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An Exploratory Analysis of the Barriers to Implementation of the Revenue Management in Upscale Hotel Restaurants in Vienna

Bachelor Thesis for Obtaining the Degree

Bachelor of Business Administration in

Tourism and Hospitality Management

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Vienna, the 21st of June 2017

Affidavit

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Abstract

The restaurant business shows a potential to benefit from revenue management as it shares similar to airlines or hotels characteristics, necessary for the successful application. However, in reality, this opportunity is often neglected or implemented only partially. This paper reviews the applicability of the revenue management concept to upscale hotel restaurants in Vienna (Austria) and strives to identify the potential pitfalls to its implementation. First, a preliminary list of barriers was derived through the theory review and case studies analysis. Based on the primary data collected during the semi-structured interviews with gastronomy experts, the significance of the previously identified obstacles was evaluated while several more barriers were discovered.

Keywords: restaurant revenue management, hotel restaurants, barriers

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List of Abbreviations

RM - Revenue management

YM - Yield management

RRM - Restaurant revenue management

ADR - Average daily rate

RevPASH - Revenue per available seat hour

RevPSM - Revenue per seat mile

RevPAR - Revenue per available room

CMPASH - Contribution margin per available seat hour

ProPASH - Profit per available seat hour

ProPASM - Profit per available square meter

F&B - Food and beverage

RTMO - Restaurant table mix optimizer

KSA - Knowledge, skills, and abilities

POS - Point of sales

CRM - Customer relationship management

CC - Credit card

GM - General manager

1 Introduction

From the appearance of the first yield management practices in aviation, initiated by the Airline Deregulation Act in 1978, the concept of increasing profitability through matching supply and segmented demand groups (Thompson, 2002) was subsequently spread and adopted by other service industries (Phillips, 2005). The successful story of American Airlines - a pioneer company that developed and applied yield increasing techniques to overcome the difficulties caused by the low-cost rivals - has demonstrated the gained competitive advantage, financial improvements and therefore showed the new window of opportunity for the management.

This revolutionary experience has been followed in the late 1980s by another giant, this time from the hotel industry. Marriott International has seen the potential to master and apply the practices as they faced similar with airlines issues. According to the J. W. "Bill" Marriott, Jr., CEO of Marriott International: “Revenue management has contributed millions to the bottom line, and it has educated our people to manage their business more effectively.” According to several studies (Smith. et. al, 1992; Kimes, 2004), successful implementation of the RM practices usually results in 2 to 5% revenue increase that without considerable investments could result in a 50-100% profit increase. To demonstrate the results in practice, by the mid-1990s Marriott has managed to increase annual revenue by $150 - $200 million (Marriott & Cross, 2000). Experts from different industries have acknowledged the benefits of revenue management and considered its practical application. However, an opportunity is often associated with a risk. Not every revenue management plan has been successful. For example, Amazon.com has appeared in the middle of the scandal because of the irrationally fluctuating price changes caused by the RM software error. A similar issue happened to Coca-Cola while planning to introduce dynamic-priced vending machines, the company was confronted by the wave of customers’ negative reaction. Thus, despite the opportunity to increase the revenues in the short-run, one should adapt the techniques accordingly to the business specifics and exercise them with caution.

Similar to other service industries, the restaurant business has shown a potential to benefit from revenue management as it shares nearly same attributes necessary for the successful application (Kimes et. al. 1998). In general, restaurants operate in a complex and highly competitive business environment (Camillo et. al., 2008). Moreover, according to the study performed by Johnson et. al. in 2005, only 8 out of 15 investigated gourmet restaurants appeared to be profitable. In this way, despite satisfying the necessary attributes and having the potential to improve the performance (Kimes,1998), the application of the revenue management practices remains limited (Rowson et. al., 2016).

Nevertheless, the concept of restaurant revenue management (RRM) that appeared in the literature about 20 years ago stays rather in the early stage of adoption. Its essence remains abstract as it is mostly represented in theoretical research papers and the existing case studies bear evidence to an ‘unconscious’ and ‘tactical’ approach to revenue management. In fact, the opportunity to improve the performance through RM techniques is often neglected by the managers or is implemented only partially. Thus, despite sufficient theoretical background, the development of restaurant revenue management in the practical sense remains hindered due to some barriers that are currently not covered in the literature.

Therefore, this paper targets to identify the potential barriers that prevent managers from adopting the successful experience of other service industries, namely, integrating the RM techniques in the hotel food and beverage outlets in Vienna. First, upscale dining was identified as a niche in the gastronomy that due to its particularities has to be considered separately. While the traditional revenue management principles and tools are expected to improve the performance of a ‘casual restaurant,' haute cuisine has not yet received much attention from the RM researchers. Thus, the restaurant revenue management theory was critically assessed and evaluated by the author from the perspective of applicability to the fine dining segment. Secondly, in particular, hotel restaurants were targeted in this study as they shown to have more possibilities and advantages to executing RM techniques compared to the individual culinary establishments (Rowson et. al., 2016). Higher awareness of the RM

principles, shared technologies and information systems, professional marketing, human resources, reservation agents that complete the revenue management team, and simply "economies of scales" should enable easier and presumably more efficient application. Moreover, if comparing case studies of Whelan-Ryan (2000) and Rowson (2016) that were performed with the 16 years difference and both targeted the RM implementation in hotel restaurants, the positive dynamic towards the trend adoption within the restaurateurs could be noted. Nevertheless, both researchers concluded that the application is often based on a gut feel and lacks a strategical approach.

2 Literature review

2.1 Yield vs. Revenue management

As there is no common definition of the revenue management, authors interpret it differently, depending on the industry and the perspective (Rowson et. al, 2016). Nonetheless, the one suggested by Cross (1997) is often referred to and says that *revenue management* is the application of disciplined tactics that predict consumer behavior at the micro market level and optimize product availability and price to maximize the growth. According to Lieberman (2003), *revenue management* is associated with "short-term trade-offs to increase long-term revenues and profits." However, such approach was criticized as it could potentially harm customer relationships (Kimes & Wirtz, 2003). The revenue-oriented essence of the concept should be shifted towards long-term and customer-centric approaches to gain better results (Cross, 1997).

Moreover, one should distinguish the difference between *yield* and *revenue* management. Although in everyday life they are mostly used as synonyms, *yield* - a term invented and still primarily used just by airlines refers to additional income generated either per available seat or passenger mile (Kimes, 1989). As it did not inhere to hotels, they have used yield basis to develop their tools system and started to call it *revenue management* (Cross, 1997). What is more, the is also a difference in the sense. *Yield*

management is mostly inventory specific, and as a branch of RM, it is seen to be more tactical while *revenue management* stays for the strategic application, focused on the big picture (Legohérel et. al., 2013). It involves customer segmentation and its behavior predictions, demand forecasting, inventory segmentation and corresponding price adjustments (Cross, 1997).

2.2 Revenue management industries

Seeing the potential to improve and innovate business operations in service industries, several researchers were striving to discover the commonalities and prerequisites to enable efficient revenue management execution. As it was suggested by Kimes (1989), a firm must share particular attributes, namely, "relatively fixed capacity, perishable inventory, reservations made in advance, appropriate cost structure, variable demand, and segmentable markets". Therefore, to identify and systemize revenue management industries different typologies were proposed. The common classification separates them into traditional and non-traditional by means of service capacity, duration of use, and physical constraint (Figure 1).

	Traditional revenue management industries	Non-traditional revenue management industries	
Industry examples	Hotels Airlines	Restaurants Golf clubs	Theme parks Tourism attractions
Service capacity	Fixed	Relatively fixed	Relatively flexible
Duration of service use	Fixed	Variable	Variable
Physical constraint	Highly constrained	Constrained but elastic	No constraints and elastic

Figure 1: Typology of revenue management industries (Heo, 2012)

Another categorization offered by Kimes & Chase (1998) divides different service industries into four quadrants based on pricing and service duration are fixed or not (Figure 2). Generally, the second quadrant where the duration is predefined and the price varies is seen as the most successful in terms of revenue tactics application. Nevertheless, the lines inside of the

table are broken, meaning despite belonging to a particular industry, one could shift to other quadrants.

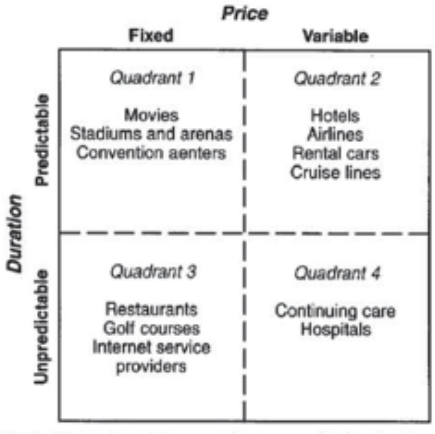

Figure 2: Service industries (Kimes et. al., 1998)

Overall, despite both tables emphasizing that airlines and hotels due to their business characteristics might have the most advantage, other industries have undoubtedly the potential to benefit from RM practices as well. For instance, restaurants that normally belong to the Quadrant-3, meaning the length of service consumption is unpredictable, and the price is fixed could shift to the Quadrant-2 if manipulating both duration and price.

2.3 Restaurant revenue management

In this way, the term restaurant revenue management (RRM) was first entered by Kimes et. al. (1998) a pioneer and a trendsetter in this area. Based on the ground that restaurant business shares most of the prerequisite attributes with other revenue industries, a modified version of Smith et. al.'s (1992) revenue management definition was suggested. Thus, RRM implies "selling the right seat to the right customer at the right price for the right duration." Thompson (2010) argues that RRM is primarily focused on revenue but not necessarily profit increase. Therefore, he suggests a decision-based framework that implies a broader vision of the restaurant revenue management concept.

According to Kimes (2003), the literature on revenue management could be divided into the three research streams: descriptive, pricing control, and inventory control. Similar classification could be applied to the restaurant

revenue management research. Thompson (2010) analyzed the RRM literature from the emergent themes perspective. In this way, the two currently dominant ones were identified: “capacity management” and “customer experience.”

The first descriptive study, conducted by Kimes and co-authours (1998), focused on the concept’s applicability to the restaurant’s business and the appropriate tools. The further research included the strategic framework development and the RevPASH measurement (Kimes, 1999), practical implementation on the real examples (Kimes et. al., 1999; Kimes, 2004). A substantial part of pricing control research is concerned with the perceived fairness (Kimes & Wirtz, 2002, 2003). Inventory control research is primarily related to the duration management as time factor was suggested to be the unit of sale of the restaurant. Thus, the duration control research is based on the arrival and length of table use management. It covers several methods that influence the duration: forecasting (Weatherford & Kimes, 2003), reservation and walk-ins management (Bertsimas and Shioda, 2003; Thompson & Kwortnik, 2008; Alexandrov & Lariviere, 2011), optimal table mix (Kimes & Thompson, 2004; 2005) and table combinability (Thompson, 2003), overbooking (Kimes et. al., 1998).

The role of revenue management in the upscale segment, in particular, was covered in several studies: yield management system in the Dublin hotel food sector case (Whelan-Ryan, 2000), inventory and price control (Kamensky, 2012), development model of the fine dining restaurant (Radjenovic, 2014), Dutch culinary restaurants case (Rowson et. al., 2016).

2.3.1 Upscale hotel restaurants

Traditionally, food and beverage outlets promote and complement the primary service provided by a hotel - accommodation (Van Westering et. al., 1994). Customer perception of these establishments are quite poor as the value for money induced by the high prices is low (Whelan-Ryan, 2000). Extremely competitive market stimulate the restaurateurs to innovate the operations management in order to generate higher revenues. As the restaurant industry has shown the potential to benefit from revenue management (Kimes, 1998), the questions what food and beverage

department do for the income maximization and whether their yield-oriented practices should be integrated into the hotel RM system were raised by Whelan-Ryan (2000). Moreover, a need of developing a strategic yield management model through the systematization and evaluation of different revenue-oriented tools was identified.

