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Research Study Proposal for Nightlife Company (San Francisco, CA)

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RESEARCH STUDY PROPOSAL FOR NIGHTLIFE COMPANY (SAN FRANCISCO, CA)

by

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TABLE OF CONTENTS

TABLE OF CONTENTS.....	2
PART I	4
Introduction.....	4
Purpose	5
Statement of Problem.....	5
Justification.....	5
Constraints.....	5
Glossary.....	6
PART II.....	7
Introduction	7
Definition of Revenue Management.....	8
Revenue Management Factors.....	8
Demand Side.....	8
Supply Side.....	10
The Role of Quantitative Analysis in Revenue Management.....	12
Cautions and Potential Pitfalls of Changing Product and/or Customer Mix.....	14
Conclusion to Literature Review.....	15
PART THREE	16
Introduction	16
Methodology.....	16
Target Population.....	17
Sampling Frame.....	17

Probability Sampling.....	17
Selection of Sampling Units.....	17
Sample Size.....	18
Sampling Units.....	18
Results.....	19
Data Collection.....	19
Analytical and Data Analysis.....	21
Anticipated Results.....	21
Future Benefits to Company.....	21
Conclusions.....	22
Recommendations.....	23

PART ONE

Introduction

This research proposal proposes a study to evaluate the differences in consumer spending amongst a company's three types of customers (pre-sale ticketed, paid admission, free admission) once granted entry to one of the company's nightclub venues in order to evaluate the optimal supply mix of customer type to maximize revenues. Since the company's venue has a finite customer capacity limit due to safety and fire regulations and laws and it generally reaches these legal capacity levels on the vast majority of the nights it is open for business (leaving surplus customers unable to enter the venue), the proposed research study will attempt to evaluate the optimal mix of each of these types of customers in order to maximize revenue by controlling the supply and demand of these three different admission ticket types (Kimes & Thompson, 2004).

The proposed research will be conducted through both quantitative and qualitative methods. A detailed literature review along with physical observation of the three customer types both in the bar areas and at the entrance to the venue will be proposed. Furthermore, empirical data gathering of actual customer purchases and ticketing type will allow for the matching of customer spending to a specific customer and thus allocated to a specific customer type. The methodology section will provide an overview of the proposed research procedures and process. This will include determining the sample and unit of analysis, the measures by which customer types will be compared and contrasted, the data collection procedures, and the data analyses. The expected outcome of the research will show what type of customer on average is the most profitable for the business. The study findings will provide implications for company's

relationship marketing efforts as well as revenue management strategies for the customer types (Cross, 1997).

Purpose

The purpose of this research study is to identify the differences in in-house spending behavior amongst three general types of customers (pre-sale ticketed, paid admission, free admission) of a nightclub venue. The research findings will allow the company to determine the optimal supply mix of customer type to maximize revenues (Noone & Griffin, 1997).

Statement of Problem

Since the nightclub venue has finite customer capacity limits due to safety and fire regulations and laws and it generally reaches these capacity levels on the vast majority of the nights it is open for business, additional available surplus customers are unable to enter the venue. The company is currently unaware if the optimal mix of customers is present inside the venue in order to maximize revenues.

Justification

The research study findings will provide implications for company's relationship marketing efforts as well as revenue management strategies for specific customer types. The company will be able to control the supply of these three ticket types ensuring a more optimal customer mix in an attempt to maximize revenue and enhance profitability (Preda & Watts, 2003).

Constraints

Data will be collected during a specific period of time and on select days only. Data will be collected over a three month period on Friday and Saturday nights only.

Glossary

Free admission customer is a guest that is granted free admission on a promoter's complimentary admission guest list or by being a known "regular" of the venue.

In-house spending is defined as the dollar amount a customer spends inside the nightclub venue on products and services offered by the nightclub venue.

Paid admission customer is a guest who is granted entry to the venue after paying an admission charge (normally \$15 to \$25) at the front door box office.

Pre-sale ticketed customer is a guest who is granted entry to the venue after purchasing their admission ticket in advance on company's ticketing website at a small discount to (normally \$5 to \$10 off) the front door admission charge and presenting this ticket to the front door box office.

