

Cornell Hospitality Reports on Discounting and Turnover Win Industry Relevance 2008 Awards

2008-05-12

Research on the dangers of hotel-rate discounting and on the costs of turnover have been named the 2008 Industry Relevance Award winners from Cornell's Center for Hospitality Research.

The studies published during 2006, are available at no charge from www.hotelschool.cornell.edu/research/chr/pubs/reports/.

The winning reports are "Why Discounting Still Doesn't Work: A Hotel Pricing Update," by Linda Canina and Cathy Enz, and "The Costs of Employee Turnover: When the Devil Is in the Details," by Bruce Tracey and Timothy Hinkin.



Linda Canina, Ph.D.

Cathy Enz, Ph.D.

Bruce Tracey, Ph.D.

Timothy Hinkin, Ph.D.

In the report, "Why Discounting Still Doesn't Work: A Hotel Pricing Update," researchers Linda Canina and Cathy Enz update and extend their findings regarding hotels' costly practice of discounting relative to the competitive set. Using data from strong economic times, they confirmed the industry's conventional wisdom that discounting increases occupancy. However, contrary to what managers may believe, hotels make more money relative to their competitors when they resist the temptation to discount to fill rooms. In short, hotels charging higher prices relative to their competitive set had lower occupancy, but they enjoyed higher revenue per available room (RevPAR). This was true regardless of location or market price segment. Linda Canina is an associate professor of finance at the Cornell University School of Hotel Administration, where Cathy Enz is Lewis G. Schaeleman, Jr. Professor of Innovative Management.

In "The Costs of Employee Turnover: When the Devil Is in the Details," authors Bruce Tracey and Timothy Hinkin employed an innovative, internet-based research method in which hotel managers contributed data regarding employee turnover. They found that the number-one cost of turnover is the damage to productivity caused by the inexperience of new employees. Based on data contributed by 33 U.S. hotels, the costs of turnover are the highest in the following categories: (1) higher complexity jobs, (2) independent properties, (3) properties with relatively high room rates, (4) large properties, (5) high occupancy properties, (6) properties in markets with a high cost-of-living index, and (7) properties in markets with a high unemployment rate. Bruce Tracey is an associate professor of human resources management at the Cornell School of Hotel Administration, where Timothy Hinkin is a professor of management and organizational behavior.

Three other Cornell Hospitality Reports were named finalists in the judging for industry relevance. They are:

"Revenue Management in U.S. Hotels: 2001-2005," by Linda Canina and Cathy Enz, "An Examination of Guest Complaints and Complaint Communication Channels: The Medium Does Matter!," by Alex Susskind, and 'Eight Rules for Competing in Hotel Real Estate Markets,' by Jack Corgel. Susskind is an associate professor of food and beverage management, and Corgel is the Robert C. Baker Professor of Real Estate at the School of Hotel Administration.

The award winners and finalists were selected using the following three criteria: the number of downloads from the center's website (www.chr.cornell.edu), the results of a survey of those who frequently download center materials, and input from the center's Advisory Board.

Thanks to the support of the partners listed below, all Cornell Hospitality Reports and Tools are made available free of charge from the center's website, www.chr.cornell.edu.

About the Center for Hospitality Research

A unit of the Cornell School of Hotel Administration, The Center for Hospitality Research (CHR) sponsors research designed to improve practices in the hospitality industry. Under the lead of the center's 71 corporate affiliates, experienced scholars work closely with business executives to discover new insights into strategic, managerial and operating practices. The center also publishes the award-winning hospitality journal, the Cornell Hospitality Quarterly (formerly the Cornell Hotel and Restaurant Administration Quarterly). To learn more about center and its projects, visit www.chr.cornell.edu.

Center partners and sponsors: AIG Global Real Estate Investment, American Airlines Admirals Club, Davis & Gilbert LLP, Deloitte & Touche USA LLP, Denihan Hospitality Group, Expedia, Inc., Four Seasons Hotels and Resorts, Fox Rothschild LLP, General Growth Properties, Inc., HVS, InterContinental Hotels Group, job.travel, JohnsonDiversey, Inc., Jumeirah Group, LRP Publications, Marriott International, Inc., Marsh's Hospitality Practice, Mobil Travel Guide, Nestlé, PricewaterhouseCoopers, Proskauer Rose LLP, Smith Travel Research, Southern Wine and Spirits of America, Inc., SynXis (a Sabre Holdings Corporation), Taj Hotels Resorts and Palaces, Thayer Lodging Group, TIG Global, Travelport, WATG, and WhiteSand Consulting.

Center friends: 4Hoteliers.com American Tescor, LLC Argyle Executive Forum Caribbean Hotel and Restaurant Buyers Guide Cody Kramer Imports Cruise Industry News DK Shifflet & Associates ehotelier.com EyeforTravel Fireman's Fund Insurance Company Gerencia de Hoteles & Restaurantes Global Hospitality Resources Hospitality Financial and Technology Professionals (HFTP) hospitalityInside.com hospitalitynet.org Hotel Asia Pacific Hotel China HotelExecutive.com Hotel Interactive Hotel Resource International CHRIE International Hotel and Restaurant Association International Hotel Conference International Society of Hospitality Consultants (ISHC) iPerceptions KPMG Japan/Global Management Directions Lodging Hospitality Lodging Magazine Milestone Internet Marketing MindFolio PKF Hospitality Research The Resort Trades RealShare Hotel Investment & Finance Summit Resort+Recreation Magazine RestaurantEdge.com Shibata Publishing Co. Synovate The Lodging Conference TravelCLICK UniFocus WageWatch, Inc. WIWIH.COM

This article comes from Hotel News Resource

<http://www.hotelnewsresource.com>

The URL for this story is:

<http://www.hotelnewsresource.com/article32546.html>

© 1998 - 2008 Nevistas and the author.

Brought to you by Hotel News Resource

Distribute your news on our Network

See what all the buzz is about at:

http://www.hotelnewsresource.com/Info-news_account_info.html