As this paper primarily focuses on the restaurants in upscale city hotels, an assumption that all of them belong to the full-service fine dining type was made. Practical observations of Viennese luxury hotel restaurants were supported by the findings of Whelan-Ryan (2000), stating that there is a positive correlation between the hotel's level and the restaurant/-s presence in the hotel. Moreover, the status of the restaurant generally corresponds the level of the hotel. Fine dining refers to the "high level" gourmet experience that is characterized by the high quality of food, exquisite presentation, formal serving standards, finest ambiance and correspondingly high prices (Amelia & Garg, 2016). Hence, the customer's expectations are "exceptional from the regular restaurants, in terms of everything" (Parpal, 2014). Radjenovic (2014) have summarized the aspects of fine dining segment in the table (Table 1).

POSITIVE ASPECTS	NEGATIVE ASPECTS
✓ possibility of achieving high profits ✓ possibility of market development ✓ increase of tourist destination attractiveness and positive impact on the hotel and company image ✓ creating network of loyal clients and employees	✓ necessary access to large and organised market ✓ potentially high fixed costs, as well as supply costs ✓ high costs of investing in staff training ✓ investment in new products development ✓ high marketing costs

Table 1: Positive and negative aspects of fine dining restaurant business (Radjenovic, 2014)

Having the upscale dining restaurant as a hotel facility seems to emphasize the positive aspects while possibly diminishing some of the negative aspects. For instance, guests of the luxury hotels represent the potential clientele group for fine establishments so being closer to the target market

could partially save the marketing costs as well as increase the customers' volume. Furthermore, other expenses associated with human resources and training could be minimized.

Kamensky (2012) have analyzed the restaurant revenue management definition given by Kimes et. al. (1998) and have tailored it to the fine dining restaurant where every party is offered a separate table without the option of sharing. Additionally, as many fine dining establishments do not "expect to have a table turnover," the importance duration could be questioned. While the time of the visit determines the right price in the form of the right menu. As a result, according to Kamensky (2012), RRM is " to sell the right table to the right customer at a right time with the right menu".

According to Rowson et. al. (2016), who studied the culinary restaurants' segment in Denmark, the fine dining area appears to be unexplored and represents "a gap in the literature for RRM". The researchers have separately reviewed the RM practices in the gourmet segment and to gain more insights have interviewed the experienced managers, chefs, owners of both individual and inside the hotel restaurants. Generally, hotel restaurant operators have shown more awareness of the RRM concept and thus have a better understanding of its practical implementation and potential benefits. Nonetheless, both individual and hotel restaurants act depending on the "gut feeling" and lack the strategical approach. The findings indicated the opportunity to improve the revenues by 2-5% if applying revenue management which could be equivalent to almost eight million Euros added to the bottom line annually.

2.4 Restaurants meeting RM attributes

2.4.1 Fixed capacity

First, when talking about relatively fixed capacity it would be clear that the number of seats on the plane or hotel rooms is set and even in a case of high demand there is simply no physical possibility to change or extend it, but when it comes to restaurants? Certainly, there are some space limitations. However, tables size and their location, extra chairs, summer terrace, and other easy made changes provide the flexibility to

restaurateurs compared to their colleagues from other revenue industries. Nevertheless, managing capacity means not only operating a full restaurant but foremost delighting customers by the excellency of dishes and services while generating profits, especially in the time of high demand. In that case extending kitchen size or adjusting staffing level are more complex and expensive options; or for instance changing a menu with items that could be cooked and served quickly - those are factors limiting restaurant's performance and, thus, proving the fact of fixed capacity (Kimes et. al., 1998).

The opposite opinion was expressed by Heo (2012), claiming that the "service capacity" is only relatively fixed. This characteristic is dependent on both the physical capacity which is elastic in the restaurants and the service duration that also varies. The fact of the fixed service capacity is "a key characteristic of successfully applied revenue management" since it affects the perceived value of the service provided. In this way, relatively fixed capacity poses the challenge to restaurateurs while implementing dynamic pricing policies and setting the rate fences. Moreover, striving to utilize maximum capacity could rather harm the quality of the service and the overall atmosphere. To demonstrate the impact of the capacity utilization on the restaurant's experience Heo (2012) has designed a figure (Figure 3), based on the work of Muddie & Pirrie (2006).

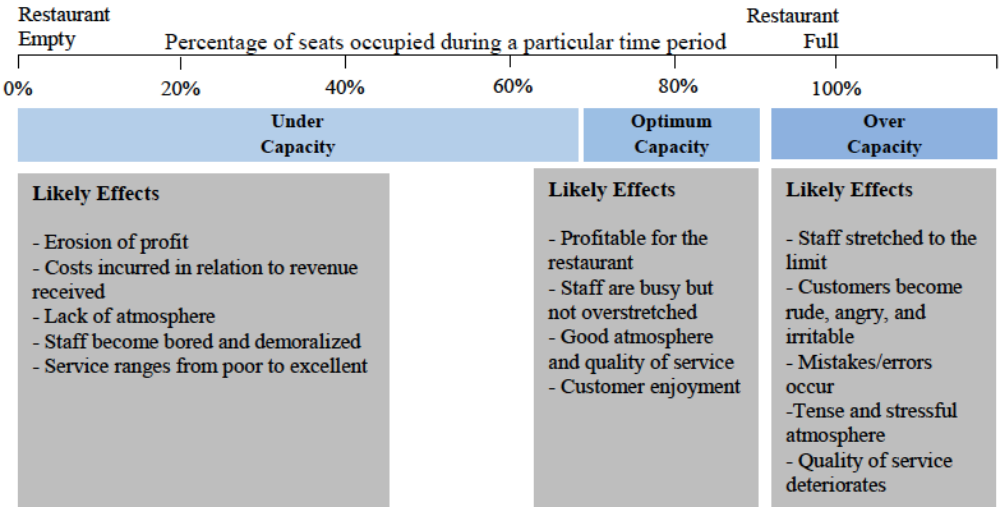

Figure 3: The impact of capacity utilization in a restaurant (Heo, 2012)

2.4.2 Predictable demand

Secondly, the demand for restaurant experience is variable and time sensitive (e.g., busy Friday night vs. Tuesday morning, summer vs. winter). One could also assume it to be quite uncertain since most of the gastronomy establishments tend to have a higher share of spontaneous walk-in guests compared to other revenue industries (Kamensky, 2012) and, thus, the uncertainty of arrival (Kimes, 1998). Given the flexibility to fill up the capacity " in the last minute" should be seen as an opportunity and one more tool for the manager to optimize the revenue by constituting the right mix of reservations and walk-ins. Moreover, in a hotel restaurant residents and non-resident guests should be considered (Whelan-Ryan, 2000). Naturally, both forms of demand are different in their nature and require different approaches and strategies. Nevertheless, the demand could be predictable through forecasting if utilizing computerized or manual reservations' records, guest-arrival pattern, meal duration observations (Kimes et. al., 1998); by performing market analysis. Last but not least, the means of unconstrained demand has to be taken into consideration. Capturing "turned-down reservations and turned away walk-ins " (Kimes & Thomson, 2005) is necessary, however, is not sufficient. A table, adapted by Kamensky (2012) from Hays & Miller (2011), Kimes (2004), Kimes and Thomson (2005), summarizes several more indicators for unconstraint demand estimation (Figure 4).

Number of reservations booked per day	Number of daily reservations cancellations	Number of reservations denied per day	Occupancy achieved (%) -By the restaurant - By table types
Number of WI	Number of denied WI	Customer arrivals by hour	Average check achieved
Average number of guests per table	Total number of units cancelled	Number of reservations for day X	Number of cancelled reservation for day X

Figure 4: Unconstrained demand indicators (Kamensky, 2012)

2.4.3 Perishable inventory

Thirdly, a question of perishable inventory is an actual issue of gastronomy business. Although, it is often thought that raw food and other supplies are those goods that due to their's expiration create waste and, therefore, are perishable. However, as it was argued in the by Kimes et. al. (1998) the truly

perishable inventory offered is the time the seat is available. Starting from unpicked tables, empty chairs (e.g. a couple seated at the four-top), low in revenue orders (e.g. just a drink or dessert), the chance to sell the inventory/ capacity and generating extra revenue perishes. With this in mind, Kimes and her co-authours (1998) have developed the measure to "capture the time factor involved in restaurant seating."

2.4.4 RevPASH and other key performance indicators (KPI)

Previously, restaurateurs were known to be mostly concerned with the number of table covers, average check or total revenue during the given timeframe. Although these are important measures, a comparison could be made to either ADR or occupancy in the hotel that would not provide complete information if evaluated separately. Whelan - Ryan (2000) emphasizes the importance of focusing on "yield profitability rather than costs and gross and net profits." Furthermore, while applying revenue management principles to restaurants, Kimes (2004) argued that particularly the time spent during the meal cycle should be considered as a unit of sale and not just the meal itself. Thus, striving to measure the effectiveness of the restaurant performance Kimes et. al. (1998) has developed a benchmark ratio for a point in time - revenue per available seat hour:

RevPASH = Total Outlet Revenue / (Available Seats x Opening Hours)

This indicator could be used as a support tool for decision making to "review prices, adjust market mix or increase promotional efforts to certain markets" (Whelan-Ryan, 2000). A similar approach has already been invented and successfully adapted in airlines (RevPSM - Revenue Per Seat Mile) or hospitality (RevPAR Revenue Per Available Room) industries. Just like RevPAR that can be calculated in two ways, one could also obtain RevPASH through multiplying the seat utilization by the average check (Hayes & Miller, 2011):

RevPASH = Seat Utilization x Check Average

Despite RevPASH being the most famous and well-known ratio in the restaurant revenue management, other key performance indicators were created and opposed to it. As for instance: CMPASH - contribution margin

per available seat hour (Thompson, 2003), ProPASH - profit per available seat hour and ProPASM - profit per available square meter (Heo, 2016).

2.4.5 Cost and pricing structure

According to Kimes et. al. (1998), restaurants have a similar to hotels cost structure, in fact, high fixed but relatively low variable costs. Undoubtedly, to sustain, the business should generate sufficient revenues to cover the expenses, low variable costs "allow for some pricing flexibility" with an option of price reductions during the off-peak times.

Regarding upscale hotel restaurants, the variable costs are generally higher than in casual restaurants: food and drink cost vary between 30% and 37% (Radjenovic, 2014). Knowing that gourmet restaurants provide exclusive fine dining experience and, therefore, have high prices, this service is considered to be rather a luxury than a necessity. The demand for fine dining restaurants is less elastic than for ordinal restaurants, meaning price increase would not cause a significant demand decline. Moreover, with the income increase the demand for superior goods is rising more than proportionally (Hal, 1992). On the contrary, a substantial decrease in price could harm the image of the restaurant and its quality. In this way, to maintain the status and be able to cover higher than average variable costs, price reduction in the hotel restaurants should be introduced more carefully.

2.4.6 Customer segmentation

Segmented customer markets are one more attribute inherent to revenue industries, including the restaurants (Kimes, 1998). Kamensky (2012) has systemized existing research (Ansel & Dyer, (1999); Hayes & Miller, (2011), Kimes (2004), Kimes & Thompson, (2005)) on the on necessary information for customer pattern understanding (Figure 5). Furthermore, segmenting customer behavior through the "5 W's and H's analysis" was suggested.