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 revenue growth" (Cross, 1997).

PART TWO

Literature Review

Introduction

A significant aspect of successful nightclub operations is effectively managing demand and supply. A successful nightclub operation maximizes the number of guests inside the venue allowable by law while providing those guests with products and services to maximize guest spend. Therefore, the concept of revenue management applies to nightclub operations in the same ways it applies to other hospitality firms, such as hotels and restaurants. Effective revenue management in a nightclub operation is of the utmost importance to maximizing revenue (G. Karpaty, personal communication, July 14, 2011). This includes not only effective demand-side and supply-side management but also providing the proper data analysis tools and management procedures for the applied environment. While attempting to create an environment in which demand is maximized and supply is adequately provided, there is also a need to be wary of common cautions and pitfalls that may occur as byproducts of seemingly effective revenue management policies. The following literature review describes past published works highlighting the importance of revenue management for hospitality firms, the supply-side and demand-side factors involved in revenue management, the significance of data analysis and its application to the applied environment, and pitfalls and cautions to be wary of when implementing revenue management policies. The literature review further provides justification for the importance of the research proposal and its expected findings for company's relationship marketing efforts as well as revenue management strategies for specific customer types.

Definition of Revenue Management

Maximizing revenue is one of the top priorities of all for-profit hospitality firms, including company's nightclub operation. Revenue management is defined as "the application of disciplined tactics that predict consumer behavior at the micro-market level and optimize product availability and price to maximize revenue growth" (Cross, 1997, p. 33). Predicting and forecasting consumer demand at the micro-market level for company's three product (customer admission) types and optimizing product availability and price of these three products to maximize revenue is the focus of this study.

Revenue Management Factors

Demand side

Effective revenue management takes into account both demand-side and supply-side factors. One of the key tenets of effective revenue management is that it is important to forecast and assess consumer demand. "Revenue management cannot work without adequate forecasts of capacity, demand, and prices. Improvement in forecast accuracy significantly improves revenue. Revenue management techniques are essentially a set of balancing acts, each act or technique adds a small fraction to revenue, and collectively they provide respectable increases" (Hossam, 2000, p. 3). This literature discusses the importance of adequate forecasting as an integral part of the balancing act of revenue management, which is similar to the balancing act the study is attempting to evaluate by displaying results on the optimal supply mix of customers by balancing the quantities of the unique customer types to provide the optimal environment for maximizing revenues. Furthermore, in order for the research results to have applied applications for company, it must have a notion of the present and forecasted consumer demand for the three different types of customer admission ticket products it offers. The present and forecasted

demand for company's nightclub will be discussed further in Part Three of this research proposal.

Another step in evaluating current and future revenue management practices for a hospitality firm is to evaluate and determine a customer's value to the firm. One such recent "study tests the effects of various marketing mix strategies available to a manager on a given customer's predicted activity pattern. This information is then used to assess the Net Present Value of the future purchases of the customer--in other words Customer Value. This (literature) relates marketing strategies to future customer activity and incorporates expected future revenue from each customer" (Venkatesan, 2002, p. 5). Thus, an important step in effective revenue management is to determine a customer's value in terms of future spend and apply specific marketing tactics to increase future customer activity to induce expected future revenue. Through the proposed research, this study attempts the same function by evaluating the average value of each of company's three customer segments in terms of their anticipated guest spend per unique visit and applying specific marketing tactics to induce and increase the frequency of visits by the customer type with the highest value to company's nightclub business.

Combining the notions of assessing consumer demand and determining customer value, truly effective revenue management requires hospitality firms to search for the optimal customer mix in relation to cost implications and guest spend. "In order to sustain the long-term profitability and growth of hotel organizations, yield management decisions must incorporate two critical constraints: the cost implications of the customer mix and guest ancillary spend. It is proposed that customer profitability analysis, which reports revenues, costs and profit by customer group, will give management the ancillary spend and cost information that will enhance customer mix decisions over a long-term horizon" (Noone & Griffin, 1997, pp. 1-2).

