OPTIMIZATION OF REVENUE MANAGEMENT STRATEGIES FOR RESTAURANTS

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ABSTRACT

Revenue management (RM) stands as a cornerstone strategy within the multifaceted landscape of the hospitality industry, offering businesses a systematic framework for anticipating, managing, and optimizing revenue streams. Rooted in the principles of demand forecasting, inventory optimization, and dynamic pricing, RM encompasses a spectrum of strategic levers aimed at maximizing revenue generation while concurrently enhancing customer satisfaction and organizational profitability. Within the dynamic ecosystem of the restaurant sector, where competition is intense and profit margins are inherently constrained, the implementation of effective RM strategies assumes heightened significance as establishments vie for market share and sustainable growth.

Moreover, as the restaurant industry landscape continues to evolve in response to shifting consumer preferences and technological advancements, new paradigms and trends in revenue management are beginning to emerge. The proliferation of subscription-based business models, the advent of data-driven personalization strategies, and the growing emphasis on sustainability and ethical sourcing are just a few examples of the transformative forces shaping the future of revenue management in the restaurant sector. By elucidating these emergent themes and discerning their implications for revenue management practices, this work seeks to facilitate informed decision-making and strategic adaptation among industry stakeholders.

This work endeavors to undertake a comprehensive examination of the extant literature surrounding revenue management techniques specific to the restaurant industry. Through a rigorous review and synthesis of scholarly research, industry reports, and practitioner insights, it aims to delineate key strategic levers, elucidate prevalent implementation barriers, and discern emergent themes warranting scholarly inquiry

and practical application. The thesis starts with an evaluation of the consumer acquisition and retention strategies currently used by the restaurateurs. Subsequently, we develop a comprehensive model for restaurateurs to optimize their consumer acquisition and retention strategies. The study provides restaurateurs with a set of targeted promotional strategies designed to attract new customers to their establishments. The study also introduces a model that identifies the critical factors influencing consumers' decisions to revisit restaurants, offering valuable insights into customer retention.

Next, the thesis presents a comprehensive framework designed to assist restaurateurs in implementing subscription models within their establishments. This involves developing willingness-to-pay models, which are instrumental in identifying the appropriate consumer segments to target. We also develop various models addressing the motivations and barriers associated with the adoption of subscription models in the restaurant industry. These models can be integrated and can be used to facilitate restaurateurs in smoothly transitioning to subscription-based services.

The next study presents mathematical models for designing subscription packages and optimizing the pricing of subscription packages offered by the restaurateurs. We propose a framework which will help the restaurateurs in effectively designing the subscription packages as well as optimally price those packages. Initially, an analytical approach is utilized to design the packages. Subsequently, we propose an optimization model to determine the optimal pricing strategy for these packages. The models developed for pricing the subscription packages has the potential to be utilized by restaurateurs globally, enabling them to effectively determine the optimal pricing for their subscription packages.

In summation, this work offers a comprehensive synthesis of the extant literature on revenue management within the restaurant industry, elucidating key principles, identifying implementation challenges, and discerning emergent trends. By providing restaurateurs with a nuanced understanding of the strategic levers, implementation barriers, and emergent themes shaping the landscape of RM, this work seeks to empower restaurateurs with the knowledge and insights necessary to optimize revenue performance and sustain competitive advantage in an ever-evolving marketplace.