Demographic characteristics	Dining patterns	Average amount spent/ Tipping patterns	Transaction data
Costumer contact data/ Memberships	Average party size	If they meet the performance targets	Number of cancelled reservation
Number of reservations	Number of denied reservations	Customer satisfaction	Time of arrival

Figure 5: Customer pattern (Kamensky, 2012)

Additionally, hotel restaurants have an advantage of collecting and analyzing data on their visitors by applying the technology and technics already developed by the hotel (Ansel & Dyer, 1999).

2.5 Strategic levers of demand management

Although restaurants seem to fulfill the necessary revenue management conditions (Kimes et. al., 1998), Whelan-Ryan's (2000) study has shown that the application of the concept has been rather tactical and lacks the strategical approach. To enable successful revenue management strategy, the restaurateurs have to focus on customer demand. Thus, to control it Kimes and Chase (1998) have determined two main levers that could help to increase restaurant's profitability: *demand-based pricing* and *duration management*.

2.5.1 Demand-based pricing

Similar to other revenue industries, *demand-based pricing* approach aims to match different types of customer's demand with the price they will be willing to pay for the services. In other words, offering special deals to attract price concerned customers during the low season and at the same time managing the demand by raising prices at peak times to guarantee the service availability to less price-sensitive guests (Kimes, 2004). Indeed, price management of a restaurant has a potential to go far beyond the happy hours and similar, discounted offers. Unlike in the hotels or airlines, where the price of the room or a seat is continually updated and adjusted, the menu prices remain constant "regardless of the customer's demand characteristics" (Kimes et. al., 1998). Thus, the operator could develop a "demand-management program based in part on time-sensitive pricing" (Kimes et. al., 1998). However, differential pricing policies like charging premium prices at peak times are often avoided by restaurateurs on the ground of the customers' negative perception.

The research conducted by Kahneman et. al. (1986) has focused on the fairness issue and concluded that "the timing of sale" on its own (busy night vs. slow night) is not "viewed as a fair reason to change prices" (Kimes et.

al., 1998). With this in mind, Kimes and Wirtz (2002) have conducted a study to determine customers' perception of fairness towards various demand-based pricing strategies. One of the most significant findings was that despite the price difference remained the same in the absolute value, the respondents perceived discounting to be fairer than surcharges offered for obtaining additional value. In this way, coupons, time-of-day offers ("early bird," "happy hours"), lunch menu versus dinner pricing were accepted by customers and rated as fair. Days-of-week pricing, namely weekday vs. weekend has received relatively neutral feedback, even though higher prices during the weekdays seemed to be less acceptable than the other way around. On the contrary, price differentiation based on table location was perceived highly negatively by the restaurant patrons and considered unfair (Figure 6). The study of Kimes and Wirtz (2002) was extended in 2003 by taking the customer's origin into consideration. Similar results were found, although the participants from Sweeden have shown the highest acceptance level, followed by the Americans and then Singaporean respondents (Kimes, 2003).

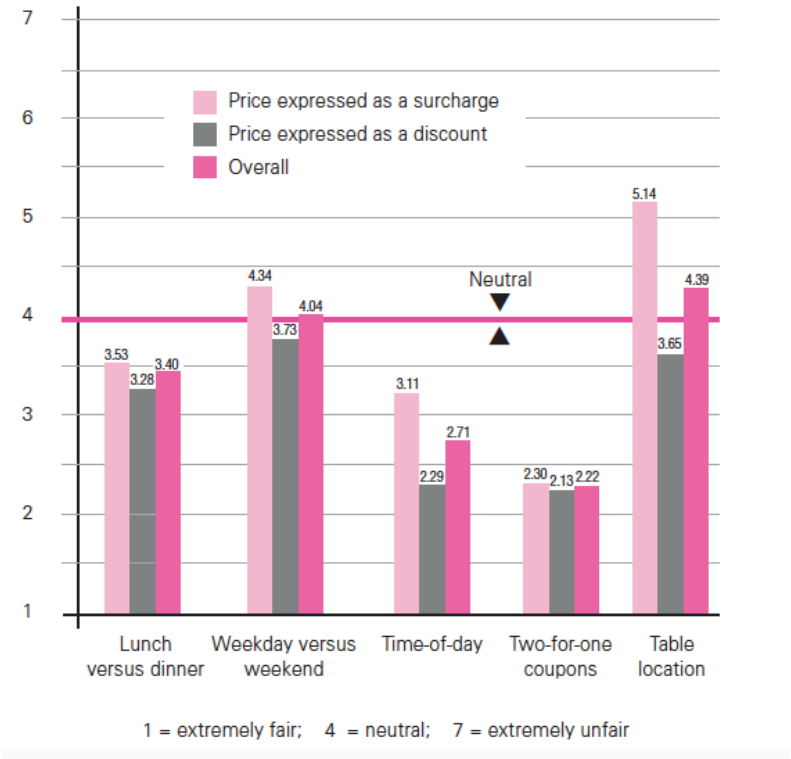

Figure 6: Consumers' fairness perceptions of demand-based pricing tools (Kimes & Wirtz, 2002)

Another study on the perceived fairness of the demand-based pricing in hotels and airlines (Kimes, 1994) has shown that the acceptance of the airline's policies was higher than of hotels. The finding was explained as the airline industry has a longer history of practicing revenue management. The follow-up study (Kimes, 2002) has proven researcher's hypothesis that the perception can change over the time since by this moment the customer perception for both industries became the same. Clearly, price changes have to be justified and implemented carefully as there is a high risk of causing customer's discontent and instead of generating extra revenue - losing customers and, thus, business. However, one could suggest that with the time the perception of the demand-based pricing in restaurants would also improve. In the meanwhile, introducing price fences could be a necessary action taken by the restaurant managers.

2.5.2 Price fences

The attributes for the price fences development, described by Kimes et. al. (1998), could be divided into physical and intangible subtypes (Figure 7).

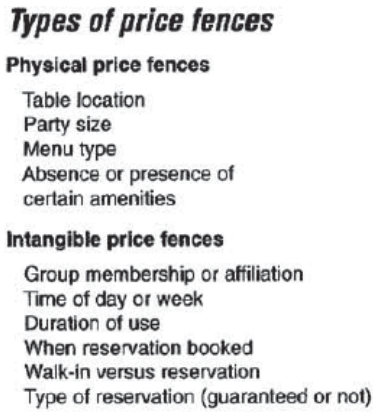

Figure 7: Attributes for the price fences development (Kimes et. al., 1998)

Referring to hotel restaurants, such policies as offering lower prices to the groups with pre-defined or limited menu items selection; sub-charges for extra amenities and services ("meet the chef") could be executed with the low risk of customer's resistance. Unlike the attempts to charge for the "better table" or simply because of the group size. Intangible price fences, aimed to optimize the demand, are generally more delicate and customer-

friendly. Although, visitors have positive attitude towards discounting, the operators should be careful with these techniques as they influence the perceived value and quality of the service (Kimes et. al., 1998).

It could be especially critical for fine dining restaurants. Even when the variable costs are covered, “discounts should fit the restaurant’s overall strategy” and the concept. Apart from early bird specials, hotel restaurant could induce the demand by creating special dining events accompanied by wine-tasting, live music, etc.; hosting dining clubs; creating special packages and offers for the meetings’ guests in the hotel; offering bonus points during the off-peak time (Kimes et. al., 1998).

2.5.3 Menu engineering

Last but not least, the approach behind the price formation should be considered. Traditional “cost average plus the margin” method could be improved by adding the elements of demand pricing. Thus, to analyze the menu’s efficiency and the existing pricing, the menu engineering could be performed. Each item is divided into the four categories of the Boston Consulting Group matrix (Figure 8) based on the contribution margin and sales volume. From the RM perspective, the price increase for stars and workhorses shows the potential to generate extra revenue due to the high demand, while puzzles may be possible candidates for discounts, unless strategically positioned. Dogs items are present in most of the menus. However, their necessity has to be evaluated and the amount either minimized or removed completely.

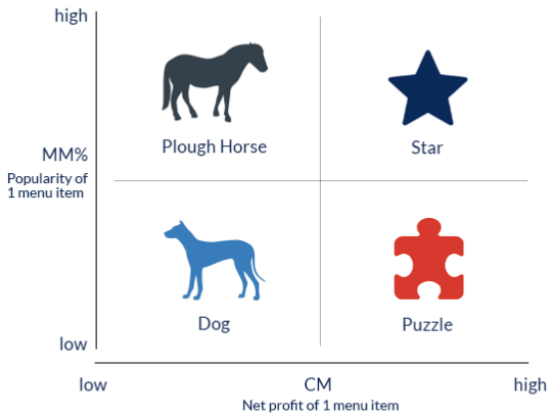

Figure 8: Menu classification chart (Frampton, 2015)

The results of menu engineering and customer's reaction to it should be monitored so the prices could be readjusted, if necessary. Moreover, this technique is easy to implement and does not require high investments since fine-dining restaurants typically offer temporary menu that changes with the season.

2.5.4 Duration management

The second strategic lever available to restaurateurs, however often neglected is duration management. To begin with, redefining the essence of duration is a fundamental part of the restaurant revenue management. Although it is common sense that restaurants offer meals, in fact, they are "selling time in the form of meals of predictable length"(Kimes et. al., 1998). Therefore, it is crucial for restaurateurs to know the time it takes to complete the full dining experience. Asking customers directly how long they plan to stay would probably be the easiest approach. Nevertheless, for the restaurant industry that is still mostly found in the transitional position of adopting revenue management, lack of customers awareness and acceptance would rather harm than benefit the business. For example, it would be simply improper to limit the time of the table use, especially for the customers of fine dining establishments. Thus, due to the ethical issues and risk of customer dissatisfaction, direct controlling is not a common practice, so the length of table use is often left unpredictable. Moreover, lack of systematic process at the kitchen or/and training of the waiting staff could decelerate the speed of service that, indeed, decreases the number of customers served. Additionally, late arrivals and no-shows make tables empty in the peak times despite the waiting line. Hence, such issues as the uncertainty of arrival, meal and service duration complicate both reservations taking and walk-ins seating processes that consequently prevents the ability to increase revenue.

In order to overcome the barriers, Kimes (2004) have analyzed and suggested the methods of managing duration in restaurants. Indeed, to control and eliminate the uncertainty both internal (without customer involvement) and external (with customer involved) measures have to be applied (Figure 9). Since the gastronomy industry is not homogeneous, not all the methods mentioned could be suitable for every restaurant type. With

this in mind, the particular case of upscale hotel restaurants will be taken into consideration with its advantages and drawbacks.

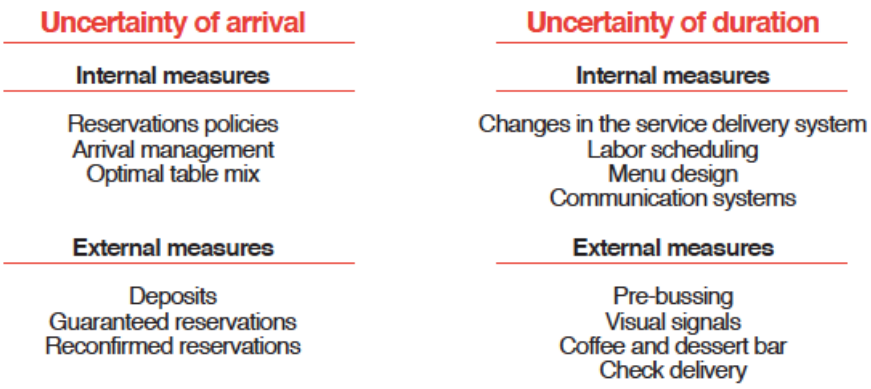

Figure 9: Methods of managing duration (Kimes, 2004)

2.5.5 Uncertainty of arrival

Reservation policies

Although the restaurateurs have freedom between taking reservations and relying solely on walk-in business, for the fine dining establishments reservations could be found more favorable for several reasons. At first, the staff could focus on the service speed and quality without the rush of the customer's flow (Fischer, 2005). Secondly, high variable costs require a better understanding of the demand and, consequently, adjusted sourcing and labor decisions (Alexandrov & Lariviere, 2011). Thirdly, the specifics of the "product": as hotel upscale restaurants are often frequented either for the special occasions (locals, tourists) or during the hotel stay, the visit is more likely to be planned and, therefore, reserving a table in advance - more common.