The literature describes implications of customer mix on guest spending at hospitality-based businesses. Thus, only in an environment in which optimal customer mix is evident, can effective revenue management occur to maximize revenue. Customer profitability analysis can provide management with the proper information to make these customer mix decisions. Both of these statements directly relate to the research proposal in that it is attempting to analyze customer mix and guest spend in order to provide company management with the proper information/findings to make optimal customer mix decisions.

Demand-side management is not only always about consumer demand and customer value. Effective demand-side management in hospitality operations also includes appropriate inventory control to maximize revenues. For example, in the hotel business, revenue management is crucial to create and optimize revenue. This is accomplished through demand management techniques designed to optimize the distribution of inventory in response to demand management issues (Haley & Valley, 2006). This directly relates to the research objectives since this study will attempt to determine the optimal course of action regarding demand for company's three ticket types with the proper allocation of company's inventory to meet this demand while adhering to research finding suggestions on customer type to maximize revenue.

Supply side

As stated previously, effective revenue management takes into account **both** demand-side and supply-side factors. Thus, key tenets of effective revenue management, in addition to its demand-side variables, are the supply-side variables of supply mix, capacity, and price. Typically in the past, the use of revenue management has taken the form of demand management by influencing price and length of customer usage while supply mix has rarely been considered. However, research has shown that supply mix can have a major impact on revenue optimization

and determining an optimal supply mix can maximize revenue. Utilizing data from a Chevy's restaurant and a supply mix simulation model, Kimes and Thompson discovered the optimal mix for the restaurant was capable of accommodating a thirty percent increase in volume over the restaurant's current supply mix without an increase to customer wait times (Kimes & Thompson, 2004). The literature states that product availability and supply mix have a direct impact on revenue. This statement directly relates to the research proposal in that company's nightclub operation is looking to develop an optimal supply mix of its three customer ticket types to maximize revenue, similar to the Kimes and Thompson study regarding Chevy's.

In addition to determining the optimal supply mix, it is also essential to determine both available and idle capacity in order to effectively manage revenue of a hospitality venue. Available capacity is determined by state and county fire and safety regulations through safety permits acquired from governmental agencies which determine the available capacity for a hospitality venue. Idle capacity requires a bit of data analysis with the following formula at its heart: available capacity minus actual usage equals idle capacity. More important to revenue management than determining the actual idle capacity is how to eliminate it once it is found. Through the utilization of techniques currently available in production capacity research findings, venue operators should be able to discover areas of idle capacity. Once these areas are identified, operators should work toward the control and eventual elimination of the waste. This will increase the potential profit of the venue through the removal of these hidden costs (Preda & Watts, 2003). The literature states that identifying idle capacity and eliminating waste increases the profitability of an organization. This specifically relates to this research proposal in that company's nightclub operation is attempting to both evaluate which ticket type is most valuable to company and the amount of idle capacity for this customer ticket type. This is an effort to both

eliminate waste of this most valuable ticket type supply and increase overall profitability by optimizing all three ticket type supply levels.

While supply mix and capacity are important aspects of supply-side revenue management, pricing is also of vast importance to an effective revenue management program. Past research provides “an introduction to yield management concepts, resources, and ideas for the design and implementation of price and capacity management tools” and discusses “the use of yield statistics to monitor the performance of price and capacity decisions in operations” (Barth, 2002, p. 137). Since price determines many factors such as actual consumer demand, units sold, and even customer loyalty, it is important to design and implement price and capacity management tools to optimize yield, while monitoring the performance of these tools in operational practice. The research findings of this proposed research project will lead company to implement both price and capacity tactics in an attempt to maximize yield. The research methodology in Part Three shall also guide company in developing an ongoing program to monitor the performance of these tactics in order for company to continue to make the optimal decisions to maximize yield in light of all relevant supply-side variables.

The Role of Quantitative Analysis in Revenue Management

The proper variables to adopt effective revenue management tactics and strategy can only be determined through rigorous data analysis specific to a given firm’s real-world factors and environment. A “firm's management should use data-analysis techniques to estimate untapped revenue potential” (Cross, 1997, p. 34). The literature discusses using data-analysis techniques to discover additional revenue potential, which is something the proposed research intends to facilitate.

