frontline employees [19]. On the other hand, it replaces human-to-human contact services with robots. Contrary to the study by Kimes [33], hotel N aims to preserve the human side of its guest experience, even during the pandemic outbreak. Indeed, the hotel strives to reach human proximity with the guests by eliminating barriers between them and frontline employees. Hotel

N's management believes routine and repetitive human services should not be turned into contactless frontline services. Despite being in contradiction with the literature, this reasoning is also embraced by hotel N's competitors (see **Figure 5**), which have strived to “*remain accessible*”, as hotel D's manager mentioned (I7). In other words, the hotel remains at its entire disposal, thanks to an efficient communication system between guests and personnel. The only exception is hotel B, which has recently introduced the possibility of dematerialized check-in while maintaining the traditional face-to-face one to reduce guests' perception of risk.

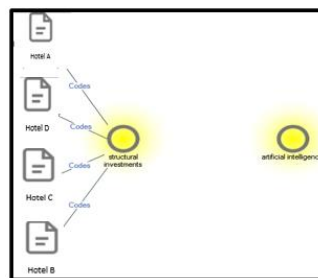


Fig. 5. Competitors' structural investments and AI

In addition to the human aspect, another possible explanation why hotel N and its competitors have not invested in AI, in contraposition to the literature findings, may regard the context they are immersed in, namely the island of Corsica. Indeed, this island is not seen by tourists as a modern destination. What travelers seek on the island is contact with nature, and the discovery of the culture and traditions of the island, thus an overall human experience.

Decrease in investments in human resources in times of crisis. Always regarding the “*right product*”, amid the Covid-19 pandemic, hotel N decided to reduce the number of employees by almost 38% (from 32 to 20 employees) for the 2021 season. However, within a luxury hospitality context, investments in human resources also in times of crisis are beneficial to maintain the same level of service quality expected from a five-star hotel. Instead, hotel N's policy of reducing the number of employees may lead to a reduction in the number and rate of services concerning the pre-Covid-19 years and its competitive context. Indeed, despite the pandemic, the hotel's competitors have maintained the same number of personnel per guest (up to 2 employees per room, as in the case of hotel B).

All in all, employees make the difference in the delivery of a luxury lodge experience. Thus reducing this fundamental asset may lead to less efficient management of operations and a reduced degree of interaction (therefore, personalization) with the guests. This is particularly true for boutique hotels, where guests highly value the human aspect of their stay and where guests' emotions are often influenced by the services and actions of frontline employees. Essentially, the hospitality industry is a people-orientated business – it needs people to serve people – and this aspect is even more necessary for boutique hotels than large luxury hotel chains.

Overall, the ‘right product’ category is characterized by the combination of products & services and workforce. Indeed, each hotel's offer on the market is assessed on the value of its real estate, the uniqueness of its position and the variety and quality of its facilities and services. The second factor affecting the product is the personnel, who can be either a strength or a weakness

depending on the number and quality of the workforce. **Figure 6** shows the relation between these two factors and the four competitors and how these hotels have invested in either one of the two factors or both.

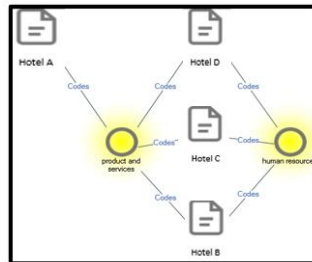


Fig. 6. Competitors' strategy in product and services and human resources

4.3 The Right Price Pillar

Lowering prices to increase occupancy. Hotel N decided to reduce its rates in 2021 by 20% compared to pre-pandemic years, to ensure a base occupancy of hotel rooms at a lower price to attain the break-even point and then increase prices as demand for hotel rooms rises. However, this strategy is not considered efficient, as numerous researchers [20;21] have concluded that decreasing rates do not lead to higher revenues in luxury hotels. Hotel N's competitors have adopted diverging strategies: while some increased their tariffs (hotels D and B), others maintained the same prices (hotel C) or even decreased them (hotel A) (**Figure 7**).

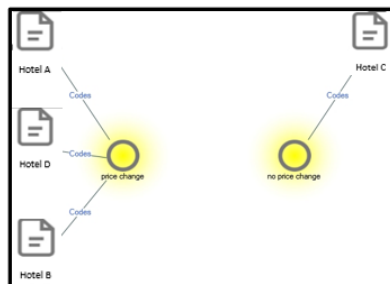


Fig. 7. Price change strategy

Overall, as the literature suggests and the internal analysis highlights, hotel N and hotel A lowered their rates and experienced lower occupancy rates and RevPAR than their competitors that kept the same tariffs or even increased them. Indeed, guests of five-star hotels highly value the effectiveness of services, while lower prices are usually associated with fewer services, leading to the choice of a more expensive hotel. Instead, lowering rates could be effective for other types of accommodation, such as two/three-star hotels, camping sites, and all-inclusive resorts, where rate reductions could be seen as volume optimization strategies (more rooms sold).

