

Professor using technology to get hospitality down to a science

By Liz Benston, Las Vegas Sun

Students at MIT and Stanford use high-tech devices to study nerve impulses in the human brain and subatomic particles in the solar system. Now UNLV students will take a similarly scientific approach to something crucial to this tourism-dependent town: hotel room rates.

Starting in August, a graduate-level class in hotel revenue management at the William F. Harrah College of Hotel Administration will get a crack at software that's expected to revamp some of the management decisions that define the casino niche.

The software simulates hotel management by using mathematical formulas to forecast demand based on bookings from different types of customers and the scheduling of concerts and conventions to attract business. Students will use the software to set rates for hotel rooms based on what customers spend throughout the simulated hotels.

Rather than raising room rates when demand rises, students could give customers free rooms if they expect to make at least \$100 off each customer during their hotel stay.

Hotel pricing is largely guesswork despite the widespread use of simpler forecasting systems in the industry, said Mehmet Erdem, a UNLV associate professor who will incorporate the software into his class. Many hotel managers are focused on maximizing room revenue, but charging customers lower rates may be more profitable long term, he said.

“You can’t just look at the revenue generated by a room,” he said. “You have to look at the revenue generated by each customer and be willing to adjust prices for those who go to the spa and dine in restaurants.”

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