While determining the optimal demand-side and supply-side variables is important for revenue management, the true power lies in the application of revenue management strategy and tactics to an applied environment. Cross states that proper revenue management includes the analysis of all available data to discover hidden revenue potential and only when managers are given the opportunity and authority to make changes in the price and product mix does the true power of revenue management become realized (Cross, 1997). Thus, using validated research findings in an applied manner allow those in an organization the freedom and authority to make decisions (based on the findings) to best manage revenue. This applied determination will be something company will need to consider when deciding whether or not to utilize the research findings from this research project in an applied manner by allowing management to make customer mix decisions as needed to best manage revenue for company.

While applying research findings to revenue management actions can harness the true power of revenue management, it is also important to monitor these applications to ensure they are benefitting the firm as intended. One way in which company can monitor its revenue management decisions is through the development of a revenue opportunity model including analyzing inventory control and revenue management decision impacts. “The era has ended when revenue management can stand alone as a tactical approach” and that now through “technological and management support, revenue management must be integrated into all aspects of marketing and operating strategies.” The literature further states that it is of vast importance to develop “a revenue opportunity model, which monitors the effectiveness of inventory controls and analyzes the effects of revenue management decisions” resulting in “a customer-focused approach that tracks customers' purchases and targets promotions based on an understanding of customers' responses to prior offers” (Cross, Higbie, & Cross, 2009, p. 56). This article relates to

the research since it states the importance of utilizing revenue management research results to company's tactics and constant evaluation of the effectiveness of revenue management decisions in action. These two topics are relevant because company plans on applying the research findings of this proposed study to company's revenue management operations. In addition, company's application of the research results relates to the literature because the results will be applied in an ongoing attempt to control inventory (supply) by tracking and forecasting the behavior of company's consumers in the future.

Cautions and Potential Pitfalls of Changing Product and/or Customer Mix

While revenue management strategies, policies, and tactics are intended to create only positive net effects, caution must be taken with regards to the awareness and reduction of potential negative side effects of changing product and/or customer mix at a hospitality firm such as those intended by this research proposal. Pullman and Thompson's research evaluated several capacity and demand management considerations. The goal of the research was to find alternatives to maximize the number of customers who encountered a wait time of less than ten minutes. They tested the following environmental variables: demand growth, customer-mix variations, and product availability. Interestingly enough the research found that altering the customer and product mix with the goal of increasing revenues actually decreased customer service below acceptable levels (Pullman & Thompson, 2002). The literature relates to the research proposal since it discusses changes to customer and product mix in order to maximize a result, which is similar to the research variables and objectives. The literature also discusses a potential pitfall of decreased customer service as a result of changing the customer and/or product mix. This is a potential pitfall (among others) that company will need to keep an eye on if company decides to use these research findings in an applied manner. It will be important to

recognize that changing the customer or product mix to one that may be optimal for revenue may not be optimal for the customer experience and to be aware of possible negative “side-effects” that may arise with this change in customer or product mix.

Conclusion to Literature Review

While the foregoing Literature Review examines literature specifically published regarding non-nightclub hospitality firms, the concept of revenue management applies to nightclub operations in the same ways it applies to other hospitality firms, such as hotels and restaurants, since successful nightclub operations also revolves around effectively managing demand and supply by maximizing the number of guests inside the venue allowable by law and guest spend. This determination and application of an effective revenue management program includes not only effective demand-side and supply-side management but also proper data analysis tools and management procedures for the applied environment. The research proposal is an attempt to determine which variables are most relevant to the problem at hand and the correct methodology for revenue management application in the current environment.

PART THREE

Introduction

Part Three will contain descriptions of the qualitative and quantitative research methods proposed, why these are important methods for identifying the differences in in-house spending behavior amongst the three general types of customers (free admission, paid admission, pre-sale ticketed) of the nightclub venue, and why they are justified by the Part Two literature review.

