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Organizational Responses to Deviant Resale Behaviors Towards Price Discrimination in the Hotel Industry

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Abstract

This study explores the price discrimination failures caused by agents' and customers' deviant resale behaviors. Qualitative data was collected through semi-structured, in-depth interviews to explore the problem, assess its severity, and offer initial thoughts on possible solutions to this phenomenon. A total of 17 revenue leaders from different branded hotels in China were individually interviewed. Analysis of the recorded and transcribed interviews utilized a plethora of qualitative techniques, such as thematic analysis and evaluative analysis. The insights gained shed light on the evolving role of hotel revenue managers and facilitated a discussion on how to address these failures more.

Keywords: Revenue Management; Distribution Marketing; Price Discrimination; Resale Behavior

Introduction

Price discrimination, also known as demand-based pricing, segmented pricing, or differential pricing, refers to the practice of a seller charging different prices to different buyers for the same product or service or for slightly different versions of the same product or service [1]. According to economic theory, price discrimination is an important mechanism for hotel revenue management, where the seller groups customers based on certain attributes and charges each group a different price [2]. Efficient price discrimination requires proper identification, which means the hotel must assess its customers' willingness to pay (WTP) to set optimal room prices for each segment [3]. A typical WTP-oriented segmentation is shown in Table 1 [4].

We apply price discrimination because customers have different willingness to pay (WTP) for even the same product [5]. A fixed or flat pricing cannot meet this different willingness and therefore cannot support hotels in optimizing revenue. For example, if a hotel has only two customers, A and B, and A is willing to pay $100 to book a room at this hotel. At the same time, B is willing to pay $90. Offering only one fixed rate at $90 will result in both customers booking a room and the hotel gaining room revenue of $180. However, if the hotel applies price discrimination and offers two different prices at $90 and $100, the revenue gained would be $190. This simple example demonstrates the efficiency of price discrimination in economics [6]. However, suppose customer A finds a (deviant) way to buy the room at $90, a price he is ineligible to use. In that case, the enforcement of price discrimination is consequently broken by customer A's behavior. As we know, customers with a high WTP may still look for cheaper prices, and the ability of revenue management practices to optimize revenue is also broken.

This study focuses on enforcement, which is a required condition for an efficient price discrimination policy. Hotels use enforcement mechanisms to ensure that unqualified customers (with higher WTP) can't book rooms at discounted rates. The rules listed in Table 2 (Marriott Government & Military Per Diem Rate Qualification Guidelines) are an example of how hotels approach the enforcement task [7]. A failure in enforcement can result in a substantial loss of revenue and reduced profitability. Specifically, this study is the first to explore a special category of enforcement failure involving agents' and customers' deviant behaviors. Some observations from the lucrative markets of upscale hotels in China suggest that agents and unqualified customers find ways to benefit from company-contracted discounted rates, commission differences, and membership discounts/benefits that they are not supposed to have access to. When room rates are deeply discounted in specific customer segments, the commission rate is too high in certain OTAs (Online Travel Agents), and/or membership benefits are rich. The incentive and inclination to engage in fraudulent behavior to benefit from these discounts, commissions, and benefits are high. Anecdotal evidence suggests that similar types of deviant incidents might persist for a long time in the future and may not be eliminated by themselves. If true, this could be a significant strategic threat to the hotel's ability to utilize its revenue management policies to increase revenues fully.

Table 1: An example of hotel customer segments used for price discrimination.

Transient (Individual Travelers)	
BAR	Best Available Rate. Includes non-restricted rates that are available to all customers.
Corporate/negotiated	Includes restricted rates (e.g., advance purchase, length of stay, cancellation, guarantee, or age restrictions) that come with a discount from the BAR level you were selling.
FIT	Includes agreed and contracted Wholesaler and Tour Operator rates.
Groups	
Business Groups	This rate usually includes bookings for more than 10 room nights and normally has a longer lead time, as well as stricter cancellation policies than most other rates in the hotel. Pricing-wise, it is either a fixed rate or a discount off the BAR.
Leisure Groups	For groups of 10 or more rooms. Booked by Tour Operator or Wholesaler at a negotiated rate or ad-hoc quoted rate.

Table 2: An example of market segments and their rate qualifications.