Offering flexibility in booking and cancellation policies. Hotel N has enhanced the flexibility offered in its booking and cancellation policies. Indeed, in line with the literature review,

flexibility and fair simplicity have proven to be successful strategies in times of crisis, leading to the long-term sustainability of the business through risk reduction and a rise in financial liquidity [14;24]. More in detail, hotel N has revised its reservation policies for the 2021 season, which are different according to the channel on which the booking was made (direct channel vs OTAs) and has opted for a cancellation policy up to two weeks before arrival. Additionally, the booking window has drastically shortened in the ongoing crisis, and the reservations under date have significantly increased [22;23]. Thus, to optimize the reservations' booking window, hotel N decided to dedicate one employee exclusively in charge of revenue management. Also, to ensure fare simplicity, hotel N has opted for room-only fares with breakfast included, as it allows for lightening up the burden on the HR department (fewer employees needed to operate a complimentary breakfast), be more attractive online and for walk-ins, and reach higher personalization [23].

These numerous changes in booking and cancellation policies carried out by hotel N, in line with the literature primarily in times of crisis and market uncertainty, have also been adopted by the hotel's four competitors, which have set out different types of modifications in this regard. For instance, the cancellation period before arrival has been reduced to one week for hotel D or even 24 hours for hotel A. Also, to skillfully adapt to shortened booking windows, the hotels' management has decided to create a reservation mattress with actions targeted at private sales partners (hotel B), carry out a specific daily forecasting policy on price variations and occupation rate (hotel C) or, similarly to hotel N, appoint a particular employee in charge of reservation management (hotel D). The reinforcement of these measures benefits guests more than the hotels, as they are exposed to last-minute cancellations with a potential loss of earnings. Plus, non-refundable fees (rarely employed during the pandemic) allow hotels to secure a safe share of financial liquidity in advance, which is impossible with flexible bookings.

4.4 Right Distribution and Communication Channel

Increasing direct bookings. Concerning the “*right distribution channel*”, the pandemic has shown how the crisis represents a unique opportunity for a total system reset of hotels' revenue management strategy. The situation has led to a boost in direct bookings, as remarked in hotel N's segmentation analysis. Indeed, as consumers are more prudent, given higher uncertainty, the best rate guarantee for booking direct could represent a powerful message [25]. In line with the literature, hotel N has strived to maximize direct bookings instead of OTAs, as shown in **Figures 8** and **9**, by adopting various actions. Indeed, the hotel sets a 14% lower rate on its website than on OTAs, offers welcome cocktails for clients who booked directly and incentivizes loyal customers to book directly. This is even more important in countries such as France, where the rate parity clause among different distribution channels is not compulsory. Diversifying the rate plan depending on the booking channel has proven to be successful in limiting the number of reservations on OTAs, on which commissions considerably reduce their marginal profitability.

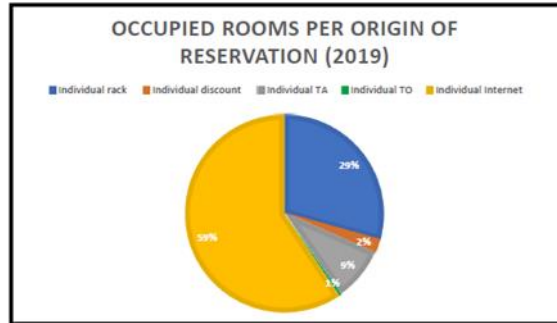


Fig. 8. Occupied rooms per origin of reservation (2019)

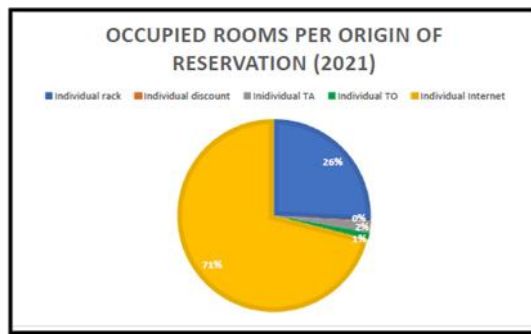


Fig. 9. Occupied rooms per origin of reservation (2021)

Also, the hotel’s competitors have all strived to incentivize direct bookings rather than OTAs with similar strategies by hotel N. However, hotels also employ OTAs as they represent an opportunity to reach distant markets (i.e., Middle East) and acquire international visibility (e.g., hotel D). A striking difference in this strategy is represented by hotel A, which incentivizes reservations on OTAs rather than on the hotel’s website by offering lower tariffs on OTAs, as a tool to gain more visibility on the net, as shown in **Figure 10**.