Data will be collected through both quantitative and qualitative methods. Physical observation of the three customer types both in the bar areas and at the entrance to the venue will be performed. In addition, empirical data gathering of actual customer purchases and specific ticketing type will allow for the matching of customer spending to a specific customer and thus allocated to a specific customer type. Data and analytical analysis will then be performed to solve the problem described in Part One with justification from Part Two. Anticipated conclusions of the proposed research study will be included along with recommendations for managerial application of the anticipated new-found knowledge gained by the proposed research. The results will provide implications for company's relationship marketing efforts as well as revenue management strategies for the above-mentioned customer groups.

Methodology

This methodology section will provide an overview of the proposed research procedures and process. The goal of the research project is to determine the average spend per customer by specific customer type at company's nightclub in San Francisco on Friday and Saturday nights over a three month period. The research design methods will include determining the sample and unit of analysis, the measures by which customer types will be compared and contrasted, the data collection procedures, and the analytical and data analysis required.

Target population

Company's nightclub is located in San Francisco, CA and is regularly open for business on Friday and Saturday nights only. Thus, the target population for the sampling plan is all customers of company's nightclub in San Francisco, CA on Friday and Saturday nights.

Sampling frame

The sampling frame for the sampling plan is all customers who attend company's nightclub in San Francisco, CA on the dates (Fridays and Saturdays only) selected to conduct fieldwork. The sampling unit is the individual customer.

Probability sampling

The sampling method for the sampling plan is probability sampling. Each customer in the target population has a certain, nonzero probability of being selected as a sampling unit.

Selection of sampling units

The procedure for selecting sampling units for the sampling plan is to first identify disproportional stratified samples within the sampling frame and then attempt a census of each strata. Stratified sampling divides the population into subgroups called strata "whose members are more or less equal with respect to some characteristic" (Zikmund, Babin, Carr, & Griffin, 2010, p. 400). The following three stratum will be utilized for selecting sampling units for the sampling plan: pre-sale ticketed customers, paid admission customers, and free admission customers, customers of company's nightclub on Friday and Saturday nights. "Random sampling error will be reduced with the use of stratified sampling, because each group is internally homogeneous but there are comparative differences between groups. A stratification variable is identified as an efficient basis for stratification. The variable chosen should increase homogeneity within each stratum and increase heterogeneity between strata." (Zikmund et al.,

2010, p. 400) The stratification variable in the sampling plan is the method by which a customer gains access to company's nightclub. "In a disproportional stratified sample the sample size for each stratum is not allocated in proportion to the population size but is dictated by analytical considerations. A disproportional stratified sample will be selected to ensure an adequate number of sampling units in every stratum. Sampling more heavily in a given stratum than its relative population size warrants is not a problem if the primary purpose of the research is to estimate some characteristic separately for each stratum and if researchers are concerned about assessing the differences among strata (which is the primary purpose of the research project)" (Zikmund et al., 2010, p. 400). Once the disproportionate stratified samples within the sampling frame are identified, a census will be attempted of every free admission customer, every paid admission customer, and every pre-sale ticketed customer within those samples.

Sample size

The sample size for the sampling plan is estimated to be 100 pre-sale ticketed customers per night, 900 paid admission customers per night, and 300 free admission customers per night for a total sample size of 1,300 customers per night. The sampling will be conducted over a three month period (Fridays and Saturdays only) resulting in a total sample size of 31,200. This sample size was determined by examining past internal data. The average numbers of each customer type per night (Fridays and Saturdays only) over the past year at company's nightclub according to internal data is as follows: 100 pre-sale ticketed customers, 900 paid admission customers, and 300 free admission customers.

Sampling units

The sampling units will be selected at the front doors of company's nightclub as the customer is being admitted to the venue. Company's nightclub has three distinct customer

queues: one for free admission customers, one for paid admission customers, and one for pre-sale ticketed customers. Thus, it will be a simple process of using the appropriate hand stamp on the appropriate person from each queue as they enter the venue. Free admission customers will receive a circle shaped stamp on the top of their right hand. Paid admission customers will receive a star shaped stamp on the top of their right hand. Pre-sale ticketed customers will receive a square shaped stamp on the top of their right hand. (A non-toxic, waterproof, and fade resistant hand stamp will be used to limit the number of customers who attempt to remove hand stamp.)