Marriott Government and Military Per Diem Rate Qualification Guidelines

Who is eligibel for Marriott's government rates?	U.S.Federal Government Rates	State Government Rates	Local Government Rates	Canadian Federal Government Rates
U.S. Federal Government Employees	Eligible	Not Eligibel	Not Eligibel	Not Eligibel
U.S. Military Personnel	Eligible	Not Eligibel	Not Eligibel	Not Eligibel
Cost-Reimbursable Government Contractors	Not Eligibel	Not Eligibel	Not Eligibel	Not Eligibel
Other Government Contractors	Not Eligibel	Not Eligibel	Not Eligibel	Not Eligibel
Federally Funded Research and Development Centers Employees	Eligible	Not Eligibel	Not Eligibel	Not Eligibel
Native American Tribal Government Employees	Eligible	Not Eligibel	Not Eligibel	Not Eligibel
Canadian Federal Government Employee	Eligible	Not Eligibel	Not Eligibel	Eligible
Canadian Military Personnel	Eligible	Not Eligibel	Not Eligibel	Eligible
U.S.State Government Employees	Not Eligibel	Eligible	Not Eligibel	Not Eligibel
U.S. Local/County Government Employees	Not Eligibel	Not Eligibel	Eligible	Not Eligibel
Select Canadian Provincial Government Employees	Not Eligibel	Not Eligibel	Not Eligibel	Eligible* (see note)
Retired Military Personnel	Not Eligibel	Not Eligibel	Not Eligibel	Not Eligibel
Dependents of Military Personnel	Not Eligibel	Not Eligibel	Not Eligibel	Not Eligibel

Note: Only government emloyees of the following five Canadian provinces and territories are eligible for the Candadian Federal Government rates:
Alberta, New Brunswick, Ontario, Yukon Territory, and Northwest Territories

Accordingly, this study will explore the phenomenon of agents/customers' deviant behaviors and answer the following research questions:

i. What are the common methods that customers and agents use to engage in fraudulent behavior to benefit themselves?

ii. What are the common factors present in all instances of deviant behavior by customers and agents?

iii. What are some potential systematic solutions to address this strategic threat?

Literature Review

Existing research studies on customers' online purchasing behaviors

Price is a stimulus that significantly impacts online purchases for most customers [8]. Customers have a proclivity to search for better prices (price search) [9], and the online medium increases the tendency to engage in price search [10]. Evidently, some customers cunningly search for and book lower rates [11]. The way in which customers react to price discrimination may allow us to predict the spread and intensification of price discrimination facilitated by the Internet [12]. Since customers are searching for better prices online, any distribution channel displaying a lower price holds significant power to attract traffic [13] and encourage purchases.

Enforcement of price discrimination in the ideal situation

Hotels typically implement a rate parity policy, which involves maintaining the same rates across all distribution channels consistently [14]. If a hotel offers reduced rates to the public, all customers can access these rates, regardless of which channel they use to make their reservation [15]. The importance of rate

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parity extends beyond the customers' perception of the firm's fairness pricing practices; it can also harm the brand's image [16]. Therefore, any behavior that violates rate parity can lead to damage to the price structure, which is critical for revenue optimization. As manufacturers of products and services, hotels can prevent discount niches from emerging by imposing resale price maintenance [17].

Economic theory suggests that the highest revenue potential can be achieved through price discrimination [18] since the hotel can capture more consumer surplus, which is the difference between the room price and how much the consumer is willing to pay for that room. In other words, the hotel's revenue-optimizing price discrimination policies aim to sell all available rooms at the highest possible price based on the distribution of its consumers' willingness to pay. Proper identification of consumers' willingness to pay (WTP) is required for efficient price discrimination [19] to set optimal room prices for each segment. After identifying these prices, revenue management policies and procedures are required to enforce them properly and ensure that only eligible consumers can access specific prices. This requires a set of revenue management policies and procedures designed to prevent high WTP consumers from obtaining discounted room prices intended for lower WTP consumers.

Methodology

Semi-structured, in-depth interviews were conducted to collect qualitative data [20] in 2019. A total of 17 revenue leaders from different branded hotels in China were individually interviewed using an open-ended question-based, discovery-oriented method. This approach facilitated a deeper exploration of revenue management strategies in the Chinese hotel industry. It generated valuable insights into revenue optimization and pricing strategies during the early phase of our research [21]. Atlas.ti® was used to visualize the structure of findings. Respondents only included revenue leaders because they were more likely to be familiar with the specifics of the phenomenon [22]. These leaders have expertise in dealing with the technical complexities associated with the issue. They are well-positioned and qualified to suggest practical solutions aligned with revenue management practices and optimization principles. Apart from their demographic information, participants were asked to share their experiences on a range of topics related to the practice of revenue management, price discrimination, and incidents of cheating behavior. Specifically, this study assessed the respondents' level of understanding of the fundamental principles of price discrimination, their approach to WTP-based market segmentation and rate restrictions, the mechanisms they used for identification in their practices, the spread between qualified and unqualified rates, their knowledge of how deviant practices are used for gaming the system, their assessment of the problem's severity, their understanding of the importance of enforcement as a crucial component of price discrimination, and the best practices that could solve the problem.