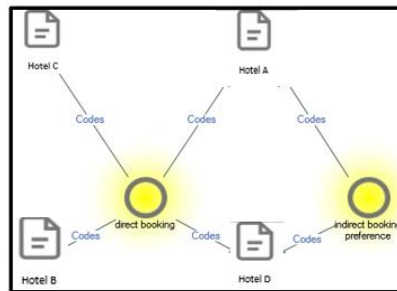


Fig. 10. Competitors’ direct vs indirect booking strategy

Prioritizing social media. Regarding the “*right communication*” pillar, in 2021, hotel N focused on social media as its primary marketing strategy. Indeed, social media are becoming the most powerful tool for effective communication with clients during the three stages of the consumer lifecycle: before, during and after the stay [27]. Social media are also the preferred media, as they boost the number of direct bookings and strengthen brand identity. Thus, with a stronger brand identity, hotels achieve higher total bookings and maximize revenues.

Traditional communication tools, such as newsletters and emails, are also employed, with particular attention given to visuals (pictures, videos, social networks). Indeed, this year hotel N decided not to utilize commercial agencies for its marketing campaign but instead rely on a professional photographer that could take appealing pictures of the hotel and surrounding to be posted on the website and social media accounts. Overall, in compliance with numerous findings [14;26], hotel N mainly focused on communication to preserve the brand integrity, reassure guests of the safety measures adopted and increase the appeal thanks to attractive offers and pictures.

Also, hotel N’s four competitors have all strived to enhance their social media presence while maintaining traditional marketing tools. Yet, they went one step further by emphasizing after-stay communication. Indeed, this is regarded as a powerful tool to retain guests by maintaining active contact throughout the year and proposing new personalized offers to make them come back. Thus, hotel N should follow its competitors’ strategy by putting in place an after-stay communication system that would enable it to reach a higher degree of guest loyalty, that is, return guests who are more likely to book their stay directly on the hotel website.

Investing in brand identity. Lastly, since independent hotels do not have a chain reputation for relying on, they must build their thanks to *ad hoc* actions. The creation of a brand identity does not come without effort. The crisis has shown how this concept is more crucial than ever, as it is an element to which guests tend to hold on, relying more on those hotels owning a stronger brand identity. Hotel N has considerably worked on this aspect by changing its name and logo and creating an Italian restaurant on its rooftop – *Le D.* – that combines two businesses under one brand. Hotel N case shows that the strength of brand identity depends on the number (and quality) of products & services offered by the hotel. Similarly, the hotel’s competitors have increasingly invested in innovations that could strengthen their brand identity on different points of sale and build synergies among them by, for example, creating a private beach establishment (hotel D), a thalassotherapy Spa (hotel C) or a connected hotel to the main one (hotel A).

Overall, as shown in **Figure 11**, hotel A and its four main competitors have concluded that effective social media and strong brand identity are essential sources of communication in the domestic and international markets, especially in a crisis context. Lastly, the interviews highlighted that the hotels strived to strengthen their brand identity by increasing the variety and quality of their facilities and amenities, as shown in **Figure 12**.

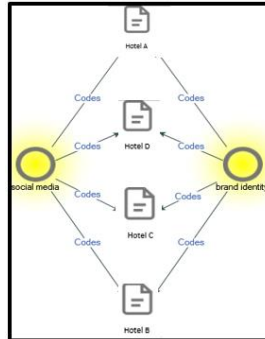


Fig. 11. Competitors' social media and brand identity

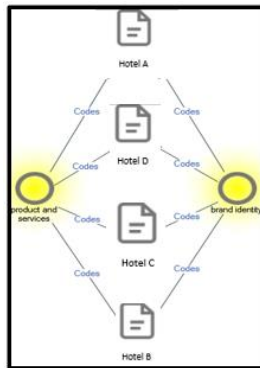


Fig. 12. Competitors' products and brand identity

Suggestions of strategies for hotel N to thrive in the long run. The changes in revenue management strategies carried out by hotel N mostly show a short-term approach envisaged to survive the Covid-19 pandemic and the severe crisis that hit the hospitality industry worldwide. Nevertheless, it is fundamental for hotel N to also adapt its strategy in the medium and long run to remain competitive in such a fast-changing context. Details in **Figure 13** display a few suggestions of actions and strategies part of a business plan for hotel N to thrive in the medium and long run, which should be envisaged as a circle.