Results

Data Collection

The fieldwork will be conducted on twelve consecutive weekends (both Friday and Saturday nights) from 8pm to 4am (the venue's operating hours). No additional staff will be required since company already provides door hosts for the three customer type queues. The only change to front door operations for the nights in question will be that the door staff will utilize the three different shaped hand stamps (as mentioned above) instead of the one shaped hand stamp they currently use for all customers. The measures by which customer types will be compared and contrasted will be average total nightly dollar spend (both cash and credit (minus credit card merchant service fees)) per customer by customer type.

The data collection procedures will be as follows:

- 1) Servers and bartenders of company's nightclub will make a note of the customer's hand stamp when taking an order or accepting payment. (The top of the right hand was selected since the majority of the general public is right handed and to provide maximum potential visibility of

the stamp by company staff.) If they are unable to see the hand stamp upon normal viewing, they will quickly ask the customer “May I see your stamp?” prior to accepting payment.

2) Company nightclub utilizes Aloha point of sale devices for all customer purchases. Aloha point of sale devices are customizable and allow for custom buttons to be developed for the employee interface. Prior to conducting fieldwork, these Aloha devices will be programmed to contain a star, a square, and a circle shaped custom buttons. Servers and bartenders will select the appropriate shaped screen icon once payment is collected to attribute the correct customer type with the specific payment. (Programmable buttons will be tested prior to conducting fieldwork.) If no hand stamp was present or visible, then no programmable button will be selected and this data will not be considered in the study.

3) At the end of each night, the following data figures will be tabulated from the front door operations through the use of clicker counters at each of the customer queues (a process company currently adheres to): number of free admission customers, number of paid admission customers, and number of pre-sale ticketed customers. At the end of each night, the following data figures will be downloaded from the Aloha point of sale devices: cash proceeds from star-stamped customer transactions, cash proceeds from square-stamped customer transactions, cash proceeds from circle-stamped customer transactions, credit proceeds from star-stamped customer transactions, credit proceeds from square-stamped customer transactions, and credit proceeds from circle-stamped customer transactions. It will also be noted if the weather that evening was raining or not raining. (This variable will be tracked to see if it affects the results in a statistically significant way.)

Analytical and data analysis

Analytical and data analysis methods will then be used to interpret the data. The following formulas will be utilized:

Average Nightly Spend Per Free Admission Customer = ((cash proceeds from circle-stamped customer transactions) + (credit proceeds from circle-stamped customer transactions – (credit proceeds from circle-stamped customer transactions X .03 credit card merchant services fees))) divided by number of free admission customers

Average Nightly Spend Per Paid Admission Customer = ((cash proceeds from star-stamped customer transactions) + (credit proceeds from star-stamped customer transactions – (credit proceeds from star-stamped customer transactions X .03 credit card merchant services fees))) divided by number of paid admission customers

Average Nightly Spend Per Pre-Sale Ticketed Customer = ((cash proceeds from square-stamped customer transactions) + (credit proceeds from square-stamped customer transactions – (credit proceeds from square-stamped customer transactions X .03 credit card merchant services fees))) divided by number of paid admission customers

Anticipated results

The anticipated results of the research study will objectively show what type of customer on average is the most profitable for the business. The study findings will provide implications for company's relationship marketing efforts as well as revenue management strategies for each of the specific customer types (Cross, 1997).

Future benefits to company

The future benefits to the company of the anticipated results are more effective inventory control to maximize revenue, more efficient use of marketing spend, and increased overall

revenue. With the results, company will know what type of customer on average is the most profitable for the business. With this knowledge, company can control the inventory supply of each of the three ticket types with the goal of maximizing revenue. For example, if it is found that free admission customers spend the most, then company should increase the available number of free admission tickets available to meet the demand for this ticket type even if this means decreasing the available number of tickets available for another customer type.