Findings

Common types and potential solutions for deviant behaviors:

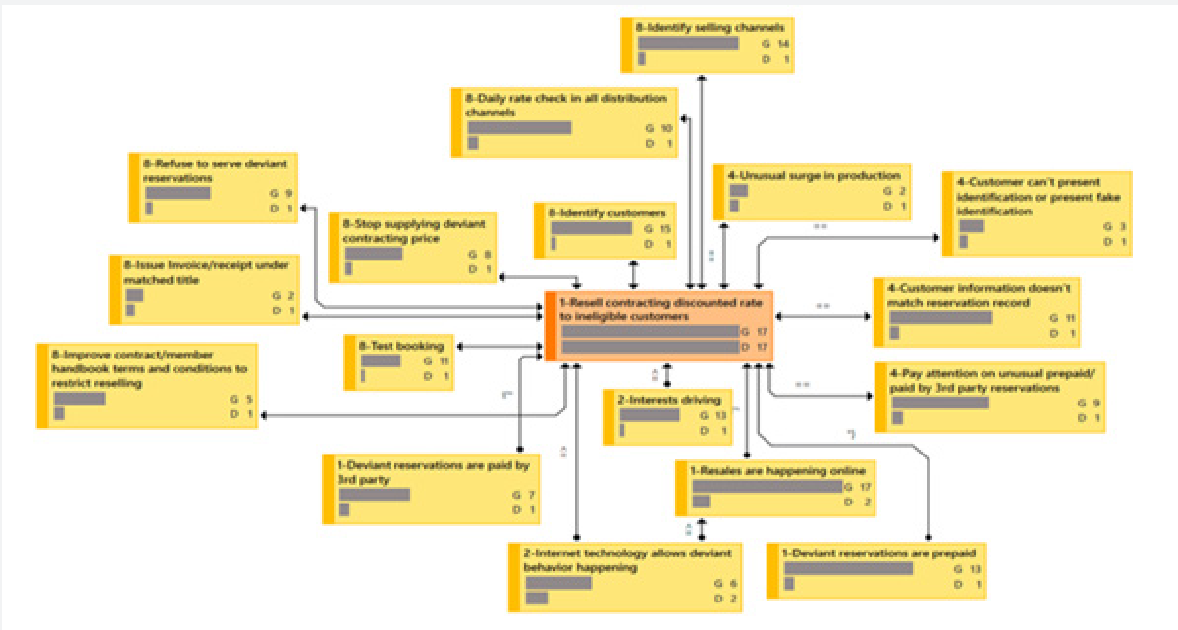

Figure 1: ATLAS.ti Analysis of research findings - type one.

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Type one, unqualified to buy hotel room at company contracting discounted rates: There are three main deviant behaviors under this type. First as (Figure 1), certain company employees who are eligible to access the discounted rates for contractors resell them online through trade platforms, apps, social media, etc., at a special rate between the contracting rates and regular public rates for the hotel. The sale condition requires full prepayment. End-users can search for this special rate, send a reservation inquiry, and easily complete the payment online. Company employees then make a reservation at the hotel at the contracting rate through eligible methods and state that the reservation will be paid or prepaid by them but not the end-users. Normally, eligible methods include a company email address, appointed booking accounts, company fax with letterhead, etc. Externally, the entire process happens on a specific website or app, and end-users do not know the rate providers. Sometimes end-users (customers) are 'kindly' reminded that they cannot reveal their booking channels to the hotel. Meanwhile, internally, reservations are paid directly by contracted company employees in the hotel PMS (Property Management System). The difference between the reselling and contract prices is the profit margin for those engaging in this deviant reselling behavior. Regarding the relevant transaction protections provided by websites and apps, if deviant resellers fail to make reservations at the contracting rate with the hotel, they are willing to refund the prepaid money, so end-users are rarely exposed to risks.

Second, sometimes the deviant resellers are not internal company employees but outside individuals who know that certain companies have contract prices with hotels. These individuals create their own "eligible" methods. For instance, the authentic company email address for Siemens is xyz@siemens.com, but someone can create obfuscated ones like xyz@siemens-travel.com, or the authentic email address of abc@ge.com can be disguised as abc@ge-global.com. A fax with letterhead is even easier to forge. Within these faked methods, someone can copy company processes and gain their interests.

Third, some people approach a company and offer to resell hotel rooms on their behalf. They falsely claim that their company has high demand and use this as leverage to negotiate a discounted contract price with a hotel. Hotel sales directors or revenue leaders are sometimes persuaded to approve the contract. Like cases 1 and 2, the resellers then advertise special reselling prices online, receive payments from end-users, make the reservations, and pay the contract price to the hotel.

Hotels' responses: Revenue leaders check selling prices daily to ferret out those abnormal special prices and then track down the source through test booking. A test booking shows when an end-user makes a reservation through channels that have abnormal prices published or when they use personal or hotel finance department credit card / petty cash to prepay. Later, when the reservation department receives the relevant booking inquiry, they can identify the source of the price. The hotel will state to the channels that this is a test booking and ask for a refund of the prepaid payment.