Arrival management

Knowing the timing and volume of customer arrivals is crucial for forecasting and optimizing the ratio of reservations to walk-ins. Furthermore, minimizing the uncertainty of customer arrivals through forecasting has an advantage of using the data of hotel occupancy: as there is a high share of hotel guests among the restaurant visitors, it should be easier to predict the volume of demand. Also, the reservation in the hotel

could be taken through a higher variety of channels compared to the casual restaurant. For instance: telephone, on-line platform, email, directly at the reception or with F&B employee. However, in this case the risk of miscommunication and not desired overbooking become higher, so the task of the F&B manager to control the sources, update the booking status and communicate it with the team.

The importance of different seating techniques on the operational efficiency was explored by Thompson and Kwortnik (2008). The findings have shown the advantages of creating "pooling" reservations instead of holding the tables pre-assigned to a particular reservation and, thus, having them "locked" (Huang & Chang, 2011).

Overbooking

Regarding the overbooking policies, a common method in other capacity-constrained industries to overcome no-shows and cancellation, it is usually avoided in restaurants as the last minute walk-in demand is thought to fill the capacity. According to Kimes (2004), this strategy could be justified under the condition that there is enough walk-in demand at the right time, what is unfortunately not always the case. Therefore, she suggested to develop acceptable overbooking policies based on the accurate forecasts to offset potential losses and at the same time to be able to offer customer handling and compensation for the displaced parties. Since the restaurant is also one of the hotel's facilities, a restaurateur is recommended to keep some tables for the potential last-minute hotel guests. A denial of the internal guest could potentially ruin the impression of the whole hotel experience, while a denial of the external guest without a reservation could be less tragic and be perceived as the place is popular and maybe worth trying for the next time.

Optimal table mix

Another point often overlooked in arrival management is an optimal table mix - the one that matches the party size mix as close as possible. According to Thompson (2003) who closely studied this matter, main benefits gained through this technique are: simplified guests seating,

minimized waiting time and increased seat occupation. Although increased amount of tables and seat occupancy would reflect on the restaurant's workload and, thus, require more staffing, the revenue generated is likely to cover the cost associated. A well-known example of the concept application is the restaurant that is mostly visited by couples, however, at the first place furnished with only 4-tops. Successful table mix optimization has demonstrated the potential to increase revenue up to 35% that was previously diminished. The simulation study performed by Thomson (2002) has shown that large restaurants, on the contrary to small ones, are better off when a variety of different non-combinable tables is available. Moreover, if the table mix is accordingly changed every night, a restaurant can additionally increase the revenue by 1,2%. Thus, to assist restaurant managers Thompson (2007) has developed a web-based tool - RTMO (restaurant table mix optimizer). The method has received the approval (Kimes & Robson, 2004). However, such imperfections as lack of "guidelines for positioning, configuration, and styles of the recommended table mix" were pointed out (Rowson et. al., 2016).

Reservations guarantee

Other methods to reservation management require customer involvement. For example, reservations guaranteed by credit card or deposit is already a well-known and generally accepted practice for the special events and meals (New Year's Eve, Easter brunch, etc.). However, during the low season, these restrictions could be still disapproved. Especially in the fine-dining sector, this approach is more integrated and practiced on the daily basis. High-starred gourmet establishments that have enough demand all-year around put a charge if the reservation was not honored typically in the form of the fixed fee per person. Although, this technique would help restaurateurs to make the customers more responsible while making reservations and potentially minimize the costs related to no-shows, in case of hotel restaurants, not every guest would be pleased to provide the credit card once more or be charged from the security reservation deposit given to the hotel in case of extras. Rowson et. al.'s (2016) study has shown that in the Dutch culinary sector credit-card guarantees are sometimes applied in hotel restaurants, mostly for the group reservations. The respondents

have identified mostly negative aspects related to guaranteed reservations, namely, the “cultural issue“ - people in Netherlands are different from the ones in the United States and are less likely to accept such policy; “extensive deskwork” - obtaining signatures, permissions from the card holders.

Reconfirmed reservations

Therefore, instead of facing dissatisfaction and trust issues, some more service-oriented and customer friendly actions could be taken. For instance, reminding of the reservation and reconfirming it via the phone would benefit both the customer and the manager. Clear communication would contribute to the forecasts accuracy. Even if the reservation waere canceled, such customer relationship management would increase the chance of the honored reservation next time. Additionally, last-minute cancellations could be offset by creating a waiting list so that the potential customers would be informed about tables available. Although this method is similar to overbooking, it is less risky to cause inconvenient situations. The interviews conducted by Rowson et. al (2016) have shows that despite some upscale Dutch restaurants provide “courtesy call system,” other restaurants do not honor such practice on the ground that “it would be much additional work.”

Another alternative reservation policy mentioned by Kimes (2004) - “call-ahead sitting” is unlikely to be implied in the hotel restaurants since, at first, the majority of guests are often foreigners that hard to be communicated via the phone, and, secondly, if not properly explained, the complex policy of sitting could create customers confusion and dissatisfaction.

Apart from no-shows even when the reservation has been honored other issues still occur. Firstly, late-shows if properly communicated could be easily reduced through setting “the maximum hold time” for the table and afterward given to any waiting party. On the contrary, dealing with short-shows is more difficult. Charging a per-person fee a customer that left after having only starters at dinner time would be problematic unless the full course menu was booked ahead. Even in hospitality, that faces similar issue

more frequently, a policy of charging early departure fee was met with resistance and is often counterbalanced with overbooking.

2.5.6 Uncertainty of service duration

Instead of direct asking restaurant's patrons, another approach to defining the meal duration could be applied. It involves forecasting based on simple observations and manager's estimations of the average meal length. Clearly, it would vary depending on the dishes ordered, part of the day (lunch vs. dinner), customer type or whether a special occasion occurs. However, to achieve more accurate results, the restaurant operator should strive to reduce the deviation by making this time more consistent (Kimes, 2004).

Undoubtedly, if the duration of a complete meal during the peak times could be reduced, there would be a possibility to serve more people and, thus, increase the revenue. However, the customer reaction to such action could be questionable. Both of the cases, when the dinner takes too long or is too short would not be favorable. Kimes and her co-authours (2002) have attempted to measure how long a casual dinner should take and, therefore, have conducted a survey. The ideal length of duration was assumed to vary by:

• the type of the restaurant - the higher is the level of the establishment, the longer meal duration foreseen compared to the casual restaurants

•the motive of dining (e.g. special occasion dinner vs. casual dinner)

•the diner's characteristics (e.g. age, income, nationality, etc.)

The participants have identified the average optimal dinner time at around one full hour. However, when looking closely at nationalities, Europeans unlike the Asian or North Americans, prefer to have a longer meal time around 77 minutes so not to feel shortchanged. Also, the researchers have identified a significant latitude of the casual dinner length between being too short and too long, meaning that that slight adjustment would not bother the customers. Turning to meal duration in the upscale hotel

restaurants in Vienna (Austria), rather considerably longer than obtained average time should be foreseen by the manager due to several reasons. Firstly, high level of the restaurant presupposes not just the exquisite gourmet cuisine but also excellent not rushed service. Secondly, there is a higher probability for such restaurant to be chosen for the special occasion or a dinner as a unique experience itself, unless spontaneously visited by the hotel guests for a quick meal.

Internal measures

Referring to the Figure 9, controlling the meal duration could be possible though such internal approaches as menu design, labor scheduling, improved service delivery and communication systems. While considering the specifics of fine-dining restaurants, the main focus has to be made on the service quality that complements the meal experience. To discover the potential for improvement, Kimes (2004) divided the dining process into three parts: “pre-process, in-process, and post-process.” She has suggested a compromise between the restaurateur and the customer in restraining the meal duration. Namely, reducing delays and inconsistency of service speed in “before” and “after” the meal stages would rather improve the impression of the service without making guests feel rushed. Thus, performance enhancement in small details like a greeting, taking and delivering the order until the check delivery could already make a difference in the revenue.

Regarding the menu redesign suggestions for eliminating the time of both preparation and consumption phases, at first glance this technique would not be as beneficial as in the casual restaurants due to the expected cooking quality. Instead, the demand-based menu engineering discussed previously, could be implemented.

Additionally, improved forecasting and internal procedures have to be supported by the appropriate staffing level. Especially in the upscale restaurants the understaffing could a critical barrier in the way of efficient service delivery. Another aim, crucial for every industry, is establishing communication system among the employees. Right order, timing, accurate and precise communication is the key to keep the meal duration optimal,

avoid misunderstandings and possibly increase the RevPASH. To achieve it many restaurants exploit the technology in the form of headsets and table-management systems.

External measures

Duration management could not be performed without partial customer's involvement. If the party prefers to linger at the table for some time during the peak time, all the internally taken efforts to reduce the dining time would be senseless and the next party's seating - delayed or impossible. Thus, sometimes managers have to resort to additional implicit and explicit measures to influence the customer. Although explicit approach through direct asking or visual signalizing is generally avoided, the implicit approach in the form of table bussing or check delivery is used more frequently, but still, have to be applied carefully.

2.6 Revenue management program

Kimes et. al. (1998) concluded that despite practicing a variety of techniques, the application of restaurant revenue management remains tactical. This fact was supported by the findings of the Whelan-Ryan's study (2000) of the Dublin food sector and later on confirmed by Rowson's et. al. (2016) case study of Dutch culinary restaurants where the interviewed restaurateurs admitted to relying rather on "gut feeling", last Friday happenings, and emotions than numbers. In order to bring the restaurant revenue management to the new strategic level, Kimes (1999) have developed an algorithm and demonstrated its effectiveness on the example of the mid-scale chain restaurant based in the United States. Following are the five steps of the program:

1. Establish the baseline
2. Understand the drivers
3. Develop a strategy
4. Implement the changes
5. Monitor outcomes

As the result of the strategy's implementation, the restaurant was able to meet the goal and increase the revenue by 5% compared to the other restaurants of the chain whose processes we not modified. Although the project required some investments, the cash-on-cash return was close to 108%. Meaning the expenses would be fully covered in less than one year, however, without much limits to the future profits.

Although Whelan-Ryan (2000) acknowledged the revenue management strategies created by Kimes et. al. (1998), the relevance of the duration management methods in upscale hotel restaurants was questioned. Firstly, most of the techniques suggested are applicable only if demand exceeds the supply what is rarely experienced in the upscale gastronomy. Secondly, such important aspects as "meal experience in its totality," "sales techniques for increasing revenues," "average check" were not considered.