Furthermore, company will be able to direct its marketing efforts and budget toward attracting more of the customer type with the highest average spend. Company will be able to shift dollars and efforts from campaigns targeting the lower profitable customer types to the highest. With both this more efficient marketing campaign strategy and a more effective inventory control system in place, company should be able to increase revenue by targeting and supplying the most profitable customer type.

Conclusions

The anticipated conclusions of the proposed research study will be important not only in justifying recommendations to company but also in their potential universal application to the nightlife venue industry. The anticipated conclusions will allow company to determine integral aspects of an effective revenue management program:

- optimize product mix and price to maximize revenue (Cross, 1997).
- forecast and assess consumer demand for the company's ticket types (Hossam, 2000).
- evaluate and determine a customer type's value to the firm (Venkatesan, 2002).
- determine the optimal customer mix in relation to guest spend (Noone & Griffin, 1997).
- optimize the distribution of inventory in response to demand management issues (Haley & Valley, 2006).

- develop an optimal supply mix of its three customer ticket types to maximize revenue (Kimes & Thompson, 2004).
- determine both available and idle capacity in order to eliminate waste (Preda & Watts, 2003).
- implement both price and capacity tactics in an attempt to maximize yield (Barth, 2002).
- analyze all available pertinent data to discover hidden revenue potential and give managers the opportunity and authority to make changes in the price and product mix (Cross, 1997).
- develop a revenue opportunity model including analyzing inventory control and revenue management decision impacts (Cross, Higbie, & Cross, 2009).

While this specific research study is intended to determine results, conclusions, and recommendations for company's nightclub in particular, there are potential universal applications of the results for the nightlife industry as a whole. The applications that have potential universal appeal to the nightlife industry are to:

- define methodology for determining customer value
- develop ticket type inventory supply controls based on customer value
- develop marketing strategies and tactics to increase demand for most valuable ticket type

Recommendations

The results of this proposed research study are intended to be utilized to provide management with recommendations for application of the new found knowledge in the areas of ticket type inventory supply controls and ticket type demand controls. The knowledge gained by this research will provide management with a direct course of action with regards to which customer type is the most profitable and therefore should allow management the authority and

controls to both meet the demand of this ticket type through adequate ticket type inventory controls and attempt to increase the demand for this ticket type through marketing and promotional channels.

Management should make every attempt to meet the complete demand of the ticket type that is most profitable to company. Utilizing ticket type inventory supply controls such as re-allocating available ticket inventory from a less profitable customer type to the most profitable customer type is recommended.

Management should make every attempt to deepen relationship marketing ties to the most profitable customer type. Company should begin to gather additional data such as email addresses and mobile phone numbers of customers in the most profitable ticket type group in order to more effectively and efficiently communicate with these customers in an attempt to deepen customer loyalty and retention as well as increase frequency of visits by this customer group.

Management should make every attempt to increase the demand for the most profitable ticket type. It is recommended that company employ additional marketing and promotional tactics to increase the pool of customers in the most profitable ticket type group. This may include spending new funds to reach a larger segment of this target population subgroup or re-allocating marketing dollars from programs targeting less profitable ticket type customers towards programs targeting the most profitable ticket type customers.

Management should also employ ongoing research and make every attempt to consider additional variables that may affect the results of this research study. It is recommended that company continue the research indefinitely to monitor both the effectiveness of the proposed recommendations as well as to consider additional variables that may adversely affect the results

of the initial research. Ongoing monitoring of customer value and most profitable ticket type is important because things may change with the implementation of the proposed recommendations. For example, the most profitable ticket type may become less profitable with a change in supply controls or demand controls. It is imperative that company management be alerted to this change so that it may pivot and change course to adapt to this changing condition. It is also recommended that company consider additional variables in its ongoing research efforts such as seasonality, customer sex, and weather. For example, a less profitable ticket type may outspend the most profitable ticket type in a specific season, like summer. Another example is that company may find that women outspend men regardless of ticket type. A final example may be that a less profitable ticket type outspends the most profitable ticket type when it is raining. The tracking of these additional variables will be important because they will give management additional information and data regarding the three ticket types allowing them to make instant and continuous changes to best maximize revenue.

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