Test booking is effective but time-consuming, and hotels can enforce other methods to manage and control this type of deviant behavior besides test booking:

i. Improve contract terms and conditions to restrict resale.

ii. Identify customers who use the company contract price upon check-in at the front desk. Ask them to present a work permit, business card, incumbency certification, etc., as identification.

iii. Randomly ask about customers' booking channels.

iv. According to customers' common behavior, most businesses insist that customers who use a company contract price would pay the hotel directly. If certain companies or organizations have lots of reservations that are prepaid or paid for by 3rd parties, it's worth further inspection.

v. Pay attention to companies that have an unusual surge in demand.

vi. Refuse to serve deviant reservations and stop supplying the contract price.

vii. Issue the hotel invoice/receipt only under the matched company title to filter out customers who need their invoice under a specific title.

Type two, high commission OTAs resell on low commission channels:

Compared to their competitors, certain OTAs are able to obtain a higher percentage of commissions from hotels as (Figure 2). These higher-commission OTAs are typically global in nature and their commission rates are determined by the headquarters of hotel chains, rather than individual properties. Subsequently, these high-commission OTAs position themselves as providers of prices, reselling hotels on OTAs that charge lower commissions. The latter type of OTA, with lower commissions, is no longer purely a distributor, but more like a platform that allows third parties holding hotel inventory and prices to resell hotels through them, charging a certain percentage (usually 10-12%) of commission to these resellers. For example, Hotel XYZ offers a 20% commission to OTA A and a 10% commission to OTA B. Assuming its regular price is \$100, OTA A resells it at \$95 on OTA B to attract customers with a \$5 discount. When a customer browses OTA B and decides to book at this \$95 price, he pays \$95 to OTA B. OTA B then charges a 10% commission to OTA A, resulting in OTA A receiving a total of \$85.5 from this booking (after commission deduction). Then, OTA A sends the reservation inquiry to Hotel XYZ at the regular price of \$100 and deducts its 20% commission, which amounts to \$20. OTA A pays the hotel \$100 - \$20 = \$80. To sum up, OTA A makes a profit margin of \$85.5 - \$80 = \$5.5 from this booking.

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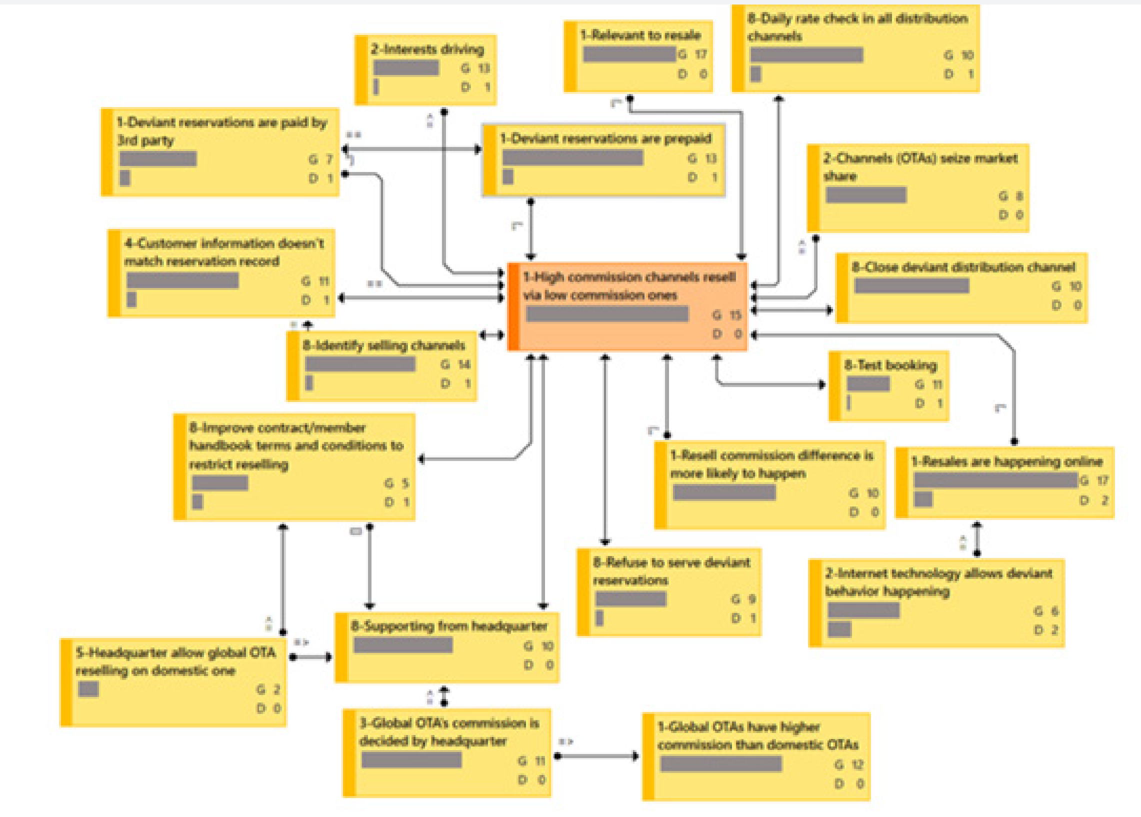

Figure 2: ATLAS.ti Analysis of research findings - type two.