2.7 Barriers

To summarize, after the careful reviewing of existing literature and case studies, the following barriers to strategic RRM application could be identified:

1. Particularities of the fine dining as a product:

- quality standards (Rowson et.al., 2016)

- the absence of excess demand (Whelan-Ryan, 2000)

2. Customer related:

- fairness perception of the policy (Kimes et. al., 2002)

- cultural aspect (Rowson et.al., 2016)

3. Operator related:

- general awareness (Whelan-Ryan, 2000; Rowson et. al, 2016; Kimes & Beard, 2013)

- deficit of particular knowledge, skills, abilities (Cetin et. al, 2016)

4. Technological constraint:

- lack of the integrated RM system designed for specifically for restaurants (Kimes & Beard, 2013)

2.7.1 Quality perception

Fine dining restaurant's product is different from the one offered at the casual restaurant. Customers are paying a visit to such establishments to purchase not just for a meal itself or even the time spent (Kimes, 1998), but the holistic experience provided. High-quality standards and correspondingly high prices set certain expectations level (Amelia & Garg, 2016). In this way, certain RM techniques developed by Kimes rather for a casual restaurant could harm the impression of the service and cause customer dissatisfaction. For instance, frequent discounts, special offers, vouchers could lower the expectation of the food quality. Several examples could be given, duration limitations and expedited service speed, a higher number of smaller tables negatively influences the perception of the service quality and ruins the atmosphere.

2.7.2 Demand issue

Another barrier, related to the particularities of the upscale dining as a product is the absence of excess demand. As it was discussed by Whelan-Ryan (2000), restaurants in luxury hotels hardly ever (except for the special occasions) face a situation where the demand exceeds the supply, so the situations of overcapacity are less likely to happen. This condition limits the set of revenue management tools available to the operator. In other words, most of the techniques suggested (e.g. overbooking) become inapplicable and meaningless.

2.7.3 Ethical issue

The ethical issues related to the restaurant revenue management are mostly concerned with the customer's perception of the policies and the cultural background to some extent. The fairness perception of the different demand-based pricing techniques was studied by Kimes and Wirtz (2002; 2003). Although some of the practices could be justified in the customer's

eyes, the issue of resistance and disapproval of the other restaurant's policies could be a serious barrier while implying the RRM.

During the interviews with culinary restaurant owners, Rowson et. al. (2016) one of the respondents stated that the attitude and culture of people towards some RM techniques (e.g. credit cards guarantees) is different in Netherlands and the United States. This fact was proven in the study of Kimes and Wirtz (2003), meaning the cultural background of the guest is one of the variables influencing the customer's acceptance towards the RM practices and, thus, could be a potential barrier.

2.7.4 Knowledge, skills, abilities

Food and beverage managers are playing an important role in the revenue management team of the hotel (Whelan-Ryan, 2000). Apart from the general responsibilities of a restaurant manager, there is a list of the special tasks, "adapted to incorporate the yield management process" (Whelan-Ryan, 2000), discussed in more detail by Waller (1996). These roles should be considered and adopted in a hotel that plans to transform the restaurant into "a revenue-generating center in its own right" (Whelan-Ryan, 2000).

As some of the case studies showed (Whelan-Ryan, 2000; Rowson et. al, 2016), sometimes the restaurant operator's unawareness of the RM concept itself could be the most fundamental barrier to its application. Although, hotel restaurants due to the knowledge spillover effect tend to have higher awareness compared to the individual gourmet establishments (Rowson et. al., 2016). Moreover, while comparing both case studies (performed in Europe with the difference of 16 years), the positive tendency towards the adoption of the RM practices in restaurants could be seen. Nevertheless, "the strong RM culture," awareness and understanding of it by every staff member is necessary for the successful RRM (Kimes & Beard, 2013).

Cetin et. al. (2016) underlined the importance of the manager's personal qualities in the effective revenue management implementation that requires both "science" and "art" (e.g. intuition). Under the circumstances that every company would have access to the state of art technologies, only knowledge and human factor could serve as a competitive advantage.

Indeed, revenue staff faces both internal and external challenges that could be overcome if possessing some knowledge, skills, and abilities (KSAs). As the findings of the study, the challenges were identified, systemized and matched with the necessary competencies (Figure 10). Thus, lack of the mentioned knowledge and competencies could be a potential barrier for F&B managers to a successful application of the revenue management strategies.

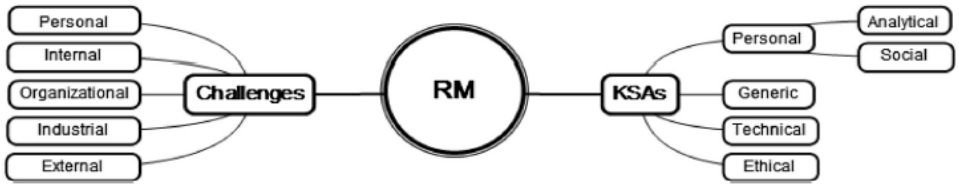

Figure 10: Revenue management challenges and KSAs (Cetin et. al., 2016)

2.7.5 Technology

Technological aspect represents the next barrier on the way to successful revenue management application. As it was identified by Kimes & Beard (2013), restaurants lack an integrated RM system that would combine the point of sales data (POS), reservations and customer relationship management (CRM). Not only the computerization of the data but the systematic approach to the data collection, analysis and decision making would lead to more efficient and strategic revenue management utilization in the restaurants.

3 Methodology

The purpose of this study is to identify potential barriers to revenue management application in upscale hotel restaurants. Since the studied topic is barely covered in the literature, the qualitative research would enable to collect the maximum amount of information. Thus, considering the exploratory nature of the researched topic, the qualitative approach in the form of semi-structured expert interviews was assumed to be the most suitable method for the primary data collection.

The respondents were selected through a purposive homogeneous sampling. This approach "focuses on one particular subgroup in which all the sample members are similar, such as a particular occupation or level in an organization's hierarchy" (Saunders et. al., 2012). In this way, experienced F&B managers of 4-5 star hotels in Vienna were identified as the experts relevant for this study. The target managers were reached through emails and were invited to participate in the study. As it was argued by Decrop (1999), to obtain rich and meaningful data every interview should be based on previous interviews. To evaluate the necessary time and the general framework, the author has conducted a test interview with a postgraduate student that has both work experience in the hospitality industry and knowledge of qualitative research methods. The number of interviewees was determined by employing the principle of the "data saturation" - a point where responses become repetitive, and there is no new data to collect (Strauss & Corbin, 1990). Under these circumstances, the saturation point was reached by the sixth interview, so the insights of five experts constitute the primary data to be used in this study.

All the interviews were done in person under the author's moderation and were recorded for the future analysis. A semi-structured method implies using the interview guide with some predefined, often open-ended questions and topics, however, it still leaves the possibility to diverge from the framework. Thus, semi-structured interviews allow the informants to express their opinions while remaining within the borders of the researched topic (Bernard, 2006). This approach enables rich and more heterogeneous data collection as the responses are less likely to be biased and influenced by the researcher as during the structured interviews.

First, the author introduced herself and presented the research topic and the aims of this study to the interviewee. Secondly, the questions regarding the respondent's profile were asked. Namely, the currently occupied position, career path, and the industry experience. Thirdly, general awareness of the RM concept and an expert's opinion on its applicability to the restaurant industry were questioned and had directed further conversation's flow. Several topics such as discounting, premium pricing, customer perception, particularities of the hotel restaurant business,

forecasting and reservation tools were mentioned by the author to lead the discussion in the right direction. To conclude, the question of expert's attitude (positive/negative) towards the revenue management application in the hotel restaurants in Vienna and its potential to improve the financial performance of the food and beverage department.

4 Findings

4.1 Experts' profiles

The results of the first question concerning an interviewee's profile were summarized and presented in a table (Table 2) to give an overview of the manager's background in terms of education and work experience as well as the currently occupied position and a number of food and beverage outlets under the supervision. This information is particularly valuable as it is proving the expertise of the managers interviewed during this study.

Expert	Position/ Company	Industry experience	F&B outlets
Expert 1	F&B Manager in a business 4*S chain hotel in Vienna	**Education:** • 3 years hotel apprenticeship • 2 years hospitality school **Work experience:** • 1 year F&B trainee program • Waiter experience • Assistant F&B manager • Restaurant manager • F&B manager **International experience:** • Germany, Austria, New Zealand	1 Bar 1 Restaurant

Expert	Position/ Company	Industry experience	F&B outlets
Expert 2	F&B Manager in a luxury 5* family owned hotel in Vienna	**Education:** • 3 yeas hotel apprenticeship • 2 years hotel business school **Work experience:** • Commis de rang • Chef de rang • Assistant restaurant manager • F&B manager **International experience:** • Germany, Switzerland, Austria, Spain, USA	1 Bar 1 Cafe 2 Restaurant
Expert 3	Assistant F&B Manager in a luxury 5* chain hotel in Vienna	**Education:** • 3 years restaurant apprenticeship **Work experience:** • Supervisor • Restaurant manager • Assistant to the restaurant general manager • F&B management training program • Assistant restaurant manager • Outlet operation manager • Assistant F&B Manager **International experience:** • Germany, Austria, UAE, USA	1 Bar 2 Lounge 2 Restaurant

Expert	Position/ Company	Industry experience	F&B outlets
Expert 4	Director of Operations in a luxury 5* chain hotel in Vienna	**Education:** • Bachelor degree in Business Administration **Work experience:** • 3 years hotel management aprenticeship • Front desk agent • Assistant night manager • Assistant front office manager • Director of guest services • Director of front office • Director of operaions **International experience:** • Germany, Austria, USA	1 Bar 1 Restaurant
Expert 5	Entrepreneur & President of F&B Manager Club	**Education:** • 2,5 years of restaurant apprenticeship • 2 years hotel management school • Bachelor degree in F&B management **Work experience:** • 6 month integration year • Service, kitchen, room service, banquet experience • Room service manager • Maître d'hôtel • Assistant to GM • Catering experience • F&B manager club member • Catering company owner • Consulting company owner **International experience:** • Germany, Switzerland, Italy, France, USA, UK, Austria	1 Restaurant 1 Cafe

Expert	Position/ Company	Industry experience	F&B outlets
Expert 6	Food & Beverage Operations Manager in a 4*S chain hotel in Vienna	**Education:** • 2 years of tourism college **Work experience:** • Waiter experience • 3 month trainiship abroad • Barkeeper • Restaurant supervisor • Assistant F&B manager • F&B operations manager **International experience:** • Austria, Canada, Carribean region	1 Bar 1 Brasserie

Table 2: Experts' profiles

4.2 General awareness

The second question concerning the manager's awareness of the revenue management and its main principles was crucial as it could already indicate a first significant barrier - lack of knowledge. Although all of the interviewees were familiar with the existence and the basics of yield management in airlines and hospitality, the fact that it could also be applied in the gastronomy industry was rather new to most of the respondents with an exception of Expert 2 and Expert 6.

> "*I have definitely heard about it [RM] and we even do it here. We do it on the price side with some exceptions, it is a little bit hard. But we want to open more room in the coffeehouse where I can do another 150 customers a day - for me is also connected with revenue management.*" - Expert 2

The next question "*Do you think that RM is applicable to gastronomy?*" aimed to discover managers' perception and personal opinion about this fact. Interesting though, most of the experts at first reacted rather negatively towards revenue management application in the gastronomy.

> "*Airlines or hotel rooms are great examples. Speaking for the gastronomy - this is kind of hard.*" - Expert 5

However, as the discussion continued the opinions changed as well. Resulting in that while speaking of gastronomy in general, the concept of RM could be quite practical and beneficial for certain establishments. However, when the actual outlets under the expert's supervision were concerned, the majority found revenue management practices to be either not applicable at all or only partially.

> "*My first reaction was that it might make sense for big food companies or big restaurant chains when talking about the Mc'Donalds for example. However, when I think about products like ours, like this lounge we are sitting in, I do not really think it would make a lot of sense.*" - Expert 4

The final responses of all six experts were systemized and could be seen in Figure 11.

