

## Academy of International Hospitality Research (AIHR) Conference, 11–12 April 2017: Innovation in Hospitality – an overview

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### The third AIHR conference: dedicated to innovation in hospitality

The third AIHR conference involved 18 speakers making either keynote or paper presentations from twelve countries, mostly from Europe but also one from the USA. Over 80 delegates registered to attend and the programme stimulated some lively debates. Formal and informal feedback was very positive and most attendees reported that they gained a lot from the event.

The conference opened with a debate on revenue management. Revenue management embraces the selling of goods or services at the optimum (by definition, not the maximum) price. The optimum price is the best price that a guest is ready to pay at a certain moment in time, in this case the optimum price per room so as to maximise hotel revenue on any one day. Hotel accommodation is said to be highly perishable because it is time-specific. Rooms not sold today cannot be stockpiled until tomorrow. Hotel management is keenly focused on ensuring maximum occupancy at the best possible price; and revenue management has been an important tool to assist in this objective.

The first speaker, Professor Stanislav Ivanov from Varna University, posed questions about the durability of revenue management by stating that some assumptions of revenue management are probably already outdated and do not take into account new realities. One of the questionable assumptions is about the linearity of the demand curve because people are not the rational decision-makers of classic economic models. Not all hotel guests are equally price sensitive – those with expense accounts, or luxury seekers, for example, are unlikely to respond in the classic theory way when prices are reduced. The way companies consider their guest is not future proof because clients will also have at their disposal artificial intelligence and will use it to challenge the revenue management structures of the service provider. Artificial intelligence will, for example, compare hundreds and thousands of website offers, will check on hotel rates 24/7 and be able to book and pay. And this thought brought Professor Ivanov to the last question: who will be the target of revenue management then, the human being or the artificial intelligence making the booking for the client?

Jean-Pierre van der Rest, Professor at the University of Leiden Law School, focused on the institutional response to the possible artificial intelligence threats to customer privacy and freedom of choice. The point being that behavioural pricing is discriminating because it uses personal characteristics to fix a price for a good or service. And that, moreover, it can negatively affect the trust people have in the company using these tactics. Finally, there are people who have not the capacity to understand when they may be cheated by a company. Legislators may intervene using, for example, the tool of mandatory disclosure, warning about pricing policies. In an experiment, Jean-Pierre checked the impact of different disclosure statements on the propensity for people to buy. Results show that disclosure statements do not have a negative impact, and in three out of four options, do not have a positive impact on the intention to buy. The more the message is in line with the perceived self-interest, the higher their intention to buy. This rebound effect makes disclosure not the best way for regulators to act and warn people.

Stan Josephi introduced revenue management as a game with different levels and of increasing complexity. Its complexity has to do with the shortage of skills, the short-term focus of owners, the Chinese walls between hotel departments, and in fact the sheer variety of customers' needs and wishes. His message is that to play this game properly, the whole organisation should be geared towards playing it, from strategy via processes and culture to people's mentality and intuition. The people touch, though, should not be emphasised as much as it is now. The focus should be on online reputation of the hotel and scientific analysis of reliable data, not only to optimise demand, but to generate it.

Benjamin Tam, revenue manager at NH hotels, tied down the whole discussion to practice. The message is that revenue management is becoming more flexible and dynamic so that a tailor-made offer can be made to the guest. The tools being used are making this possible by offering data almost in real time. Interestingly, NH is now negotiating with Booking, from which they still get the majority of guests, by offering the same discount they offer to NH loyalty programme members, but only on the condition that the client coming to Booking enrol for the loyalty programme. Clearly too at NH, revenue

management is becoming a strategic endeavour, aimed at achieving a high-quality, long-term revenue per available room. It is no more only an evaluation tool for front-office employees, as it seems still the case in text books that are used for educating students. Is education in hotel management ready to teach revenue management as it is now?

Then the conference proceeded to address the core of hospitality, hospitableness, with the launch of the latest book edited by Conrad Lashley – the *Routledge Handbook of Hospitality Study*. In presenting the book, Lashley pointed to the social and not only the commercial nature of hospitality. Lashley claims that the root of hospitality is sociocultural, about letting people feel welcome. The commercial hospitality industry builds on this. Therefore for commercial hospitality to thrive, its sociocultural background should not be forgotten nor reduced to formulas.

Andy Heyes claimed that luxury is a contested concept and that it cannot be described by considering only tangibles such as price, or square metres of the room and number of facilities. Location is surely also a notion to be considered (what is luxury in London may not be so in Dubai). Yet all things considered, Heyes concluded by analysing a sample of luxury hotels in London. The difference is not in luxury, but in exclusivity, and this was largely shaped by the price paid by guests.

Natalie Haynes from Sheffield Hallam talked about the relevance of economic theory to hotel revenue management in the era of big data. In her analysis of academic literature and of interviews with revenue managers, Haynes noticed that the focus has shifted from supply (such as planned hotels) and demand to only demand. This is, in her view, an unhealthy development as obviously the amount of supply co-determines the demand. Economic literacy is not only needed to understand the basic principle of the interplay between supply and demand, but also to understand the complexity of revenue management and be able to make informed choices. Haynes pleaded finally for confronting our students not only with classic economics, but also with behavioural economics.