Why would OTA A choose to resell through OTA B instead of selling directly? There are a few possible reasons. First, OTA B may have market advantages that OTA A cannot match. There may be certain customers that OTA A cannot reach directly but OTA B can, reselling hotels through OTA B gives OTA A indirect access to those customers, which would bring it additional reservations. Second, due to contractual constraints, OTA A may be hesitant to openly sell the hotel at a lower price (such as $95) on its own website, as it may not be able to attract bookings through price advantages. However, by reselling through OTA B, OTA A can conceal this low-price sale activity. Because if OTA A were to sell the discounted price of $95 directly, it could potentially violate the rate parity agreement [23] it has with the hotel and be easily detected, thus having a negative impact on their partnership. However, if OTA A resells the price through OTA B, as a price provider, its name will not be openly displayed, and the hotel would need to conduct a more thorough investigation to identify the underlying cause.

From the perspective of hotel revenue leaders, hotels collaborate with different OTAs under the assumption that they can help reach diverse markets, even if there is some overlap. A customer would prefer to use OTA B or is unaware of OTA A's existence, thus makes his reservation for $100 through OTA B, and the hotel pays a $10 (10%) commission for this booking. However, the reselling behavior of OTA A eliminates the option for the hotel to pay the lower $10 commission. OTA B successfully attracts this customer and facilitates the transaction, but in the hotel's property management system (PMS), this business is attributed to OTA A. OTA A capitalizes on OTA B's market penetration by offering an abnormal price of $95, generating additional bookings and increasing their profit margin. This forces the hotel to pay a higher (20%) commission and disrupts hotel revenue optimization [24].

Hotels' responses and solutions: Since higher commission agreements are not authorized by hotels, revenue leaders cannot control them independently; they can only lodge complaints with their headquarters. They are seeking a top-down solution to minimize the discrepancy in commissions.

In addition to seeking support from headquarters, the following concepts should be also taken into consideration:

i. This is the most common occurrence of reselling behavior.

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ii. The customer pre-pays the room charges to the OTA, and after deducting the commission, the OTA remits the remaining payment to the hotel.

iii. Hotels can uncover the hidden reselling culprits by conducting daily rate checks and test bookings.

iv. Once the culprit is found, hotels can opt to shut down the distribution channel and terminate the partnership.

v. Hotels can randomly ask customers about their booking channel at the time of check-in and compare it with the system records, verifying the source of the reservation.

Type three, resell membership benefits to other ineligible customers:

Hotels' loyalty program members, particularly senior members, regularly receive significant benefits such as free room upgrades or the ability to book rooms using loyalty points without any payment. However, there are cases where individuals, who are not members themselves, engage in fraudulent activities by stealing memberships to resell these benefits for their personal interests as (Figure 3).