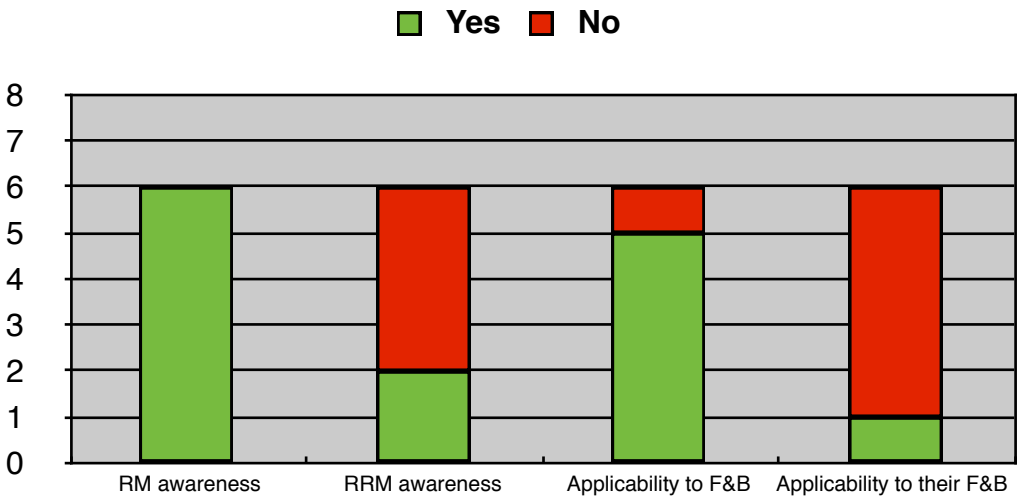

Figure 11: Experts' responses

4.3 Differential pricing

To get a better understanding of the reasons that make experts think that revenue management practices are not particularly suitable or useful for the hotel food and beverage outlets more specific topics were discussed. An idea of differential, demand-based pricing was first presented to the

interviewees in general sense and then narrowed down by dividing it into discounted and premium prices. Although the prices in the gastronomy business change over the time and have to be adapted to the market's situation, Expert 4 questioned if current price changes could be considered as revenue management in its bigger sense:

> *"Obviously our prices have to react to certain forces like customer's behavior, market and demand changes but then again it is not going to be that fast-moving so I could call it 'yield management'*." - Expert 4

In this way, more frequent than seasonal price changes (time of the day/ time of the week) or price changes in terms of individual items/fixed menues were suggested by the interviewer. Experts reacted rather negatively to such policies while expressing different concerns and potential risks associated.

Complexity

Several experts mentioned that changing the prices on the daily basis would involve lots of additional costs and complicate the job of the manager.

> "*Of course a gastronome can change his prices every day like a filling station, I am allowed to change my prices if I feel like it, but I think it is too much hassle. Menus, cash register, waiters have to be reprogramed. Think of computer programs and bookkeeping - it would be too complicated.*" - Expert 5

> "*If you want to change prices from one day to another - it is complex and involves lots of costs. For me having stable prices on a regular day is easier to handle*." - Expert 2

Customer relation

Another major issue, mentioned by every manager, is customer reaction to such policies and a low probability that they would understand and follow it.

> "*On the market for food and beverage, the price was always constant. So if you start changing the prices - most people would not understand it.*" - Expert 2

Even when not taken to such extremes like changing the prices daily, but instead offering weekday usual and weekend premium menus with different items packaged as one product, Expert 5 remains concerned that such offers are still confusing for the customer and could lead to unpleasant for both parties situations:

> *"It is still too complex that a client might just wave a flag and ask: 'Why?' He will not follow that kind of policy"* - Expert 5

> "*I do not want to give a guest a feeling that we want your pocket, we want your money. It is important to hold the line.*" - Expert 3

Both Expert 2 and Expert 3 emphasized the importance of establishing good customer relation and increasing the number of repeated guests to succeed in business.

> *"You need time and have a special position to tell your story, to bind with your regular guests, to make a community. That is what sometimes people do not have - time. Investors, they want to see revenue, they need profit and not that you are on a good track, on a good way*" - Expert 3

> "*You make money when a customer comes a second and a third time. You do not have to make money at the first time*" - Expert 2

This strategy led the hotel of the Expert 2 to its current position. So the management team wants to continue in this direction because relationship - is a long-term strategy. Instead of constant price manipulations, Expert 2 believes that the prices must be reasonable. Even if the majority of the restaurant's customers are tourists - "*they will talk about it.*" The position of the Expert's 2 restaurant is not typical for Viennese hotel restaurant market and is diametrically opposite to other restaurants' mentioned in this study. In fact, all three hotel food and beverage outlets are facing excess demand problem on a daily basis and have a high share of repeated local guests.

Nevertheless, even in such a favorable situation F&B manager could still be confronted with potential obstacles to demand-based pricing such as knowledgeable customers and company's policies:

> "*I would not do it on a regular day. For example, in the restaurant where I have 65% to 70% of regular customers that are coming 4-5 times a week - they know all the prices. There I cannot do anything, and in the coffee house I have prices set by the company - so they are done once or twice a year*" - Expert 2

Instead, Expert 5 suggested differentiating hotel residents from external guests by offering special internal prices or packages. In this way, it would be possible to encourage hotel guests to try the outlets, while maintaining the reputation of having a high-quality product.

> "*If speaking of packages - yes, special price or discounts for the hotel residents on menus but not for the outside guests - to make the difference, but not the coffee item as such."* - Expert 5

Menu engineering

Another alternative method of how to implement dynamic based pricing to increase the revenues was mentioned in two interviews. Both Expert 1 and Expert 6 have shared their positive experience with menu engineering. Although this tool could also be often be associated with increasing costs, Expert 6 explained how they deal with it in-house.

The procedure of defining menu item's prices starts from including all the necessary costs calculation and ends with menu revision every 2-4 weeks. The kitchen chef reports to the manager and the pricing is reconsidered:

> "*When I see that we sold let's say 1000 Schnitzels and then I say: Okey, let's put 20 cents more on it and see what is coming up next. We are not doing it aggressively like by 5 euros. That would be stupid. Only step by step, and it is well calculated. For other items that are less popular, we reduce the price by 20 cents. The whole menu should stay on the same pricing level*." - Expert 6

To minimize the costs, new restaurant menus are printed in-house once a month while bar updates are usually written on a blackboard. When it comes to mini-bar and room service, due to the high number of rooms, higher printing costs but a lower share of revenues the menu is redesigned only once a year.

4.3.1 Discounting

All of the experts agreed that the situation at the Viennese hotel restaurants market is such that most of them experience low demand on a daily basis while busy nights are rather rare. Under these conditions, offering some promotions or discounts would be one of these revenue management related techniques that most of the hotels utilize.

Expert 6 reacted positively, as the discounted offers were concerned:

> *"I used to participate in some online vouchers. From the food, there is not much revenue, but I gained revenue from the drinks that were not included in the voucher. So I got clients and revenues for drinks, and I think it was great for that low season."* - Expert 6

Expert 1 has shared his rather positive experience working with several Internet platforms and coupons. One of the platforms allows purchasing -50% off vouchers for F&B outlets only to the company employees. In this way remunerating and stimulating them to visit the hotel outlets while traveling. Happy Hours, live music, aperitive take place in the lobby bar on a weekly basis during the low serving period, mostly to attract the in-house guests. While Expert 6 offers "Happy Hour" on a monthly basis during the Afterwork event and at the outside pop-up bar with special reduced prices on a weekly basis. Another way of increasing the revenues by involving the banquet business was shared:

> "*Sometimes I organize spontaneous events for the groups. For example, if they come and have a dinner for 130 people and they need a cheaper welcome drink - then I just do it. I want the money for the food and if they require happy 'hour price' for a glass*

Prosecco - then I will just give it to them. So it is give and take." - Expert 6

Reputation

Interestingly though that while both Expert 1 and Expert 6 as the F&B managers of 4-star superior hotels were positive, most of their colleagues from the luxury 5-star hotels shared their rather negative experience with offering vouchers at online platforms or participation in special promotions. Mainly because such offers attract wrong target groups. It creates lots of workload for both kitchen and the service, but the result does not pay off. Most of the people attending are simply taking advantage of the offer, tend to complain and never become repeated guests who pay the full price.

"*Maybe you can have more revenue but not the best reputation. I love to see our restaurant full, but it is also important to have a special class or type of the guest. The one that respects and appreciates your services.*" - Expert 3

"*All of a sudden we had too many people coming and not paying enough money. The service suffered. While we had higher revenues - the costs also went up quite a bit. So if you take into consideration the reputation loss, reputation problems we caused - it was definitely not a good decision.*" - Expert 4

Expert 2 shared his experience of working in another luxury Viennese hotel. There the restaurant was not much well-known in the city and, thus, offering discounted menus made sense as it attracted more people and served as a promotion.

"*We did it in the past, not in the sense of discounting but rather like an event for 2-3 weeks, promotion for the restaurant. But we did not get the same customers, and they would not come back for our prices.*" - Expert 2

However now, working in a five-star property with a name and history, makes discounting or promotions not necessary:

> "*We are in unique position. I do not really have a low season here*." - Expert 2

Having a certain clientele is important for a luxury property to maintain the status, good reputation, and its usually high prices.

> *"There is nothing wrong with doing a promotion in the early or late afternoon to get the people in. But how trustworthy are you then? If you do a promotion - it is fine, but do not get it away for too cheap. If you do it too often and more than 10-15% discount - you are not trustworthy anymore. If you could offer it then for 50% less - why are you now charging 50% more?*" - Expert 2

> "*It is always a question when you look at pricing. When I go too low, would my guests or people in the city still accept my restaurant or my product to be luxurious enough? Or do I damage my reputation by beeing too low in terms of prices?*" - Expert 4

Quality

Expert 2 expressed his concerns regarding the quality of a product that could be provided during the low-priced promotion:

> *"Everyone knows in the business now, if you go in this time [Happy Hours] - the cocktails will not be up and as good as at the regular price. There would not be the same amount of liquor, and there would not be the same decoration and style."* - Expert 2

If maintaining the quality standards, Expert 5 pointed out at the costs that would increase with the seat occupancy "not linear, but in steps." An example with two scenarios was given by the manager:

> "*Imagine you have a restaurant with 100 seats. Selling the menu for the regular price of 30 euro gives you in average 20 covers equals Income 1. Reducing the price from 30 euro to 25 brings you 40 covers and equals Income 2. But the effort to accommodate those 10 covers more in the quality and the*

> *manner the establishment stands for, would bear to hire another chef and another waiter. Deduct these costs and stay with Version 1. Forget about beeing complicated and innovative. Stick with your price. Because this is the hotel X and the price is the price. That is why we are the hotel X*" - Expert 5

As it could be seen, Expert 5 does not approve quality and price sacrifices made by F&B managers to gain more people in. Such actions may often lead to the reputation problems, discussed previously. Thus, being rather sceptical to discounting in the luxury segment, the opinion of Expert 5 is supported by the Expert 4 who questioned the actual necessity of the price decreases arguing that for potential customers of Viennese upscale hotels price is not the main factor that influences a decision-making process of which restaurant to choose.

> "*I do not believe that the clientele choosing products like this lounge is as price sensitive so they would say: 'Oh, the lobster is 3 euros cheaper at that place, so I rather go there.' They do not really care; they choose by who is the chef, what is the restaurant like or the service like. I think the price, plus-minus 5 to 20 euros is not that much of a decision making factor"* - Expert 4

> *"People do not always come for a discount or a price, or even for quality. They come for emotion that they have with a waiter or a manager."* - Expert 3

4.3.2 Price increase

When it comes to the price increase on a casual basis, experts expressed their concerns that such policies could be the ground to misunderstandings and would turn away the customers.