Soteris Kefalas, from Cyprus, brought the person behind the figures back on stage by focusing on quality service in the hospitality industry. Marco Benevolo, expert in future studies, talked us through a paper he recently wrote on brand proposition love mark from the perspective of local branding. Benevolo emphasised that design research is a tool to envision futures, and to question these visions contextually. Anne Kleefstra illustrated the design of her research on the impact of human research development on organisational performance in the hospitality industry.

The final keynote address by Professor Jay Kandampully, from the Ohio State University, addressed service innovation in the age of customer centrality. Kandampully united the people and the profit-oriented approach to quality by stating that they are all needed in today's competitive hospitality industry. This competitiveness is literally pushing the industry further, pushing the limits of the industry further. The point is that what counts is not the present situation, but the way value will be co-created by engagement and innovation in the future. Engagement is very different from loyalty. Loyalty is about customers returning to the business but engagement means promoting the company we feel engaged with. Innovation is the constant improvement in processes and operations. Kandampully asserts that service innovation starts

from an ability to find a solution to a client's problem via customer co-creation and engagement; T-shaped thinking (multidisciplinarily educated people); sustainability (long-term orientation); to end with society (sustaining the society where I operate). Though some of the examples shown have been taken in by reality, the model is strong. *AirBnB* is no more delivering on their promise to offer unique rooms by real people, and *Uber* has got public attention for exploiting its drivers; yet they are disruptive innovations based on co-creation and engagement, even though it is doubtful – with the knowledge we have now – that they positively contribute to society.

The second day started with unveiling a work of art by Isaac Monté, designed as a conversation piece to induce people to reflect about the negative consequences of throwing cigarette butts on the ground. The opening was made by Jan Atze Nicolai, Helderman of the municipality of Leeuwarden, and Sjoerd Bootsma, director of the festival, Welcome to the Village. The art work was built using threads spun by the cigarette filters gathered during the CELTH project, Sustainable Strategies for Events, executed under the leadership of Marisa de Brito (NH University) and Elena Cavagnaro (Stenden AIHR). In their keynote address, de Brito and Cavagnaro highlighted the main point of the project and showed how through behavioural intervention they could nudge event goers into more normative behaviour, such as not littering.

Jaana Ruoho from Finland continued the line on sustainability with a presentation on green empowerment, showcasing projects from her university, Satakunta University of Applied Sciences. Entrepreneurs in the Satakunta region have started to develop services based on the healing power of nature – green care services, such as forest yoga and forest gym. Green care is well established in Europe as a service integrated into the health and social well-being system. Yet, in Finland, alongside this approach, another one has emerged where green care is offered as a tourism product. The university has supported entrepreneurs to create new services around the concept of nature as a healing environment. This is because the entrepreneurs interested in green care often are very enthusiastic, but not so knowledgeable on, for example, pricing and accounting, and will need to cooperate to offer and market their services properly, and cooperation is also often a skill that they do not possess. The project is still in the start-up phase, yet several entrepreneurs have already been contacted and involved.

Margreet Godwin, from Glion University in Switzerland, introduced us to research exploring and critically evaluating the learning style of hospitality management students. Indeed, studying learning style is a contested subject for several reasons, including a lack of universal definition, the weaknesses of measurements, the difficulty to apply those measurements and the assumption that students have a single preferred style, while a lot of research shows that a person's learning style is influenced by peers, by the subject thought, the year of study and so on. Results show that hospitality students are not very different from others, they are not particularly high Activist learners, nor low on Reflective learning styles, as is often assumed. A focus group following the survey reflected very positively on the experience, and started reflecting on their and other's learning style publicly. Only a longitudinal study can show if the result obtained by this research was influenced or

not by the year of study. Glion hopes to be able to use learning styles to encourage the development of metacognitive skills.

Professor Inge Hutter, from the Erasmus University in Rotterdam, shared thoughts on the qualitative research cycle and opportunities of making this cycle more participatory. A participatory approach is characterised by doing research with people, and not on people. It aims to achieve scientific outcomes, but also to stimulate a social change. A regulative cycle has been used to design a project in Malawi where stakeholders were engaged in all stages of the research process. The aim of the project was to understand and, if possible, help lower maternal death. In listening to the people from the village, it became clear that there were situational factors, such as the situation of the roads, and personal factors, such as the choice of whether there is a risk to stay home instead of dying on the road. The community was also engaged to design a solution, an adapted bicycle, and operated it. As often happens, there were some unexpected outcomes, such as the perceived empowerment of women. A learning point for Hutter herself is that for a participatory approach, a researcher needs also to be a spokesperson, a companion and a coach.

Clement Ryan, from the school of hospitality management at the Dublin Institute of Technology, addressed the impact of internships on self-efficacy levels of studying. This is in the Irish context where education is free, including university, and dropout rates are very high. Albert Bandura first measured self-efficacy in the 1970s and 1980s. He believed that self-efficacy develops in a complex process that included the experience of success. From here came the interest to study internships. The General Self-Efficacy scale developed by Swartz and Jerusalem in 1995 was used in a pre-test, post-test design on bachelor hospitality students. Preliminary findings show that not all student self-efficacy levels increased during the process; female self-efficacy increased, while the self-efficacy of male students decreased. This is a pilot study and definitive conclusions cannot be drawn.

Sanna-Mari Renfors, from Finland Satakunta University, presented on internationalisation of the tourism business curriculum as an alternative to physical mobility to develop intercultural skills. The project at this moment is still in the exploration phase. Necessary skills for the international tourism industry have been identified and are going to be integrated into the curriculum.