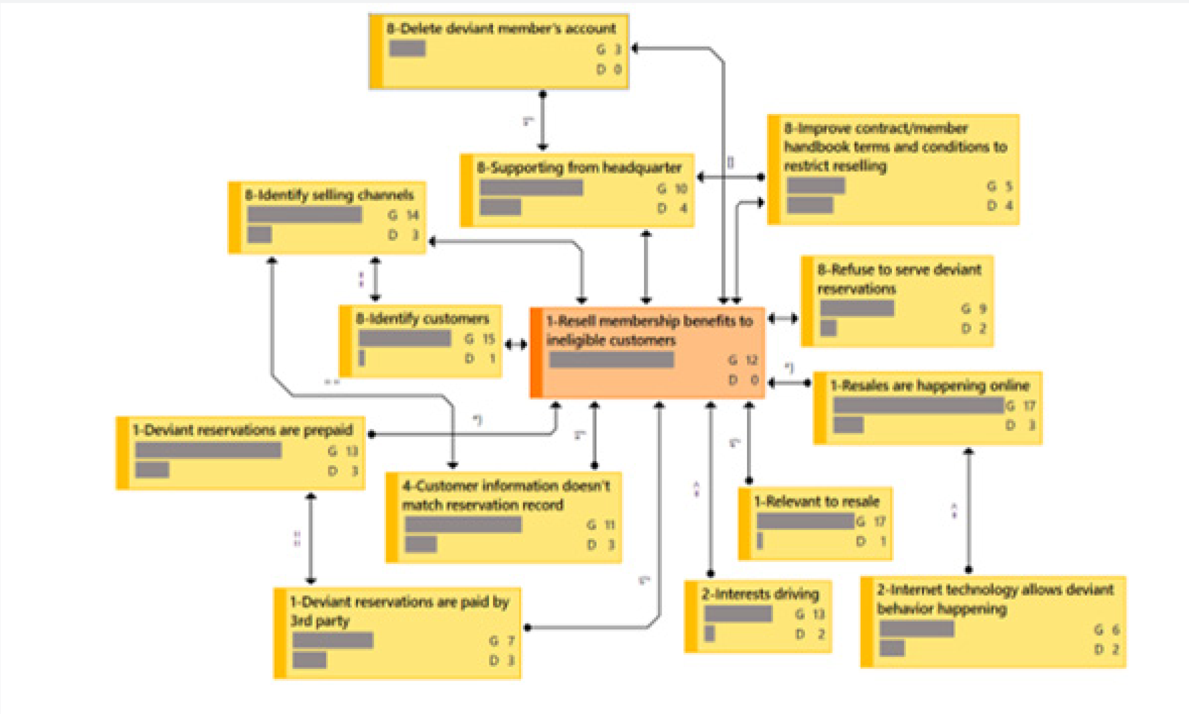

Figure 3: ATLAS.ti Analysis of research findings - type three.

"Both of the couples are our platinum members and are entitled to a free upgrade to a suite," shared a revenue leader during her interview [25]. "However, one day, I noticed that they checked in for two rooms and shared them with other individuals. This caught my attention, and I began to closely observe their activities." After a period of observation, the revenue leader discovered that the couple was selling the privilege of the upgraded suite to other customers. In this particular hotel, the price difference between a suite and a standard room was $100 per room night, but the couple was selling it online for $50 or $60 [26]. They would then wait in the hotel lobby, accompany their "customers" during check-in, and use their membership to upgrade the room to a suite. The $50 or $60 was their profit, obtained without any cost. "We gathered sufficient evidence of their illicit reselling behavior and requested headquarters to terminate their membership accounts."

"I encountered numerous cases of membership benefit theft and resale during my time at a previous hotel," shared another revenue leader. She described individuals who would steal memberships and sell them online, using the stolen points to book hotel rooms. "According to the system, the genuine membership holders were foreigners, but, only Chinese customers would check in. There were loopholes in membership management and customer identification at the front desk that allowed such incidents to occur..." "When I joined that hotel, the highest monthly record for room nights booked using member points was 800. To address this, I implemented a restriction that allowed a maximum

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of 3-5 rooms to be booked with points each day, effectively controlling the total monthly volume to 100."

Hotels' responses and solutions: The experiences of these two revenue leaders, along with other solutions, can be summarized to prevent this type of deviant behavior:

i. Pay attention to unusual member reservations and conduct necessary inspections.

ii. Gather evidence of deviant behavior and request membership deletion from headquarters.

iii. Refuse to accommodate reservations linked to deviant behavior.

iv. Implement stricter customer identification protocols at the front desk. If customer information does not match the reservation record, take additional steps to clarify their qualifications.

v. Impose restrictions on the allotment of member points for reservations.

vi. Advocate for improvements in the member handbook terms and conditions by engaging with headquarters to better control reselling activities.

Common factors among the three types of deviant behaviors:

All of these behaviors are related to resale: The company contracted prices, high commission offers, and benefits provided to loyal members are all intended for selling to end-users and not for resale. Reselling adversely affects revenue management because, as stated by Hayes and Miller [1], "the fact that a buyer is willing to pay a higher price does not mean they will be willing to do so if they can secure a lower price for the same item". This implies that once a lower price is published, it diverts customers from other channels, providing an opportunity for those who are willing to pay a higher price to purchase hotel products at a discounted price. Indirectly, it also results in the hotel paying higher commissions or receiving payment in the form of member points rather than cash. At this point, the enforcement of price discrimination has failed, and it leads to damage to hotel revenue optimization.

All deviant resales occur online: Advancements in technology enable resellers engaging in behavior to publish deviant prices online. They can target their "customers" through Internet platforms, and electronic payment systems facilitate these unauthorized transactions.

Two main motivations behind these deviant behaviors: 1. Interest-driven: The individuals engaging in deviant resale behaviors are primarily motivated by personal financial interests. 2. Market share seizure (OTAs): OTAs may exploit unauthorized reselling to attract customers and divert them from competing OTAs or direct hotel bookings. By offering lower prices or exclusive deals, they aim to capture a larger customer base and increase their market presence.

Current situation and future prediction of deviant behaviors:

Difficulties in managing and quantifying revenue damage: Deviant reselling poses challenges as it operates with minimal obvious risks. Due to the elusive nature of these behaviors, hotels find it challenging to accurately assess the extent of revenue damage. When faced with unscrupulous practices, it becomes unclear who has the authority to refuse deviant resellers, and calculating the impact on business displacement becomes a significant concern.