> *"Increasing prices is going to be a difficult thing because if I sell a Schnitzel today at € 26.50 and tomorrow, because we are fully booked, for € 30 - nobody will understand. A major issue is to communicate. How should you communicate to your guests this*

price difference - simply more people want to have a Schnitzel tonight? " - Expert 1

"I think in the restaurant business it is not so well working because we calculate with walk-in guests. They are not reserving, they just check the Internet, for example, 'fine dining restaurants in Vienna' and for sure they also check the prices. If the price for a menu is higher than the one they saw on the Internet just because the restaurant became full - they will leave you and go check other places." - Expert 3

Expert 5 made a point that while differentiating between workdays and weekends menus it is important to offer different, 'not comparable' products:

"*If a buffet on Saturday costs this and this and on Sunday it costs that and that. On Sunday you are full anyway so you 'milk the cow'. But it will be a different buffet, it is not comparable, it is not melange and the melange. These are two different buffets with different courses and different names and therefore, not comparable. As long as it is not comparable, you will most likely not cause any confusion or questions. If you do, you will piss people off because they think it is a rip-off - they cannot follow*" - Expert 5

Special events

On the contrary, during the holidays and big celebrations time, interviewed managers see more opportunities to the price increase without causing much of customers resistance. At these peak times, demand is higher while the availability of the product is constantly decreasing what makes it more valuable and desirable. Meanwhile, holidays spirit, free time and a 'need' to celebrate would make customers less price sensitive.

"*If it comes to special events like Christmas, New Year, etc. - that is where I think most of the revenue management from the food and beverage takes part. Then it is completely*

understandable why the prices are as such, and no one complains." - Expert 2

Both Expert 2 and Expert 4 confirm that they raise the prices at their restaurants, however, only in terms of set 3-6 course menus and not the individual food items. Expert 1 and Expert 6 offer special dining events: a gala dinner or next morning brunch with a fixed menu and a fixed price. According to the Expert 1, hotel restaurants, especially in a high-class category, are often expected and even "obliged" to offer special dining events to create a memorable experience for its hotel guests and locals. Although the profitability of such events sometimes could be questioned, it should be seen as rather a marketing tool:

"*You always try to do some new specials even when you know there might be not much revenue at the end. But at least we tried something, we did something and people outside also know that [hotel name] is doing something special on this day." - Expert 1*

Expert 6 has shared his solution how to avoid overcrowding the restaurant and causing guests dissatisfaction by prolonging the opening hours and making special offers for in-house guests. Hotel residents are offered for an extra charge to 'upgrade' the breakfast included in their rate to a brunch so they could sleep longer in the morning after the special event.

"If the house, the city is full and I have 100-120 seats - its is going to be crowded. There will be a line at the entrance, and people complain that they do not have a seat. It is not the revenue thing, but this is about the guest satisfaction. Like this, they can come for brunch and do not have to stand in line in the morning." - Expert 6

Reservations

However, as the big events approach the costs rise as well as the risks. Most of the experts agree that the majority of no-shows appear on special events. Credit card reservation guarantees would be a classic RRM solution and all the experts reacted positively to such tool, there are quite some limitations as the Viennese market is concerned.

> "*We want to go there, but there is one big problem here in Austria - you are not allowed to do it. You could give your credit card as a guarantee, but actually, in Austria, we are not allowed to charge it if they do now show up"* - Expert 2

Nevertheless, as no-shows became more frequent and were leading to significant revenue losses also on a casual basis, Expert 3 explained that one week before the interview was conducted, credit card (CC) guarantee policy was introduced for the online table reservations in the hotel Michelin restaurant.

> "*We started to charge cancellations as there were lots of issues with no-show guests. We forecast the revenue, but if at the end of the week there are 20-25 no-shows - this is very painful and costly for a restaurant. Now you cannot book a table on the Internet without giving your credit card data."* - Expert 3

As for the Expert 4, taking credit card guarantees is practiced only during the special dining events like gala dinners but not on a daily basis as it will not be necessary.

> "*That is not something customers like doing so you can do it once in a while if you have to, but we are not doing it if we do not have to*" - Expert 4

There is still left a CC-free opportunity to reserve a table as due to the Austrian law it is not allowed to ask for a CC data via the phone. So far no issues or complaint occurred in the F&B outlets of Expert 3. However, one week time is too short to make any kind of conclusions regarding the policy's acceptance or effectiveness. All the experts have previously worked in the industry outside of Europe and admit if this policy would be introduced in the USA, customer's understanding and acceptance towards it would be very different.

> "*I worked in USA and UAE, and there it is normal to give a credit card for guarantee.* " - Expert 3

> "*We did this in the States, and it is normal. Even the reservation system was already set up like that. If you had 4 customers more, you had to guarantee with a credit card. And at the end of the night - just push a 'no-show' button, and the system charges the customer automatically. Over here we are going to it, because we have to. Every single no-show hurts*. " - Expert 2

Expert 2 suggested overbooking the restaurant to a certain level since past records could give an understanding of how many no-shows to expect. Additionally, collecting telephone numbers and emails to reconfirm table reservations some days prior is another policy that is currently practiced by most of the experts.

4.4 Duration management

From the restaurant revenue management perspective, the price is only one out of two variables available. Time constraint would be the second tool in the F&B manager's hands to increase the revenue that is unfortunately often neglected. Limiting table use time is generally not that common for most of the Viennese hotel restaurants because of the relatively low demand and over exceeding capacity. Some of the experts admitted the potential benefits of this approach, however, found them rather not applicable in their daily practice.

> *"I think it I great to do, but this is not for my property. I have 120 seats and let's face it, I do not have a huge outside area, and I am not world famous. So in my case, I always have availability for seating. Guests can sit down and enjoy as long as they want to. I am not offering 7-8 course menu, so people do not stay for 4 hours. I do not have to limit the time of how long they sit here. With those customers we have - we want to keep as long as possible and upsell.*" - Expert 6

Similarly, Expert 4 agrees that limiting table use time is possible and makes sense, but the usability of such policy depends on the market and the existing demand for a particular establishment. As for the Viennese upscale gastronomy, it is unlikely to be applicable.

> *"If you have sufficient demand - go for it. It might be that the market is big and you have high demand, for example, like I experienced it in New York. Or simply your restaurant is so popular that people are queueing outside. For most restaurants in Vienna this is, unfortunately, not the case."* - Expert 4

Nevertheless, there are evenings when it becomes necessary, and some of the interviewed managers limit the table occupancy time during the busy periods. In this case, there could be some potential risks and problems that have to be considered. According to the Expert 3, the reservations has to be taken in a particular order to ease the workload for the kitchen and service team. In such moments it is important to have a well-organized working process that enables delivering quality service even during the busy times and does not ruin the guest's experience.

> *"Of course it is not nice for the guests to feel: 'Nobody takes care of me, nobody has time, everything is so rushed..' It is stressful for the guest as well so we try to avoid such situations*" - Expert 3

Guest dissatisfaction is the biggest concern of the managers. The quality of a meal or service is at the end of the day not as crucial as the actual customer's perception about it. People who select particular establishments and pay the full price want to enjoy the moment and occupy the table as long as needed. At least, as for the European market, this would be a reasonable wish.

> *"If you go ahead and limit the time of the reservation, most likely it will cause so much frustration on the customer's side. I might win a few euros on that day from beeing able to squeeze in few more covers, but I will end up losing more in a long run because the reputation would suffer, just because the market in Vienna is not used to it. If you do the same in New York - it is perfectly normal, everybody is used to it"* - Expert 4

F&B outlets under the supervision of Expert 2 are very busy on a daily basis. Thus, limiting the table use time became necessary to deal with the demand. In this way, proper communication is essential.

> *"Most of the people accept it. It always depends on how are you talking to them, but most of the people understand."* - Expert 2

If the guest was informed in advance and accepted this condition - no problem should arise. However, as Expert 2 has experienced, walk-in guests are not always willing to tolerate the policy.

> "*It is harder if people are just walking in, with no reservation and I have to tell them that they have a table for only 1.30-1.45 hours, and then I need the table back. Mostly at that time they do not understand it.*" - Expert 2

A similar problem happens with the regular guests who come 5-7 times a month. Although the staff does its best to satisfy these guests like accommodate them at the favorite table or during the preferred time - it is not always possible.

> "*Sometimes you have to say: Okey, you can come, but you only have an hour and a half. Then most of the time they do not understand it because they are not used to it. Of course, you do not want to upset a regular customer, and we want to keep him in here and give him the time, it is not possible.*" - Expert 2

4.5 Technological aspect

The author introduced an idea of having an integrated RM system that would include all the existing past records, reservations to produce more accurate forecasts. Most of the restaurant managers remained neutral about such innovations. Namely, they would not be against of using one, although it is not a necessity. Moreover, several experts expressed an opinion that not only numbers but also experience, a gut feeling, market understanding are more crucial for the successful forecasts.

> "*I do not need many systems, all my important numbers I have in the head. I know when are the busy times and when to adjust the staff..*" - Expert 2

> *"F&B forecasts are not so easy. Unlike for banqueting where we can forecast by using previous years' numbers, in restaurants you need to have a feeling..*" - Expert 3

While being in the United States, Expert 2 has worked with a system that connected the reservation and POS system, however, due to the high costs and smaller size of the restaurants he does not believe that it would become that popular in Europe.

> "*There are some programs that you can use but so far they are not that good and advanced as in the rooms sector. It will take time, but most of the restaurants will not work with it. Small restaurants would not be able to afford it. Every single program costs too much money and too much time*." - Expert 2

Although Expert 4 has expressed the interest utilizing such a system if one existed, his opinion on its necessity stayed rather critical for several reasons. Firstly, the data collection process, costs involved and most importantly the actual reliability and accuracy of such data could be questioned:

> "*It might be too much of a hassle to really get reliable data for small properties and small restaurants like this one. The rooms data used for yield management is most likely given. You can put it from different websites, look at your booking pace, you have a STR report where you check your competition. So the data is so much more easy accessible.*"

Secondly, due to the scale of operations as it was already mentioned by the Expert 2 the potential benefits and revenue improvements would not be significant and worth the time and effort spent.

> "*It is so much more difficult to forecast the demand coming from outside, the walk-in business. Obviously, there are ways how to calculate it. But in a small restaurant like this, you would end up having a complicated formula that cannot be 100% reliable. If you only have 100 seats it just would not be precise enough. If you look at big operations, huge hotels like 3000+ rooms with lots of*

outlets, I feel they do this kind of stuff. It is so much more interesting for them if they are going to have 500 guests more or not. But for us, if we have 3 guests or not, it does not really make a difference. I have the same amount of staffing, I need to buy the same amount of food supplies... So I do not really change a thing." - Expert 4

5 Discussion

This section aims to connect the barriers discovered through the literature analysis with the experts responses expressing differing concerns while applying the revenue management principles in Viennese upscale hotel restaurants. Most of the barriers identified by the author in the RRM theory were repeatedly mentioned by the managers what could prove their relevance. Besides, several more pitfalls, inherent in the particularly Viennese market, were identified during the primary research.

5.1 Knowledge

As it was expected by the author, most of the interviewees have never heard that revenue management concept could be applicable to the restaurants. Only Expert 2 and Expert 6 were familiar with its existance, and Expert 2 appeared to be the only manager who is 'consiously' practicing some techniques suggested by the RRM researchers. He believes that lack of education in the sphere is the likely reason since in the German speaking market most of the young people come to the profession through apprenticeship and go up the career ladder due to the years of practical experience.

"*Most of the people do not really know what it is [revenue management]. They did not study anywhere which is still typical for the F&B managers or head waiters*" - Expert 2

Nevertheless, some experts find possessing the practical skills and years of experience in different stations of a restaurant more vital than academic

knowledge in the gastronomy, which could be seen only as a benefit but not a must. Thus, lack of knowledge or industry updates could be seen as a first barrier at the Viennese scene as it is difficult to do something if you have never even heard of it.