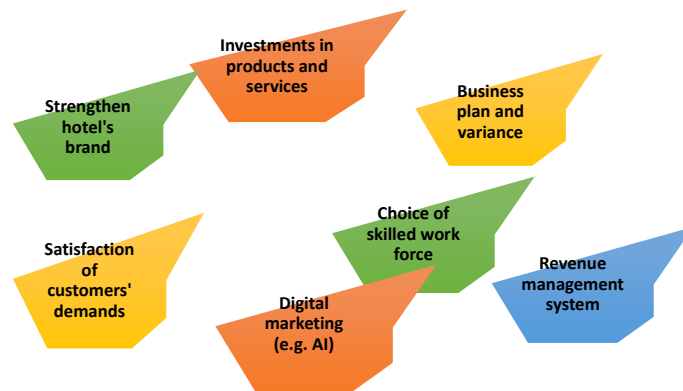


Fig. 13. Suggestions for hotel N’s long-term strategies

Firstly, the business plan's aim and mission should be set out to have a clear vision of the development path to follow, and it should include the analysis of cost variances to reach a reliable budget. A well-structured business plan defines the sales objectives each year by creating an efficient revenue management system and prioritizing human resources. These two components are highly relevant to a seasonal and luxury boutique hotel, such as hotel N. Indeed, regarding human resources, the hotel’s seasonality considerably hinders employee retention and mainly attracts personnel with little working experience, such as interns.

Moreover, introducing a revenue manager at hotel N, and more broadly in small independent hotels, is becoming crucial, especially in periods of increased volatility, despite being an additional cost for the hotel. Since the rate reduction policy carried out by hotel N is not considered successful by the literature and compared to its competitors, the hotel should considerably increase its rates in the following years and align them, at least to 2019 levels (considering inflation). Introducing a revenue manager could also enhance the implementation an effective digital marketing system since revenue management and marketing go hand-in-hand. Indeed, the revenue manager could also enact digital marketing and use artificial intelligence to outline new forecasting models.

By implementing these changes, hotel N would better satisfy the client's requests, delivering personalized services and an outstanding luxury experience. High client satisfaction would strengthen hotel N’s brand identity, a priority for long-term success, and a winning strategy would be to considerably invest in products and services that enhance the distinctive and unique character of the hotel (i.e., private beach). This circle ends with higher profits and, once again, new investments to continuously improve the guest experience in the long run within predefined budgets.

5 Conclusion

This paper has offered a new lens of investigation regarding the impact of the Covid-19 pandemic on revenue management strategies by thoroughly and empirically applying the definition of revenue management provided by Kimes (1989) to the context of boutique hotel

N and its competitors. Moreover, these findings may further complement studies related to luxury boutique hotels, which are not usually the focus of research in hospitality management.

Overall, from the internal and the external analysis investigated in this paper, it can be concluded that hotel N has often gone against the tide in certain spheres of RM, such as right product and right price, both concerning the literature review (i.e., investing in AI and advanced cleaning technologies) and to its competitors (i.e., reducing human resources or decreasing costs to attract more demand). Thus, in such a fast-changing context and especially during times of crisis, to remain competitive, it is crucial to have sufficient financial resources to reach an economic and financial equilibrium, as well as to carry out yearly investments in products & services to create and add value to the hotel business continuously. More specifically, it is essential to outline a strategic business plan by prioritizing human resources and creating an efficient revenue management system that goes hand in hand with an effective digital marketing system. The ultimate goal is to continuously invest in products and services that would strengthen brand identity and ultimately increase profits.

Despite the harmful effects of the pandemic on the hospitality industry, Covid-19 could be seen as an opportunity for innovation and a catalyst of efficiency. In this regard, revenue management has shifted from a more static conception based on historical demand information to a more strategic one, encompassing all revenue streams within the hotel. Thus, it was deemed necessary to investigate the five critical pillars of revenue management envisaged by Kimes [9].

Nevertheless, this paper presents some limitations related to the subject and the methodology. Indeed, hotel N was closed in 2020. Thus the results regarding the changes in RM strategies brought about by the pandemic may be less accurate compared to the hotel's competitors, as the analysis is based only on the season 2021. Moreover, most interviews were carried out in April-May 2021 during the lockdown. Thus, they were held on Skype, resulting in reduced interaction and non-verbal communication and the inability to have a first-hand experience directly in loco. Lastly, an additional limitation could be represented by the biased sample. Indeed only one hotel guest has been interviewed for this research. The points of view of several guests could have been compared and thus enhance the research validity.

Further research may investigate possible divergencies in RM strategies between luxury independent hotels and chains or between seasonal and non-seasonal properties. Other areas of research could study how changes in RM strategies are linked to intrinsic characteristics of a place by, for instance, comparing two destinations having the same legislation (i.e., Corsica vs Cote D'Azur). To conclude, with the Covid-19 pandemic, luxury boutique hotels were obliged to set sail from safe harbors towards unknown seas. Thanks to the resilience of their boat and their sailors' skills, they managed to overcome violent storms.

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