Deviant resale behaviors will not be eradicated on their own: While individual hotels can implement certain measures to manage and control deviant behaviors to some extent, many factors remain beyond their control, such as commission agreements with global OTAs. Additionally, the absence of specific regulations in China to restrict these deviant behaviors means that individuals can profit without facing legal consequences. The financial incentives and lack of punitive measures are likely to encourage people to continue engaging in similar activities through various means. Therefore, it is expected that these deviant behaviors will persist.

Discussions and Implications

Despite the revenue leaders interviewed expressing their understanding of and efforts to prevent the aforementioned resale behaviors, they encounter numerous challenges in practice. This article discusses and provides a detailed summary of the following challenges.

Operational Challenges

When requesting front desk employees to verify customers' identification or refuse service due to deviant reservations, it involves a face-to-face communication process in a public area. If customers refuse to cooperate with the inspection or make complaints, it can negatively impact the hotel's service performance and add additional pressure on front desk employees. The front desk department operates with a focus on customer satisfaction, as it is often considered a key performance indicator (KPI) for employees. However, this priority may not align with the priorities of the revenue management team. The efficiency of front desk employees in implementing the task of identifying deviant customer behavior becomes an important issue that needs to be taken into consideration. Customers' ID files can indeed be counterfeited, and it is relatively easy to find business cards online with logos that can be printed at home. Similarly, work permits can be replicated, albeit with slightly more difficulty. Another challenge arises with former employees who may still possess their "authentic" business cards and work permits but are no

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longer eligible to use the company's contracted rates. In cases where hotel employees lack experience in identifying fake IDs, the effectiveness of the identification process becomes questionable.

To address this issue, an experienced revenue leader suggested that based on the current practices of a certain company, the headquarters signed an agreement with hotels that all room reservations from their company should be made exclusively through a designated OTA. Additionally, employees' work permits are directly linked to the OTA's account, allowing them to book rooms only for themselves. Upon an employee's resignation, their work permit would be immediately deleted, losing access to such a hotel booking portal. The designated OTA could send a sample account to the hotel for identification purposes. This approach aims to streamline the reservation process and enhance the accuracy of identifying legitimate bookings. Then, if an employee of the company resells hotel rooms online, it becomes easy to identify the perpetrator, and the company will cooperate in implementing appropriate punishment. This approach proves to be an effective means of restraining the reselling problem. However, not every company has sufficient demand quantity to request an OTA to establish its own channel, and contracted hotels would need to pay a specific annual fee to gain access to this technological network for receiving booking requests. As more companies adopt this approach, hotels will incur additional expenses. Hence, the question arises as to who should bear these additional costs. Is it the company's responsibility to restrain its employees' behavior, or should the hotels assume this responsibility in order to safeguard their revenue?

The revenue management team can employ the test booking method to identify deviant distribution channels. However, the question arises as to who should bear the cost of prepayment for these test bookings. Some revenue leaders have mentioned that they are required to use their personal credit cards for this purpose. After conducting the test bookings, it becomes time-consuming to negotiate with the channels to obtain a refund. Moreover, revenue leaders personally bear the risk of financial loss until the money is fully refunded, which is unfair to them. Additionally, using the same personal credit card for test bookings can easily be detected by the channels, leading to the failure of the test. With the added pressure and risk involved, the effectiveness of this test booking solution may be compromised. Therefore, we suggest that the hotel finance department acknowledge this issue and allocate a specific amount of cash to the revenue management team exclusively for conducting test bookings.

Another hidden challenge is the potential involvement of hotel employees in the deviant behaviors described above. Some hotel employees are granted authorization to sign company contracts, determine contract prices, handle customer check-ins and payments (Although many hotels have policies prohibiting employees from directly accepting cash from customers on their behalf and handling payment, enforcement may be lacking), provide free room upgrades, offer discount prices, and provide complimentary rooms to select customers. These instances present opportunities for employees to misuse their positions and violate rules and regulations. Therefore, supervising employees' professional ethics is necessary.

Challenges in providing support

Most of the interviewees mentioned that they attempted to inquire with headquarters about the necessity of signing high commissions with global OTAs. However, they did not receive any response. During a casual meeting, the author had the opportunity to ask the same question to a senior manager at a chain hotel headquarters. The manager only mentioned that global OTAs are crucial to the overall business and that signing centralized contracts is more advantageous, without providing specific details about the benefits. It is important to note that the 17 interviewees represent different branded hotels belonging to various chains, and 16 of them extensively signed higher commissions with global OTAs. Within the aforementioned undefined benefits, individual hotels are experiencing revenue loss due to reselling conducted by higher commission channels. While global OTAs are powerful organizations in the worldwide hotel market, their influence may not be evenly distributed across all countries or regions. China, with its significant demand quantity, has its own domestic OTAs that dominate the majority of the market share. Chinese hotels have limited dependence on global OTAs. And if global OTAs aim to increase their market share, it is their own responsibility to do so, and they should not resort to reselling practices. Such deviant practices undermine the normal cooperation between these channels and hotels, as shared by some interviewees that when they discovered global OTAs reselling hotel rooms online, they would promptly terminate the partnership without hesitation. Considering these realities, we suggest the following:

i. In addition to rate parity, "commission parity" may also be necessary for effective revenue management enforcement.