5.2 Demand

After presenting the main principles of restaurant revenue management, most of the managers found it interesting and even "*futuristic*", as it was described by the Expert 1. However, as more particular tools or techniques were discussed, lack of sufficient demand was mentioned by experts as a main obstacle to benefit from them. Similarly to the findings of Whelan-Ryan (2000) in the case study conducted for the Dublin food and beverage sector, all of the managers, with and exception of Expert 2, admitted due to the low demand applying most of the revenue management techniques would simply not be possible.

> *"It is all about demand. Once we have enough demand and it is chic to be there - then it is easy, then you can play with the prices" - Expert 4*

> "*Before you start talking about the revenue management in the food and beverage - you have to get the people in.*" - Expert 2

In this way, their primary goal would rather be focused on attracting a customer, keeping him and upselling - meaning selling more food items at its regular price while no time limits involved as there is enough capacity.

5.2.1 Marketing

As it was discovered through the conversations further, the primary cause of such situation is not the absence of demand as such, but rather lack of interest in particularly hotel restaurants. Several experts mentioned that it is simply not "*typical*" or "*popular*" in Vienna to visit such establishments, especially among the local guests. Indeed, Expert 1 and Expert 2 suggested the possible reasons why most of the 3-4 and even 5-star hotels have problems of demand in their food and beverage department, and both came to the similar conclusion:

> "*This is one of the points nearly in the whole F&B world which is not really considered in the last 15 years - to do reasonable food and beverage marketing in hotels. Most of the marketing in the last years was concentrated on rooms and not on the F&B part.*"
> - Expert 2

Undoubtedly, providing accommodation is the main purpose of the hotel and its main source of revenue. However, if properly advertised and presented, a hotel guest is more likely to visit a restaurant or a bar at least once during the stay (apart from the breakfast times) what would increase the total revenue per guest. Nevertheless, the initiative of doing some promotions usually comes from the F&B manager and almost never from the marketing team side.

Additionally, Expert 1 and Expert 3 mentioned that it is much harder to stand out as a hotel restaurant. Starting from defining a concept that should fit the hotel' standards and at the same time be interesting to the guest and be able to compete with individual restaurants, up to attracting external guests that often simply do not feel comfortable to "*go through the hotel's lobby.*"

5.3 Customer perception

The importance of having good customer relations and an unblemished reputation to not only sustain but to succeed as a restaurant was emphasized by the experts. Thus, customer related issues, their perception, and understanding of the hypothetically implemented changes were mentioned as the next critical point that would limit the revenue management application in the hotel F&B outlets.

> "*The relation is key for us.*" - Expert 3

> *"It is different if you work in the revenue management or simply at the back office, but food and beverage [department] was always focused on a customer and it has to have a good guest connection. If you lost that as an F&B manager - you lost your business*". - Expert 2

Moreover, if comparing gastronomy to the hospitality, once more the managers agreed that is much more sensitive, emotions and details driven. Such particularities of the restaurant business have to be taken into consideration while planning to apply the revenue management.

> *"The hardware in the hotel remains the same, more important is the software - the people. People do not talk about golden chandeliers, they have it in every single hotel room. People with money can buy this kind of luxury. It is the software that makes a client come back to that place and not that place."* - Expert 5

5.3.1 Communication

Communication would be the first step to avoid the complaints and dissatisfaction. A customer must be informed in a way that the conditions would be clear, justified, and what is more - fair. Although, it is easier said than done. Expert 5 remained skeptical as to his opinion it is more likely to cause a "*revolution*" than convenience restaurant patrons to accept the policies:

> *"It all breaks down to communication. They [customers] have got to understand why it is the way it is. You need to communicate it in a proper way. Congratulations if you succeed."* - Expert 5

5.3.2 Customer habits

Expert 1 suggested that although it seems that revenue management is easier to be practiced in hospitality or airlines industries, it was implemented decades earlier and customers had time to get used to it. This argument was also derived by Kimes (1994; 2002) from the perceived fairness studies. Hence, changing customer habits would become a next challenge for the F&B managers.

> "*If you want to introduce this kind of pricing policies it is very important to change the attitude of your guests*" - Expert 3

Expert 5 has given an example how the customer's point of view could be 'changed' if such policies would become more common and implemented by most of the suppliers:

> "*Some years ago in Austria, the two types of ski passes were introduced so the locals pay less than tourists. When it first opened and someone came across this idea - every tourist was gone in that particular place. When everybody then did it - they could not get around*" - Expert 5

5.3.3 Culture

The cultural background of both a manager and a customer appeared as a defining variable in some studies (Kimes, 2003; Rowson et.al, 2016) when it comes to the fairness perception and revenue management acceptance. Relevance and importance of this indicator were confirmed by many experts. Based on their international experience, several managers mentioned that exact same policies (credit card guarantees, time limited reservations, etc.) would be accepted by a clientele and perceived as normal and fair if speaking of the United States of America. Interesting though that the term of the restaurant revenue management itself and most of the theoretical background comes particularly from the USA as well as some case studies (Kimes & Wirtz, 2003; Kimes, 2004; Kimes & Thompson, 2004) proving its profitability. As for the European and especially Viennese market, it was a common opinion among experts that it is much more history influenced and traditional. So when it comes to locals, there is a higher risk of their resistance and disapproval.

> "*Vienna is very conservative, very traditional and classy. It is a unique place. Over there people would understand it, here - no one would understand it.*" - Expert 2

5.4 Quality

As most of the restaurant revenue management techniques developed by researchers were rather oriented on casual restaurant market, it was expected by the author that a quality perception factor could be a potential

barrier while applying the concept to an upscale hotel restaurant. In fact, this assumption was confirmed by the managers of particularly five-star properties for whom creating a certain clientele and maintaining its good reputation is a long-term strategy. A similar suggestion was given by Cross (1997) who supported more sensitive customer-centric approach to revenue management that is expected to be more advantageous and sustainable for a company. Thus, a name and quality standards inherent to upscale restaurants are sometimes more important than generating extra revenue which to some extent would limit the set of RM tools and become a barrier.

5.5 Technology

Even though such technology aspect as lack of an integrated revenue management system was described by Kimes and Beard (2013) as one of the current barriers to successful RM utilization, the findings of this study demonstrated that this matter is rather not significant. Some experts showed the interest to use such program. Expert 4 stayed critical about its credibility and potential benefits while Expert 2 pointed at the high costs involved. Moreover, Expert 1 and Expert 4 found that because of the small scale of operations the impact of such innovation would be minor. Overall, all of the experts agreed that a fact of the absence of this system would not influence their decision and be an obstacle to revenue management application. Nevertheless, another technology related barrier was identified during the primary research.

5.5.1 Knowledgeable customers

With the globalization, Internet, social networks popularity the information became easy accessible and available to everyone. Several experts agree that clients became more educated and informed which puts additional pressure on F&B managers.

> *"You cannot afford to count on the unknowledge of the customers. They know exactly what they want and how much do they regularly pay for it, worldwide. That was not the case 20 years ago."* - Expert 2

Compared to other top destinations like Paris, New York or Dubai Viennese prices are lower so Expert 2 sees the potential of increasing price level in the city as the demand and popularity of Vienna would be developing. On the other hand, as it comes to the regional Austrian products as, for example, wine - it would be hard to sustain current price levels as the product is more available now and the customers are aware of its actual cost:

> "*It is not ethical to pay so much, so I think there will be a trend with prices going down on a regular basis. If your costs do not get higher - you cannot raise the prices anymore, you have to keep them constant*" - Expert 2

> "*Our guests are not stupid. Nowadays, when you can use a lot of internet platforms, and you can check the prices. We have a guest class who travel a lot, checks in a lot of places. Also here in Vienna, they know our competitors and know the prices.*" - Expert 3

Although the topic of fairness and customer perception is among the most covered in the literature when it comes to the risks associated with the restaurant revenue management, such obstacle as a knowledgeable and well-informed customer was not mentioned. However, as the dynamics of this trend would be growing together with the technological development - this barrier should definitely be considered by the managers.

5.6 Scale

Several times experts made comparisons between their experience in the USA and here in Vienna. The small scale of operations defined by the number and size of the food and beverage outlets were seen as one more crucial factor that would minimize the effect on the potential profitability improvement. In this way, the effort, complexity, and risks of customers disapproval would not be justified. Although this circumstance was not identified through the literature review, its significance should not be neglected.

6 Limitations

Although the study has reached the aim, its value could be slightly restricted by several limitations. First of all, it should be noted that the research conducted was focused on particularly upscale restaurants located within the 4-5 star hotel properties. Thus, the barriers discovered in this study could not be entirely suitable for other restaurant types (individual, chain restaurants or 1-3-star hotel restaurants). Secondly, because of the author's location and the proximity to potential interview partners, the research was conducted in Vienna, Austria for its market. This fact, indeed, could set several limits for findings' validity if applied to other European destinations with different market situations. Last but not least, the method selected for the primary data collection implies direct author's influence on the interviewees and could possibly affect their responses.

7 Conclusion

The aim of this thesis was to explore the possibility to apply revenue management principles in upscale hotel restaurants in Vienna as well as to discover the potential barriers to its implementation. So far this topic has received little attention from the researchers. Thus, through the extensive literature review of both theory and several case studies, a preliminary list of possible barriers was derived by the author. Indeed, they were systemized based on their relation to the product, customer, operator or technological aspects. To ascertain the relevance and significance of the critical factors to RRM strategic application, a primary research in the form of semi-structured expert interviews was conducted. Six managers with years of international experience in gastronomy and hospitality participated in the study and shared their opinion about the restaurant revenue management.

Although most of the managers interviewed were not familiar with the concept's existence, their perception towards revenue management application to the gastronomy industry was generally positive. However, as far as the RRM utilization at the particular food and beverage outlets under

the expert's supervision was concerned, they found it either not applicable at all or only partially so that it could not be called 'revenue management' in its greater sense. The reasons that shaped such point of view were mostly connected with the particularities of the Viennese hospitality and gastronomy markets.

Lack of not only sufficient demand but also proper image and interest by locals in the hotel restaurant product as such was mentioned by every expert as a principal problem. Consequently, it would not make much sense to talk about revenue management before this obstacle could be overcome. If hypothetically, one day the demand situation would improve so that the revenue management application became possible, the next challenge in terms of customers' perception and readiness to accept and follow such practices would arise. Although proper communication with the client could be a seen as a key solution, most of the experts remained skeptical of the possibility to change guests' attitudes and habits also supported by their culture. High-quality standards of the establishment that are linked to its reputation and status were mentioned by the interviewees as a next considerable barrier that would limit the set of RM tools available to the restaurant manager. With regard to such technological constraint as lack of integrated revenue management system for restaurants that was described in the literature, the experts did not find it particularly necessary or crucial. Instead, another technology-influenced barrier, namely a knowledgeable and informed customer, was pointed out. Lastly, if all obstacles could be avoided, the size and scale of the food and beverage operations are unlikely to be changed. Due to this fact, the potential benefits of the revenue management execution would not be significant and worth the additional workload created.

To conclude, the idea of strategic revenue management application to gastronomy business may sound exciting and somewhat futuristic. However, as for upscale hotel restaurants in Vienna, due to the market particularities, the realization of the concept would be limited in view of numerous barriers.

8 Recommendations

Finally, the author would like to draw the attention to some future research opportunities. First of all, it would be recommended to expand the currently existing restaurant revenue management literature by closer investigation of its applicability to different restaurant types and thus developing specific 'tailor-made' strategies. Secondly, to achieve more comprehensive results a similar study could be conducted on a larger scale, such as the European market. Last but not least, the author would like to emphasize the importance of knowledge dissemination among the industry professionals so the essence of the trend would become more substantial.

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