ii. Headquarters should actively listen to real-time information from individual properties before issuing centralized orders. They are expected to provide necessary feedback to address concerns raised by hotels. Clear communication between headquarters and revenue management leaders encourages effective implementation of policies and principles.

iii. Granting appropriate authorizations to on-site revenue management leaders for controlling distribution channels can enable them to manage revenue margins more effectively. These leaders directly face specific markets and possess valuable insights.

iv. Change the terms of the commission payment. For prepaid reservations, customers or OTAs should pay the full amount to the hotel first, and the hotel finance department can settle the commission with OTAs later. Having clarity on the exact amount paid by customers is beneficial for hotels to manage their distribution channels effectively [27].

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These measures aim to address the challenges and improve the collaboration between hotels and distribution channels, ensuring fair and transparent practices while maximizing revenue management outcomes as (Figure 4).

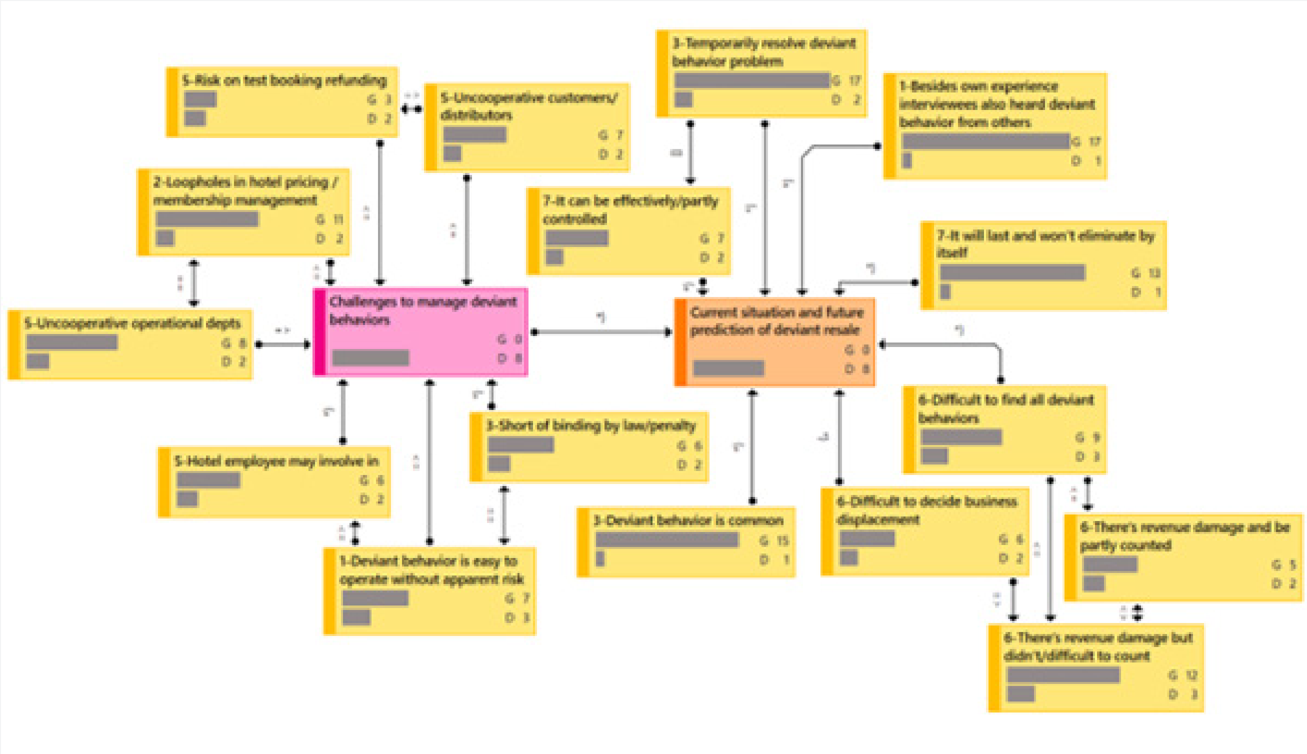

Figure 4: ATLAS.ti Analysis of research discussion.

Limitation

Only organizations' perceptions were considered, and there was a lack of information from the perspectives of resellers and customers. The qualitative information provided was limited to the Chinese context, which may not attract sufficient global attention or account for different situations outside of China. Furthermore, there was a shortage of quantitative data, and the analysis lacked sufficient support from a statistical perspective.

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