Stockholm School of Economics
Department of Accounting
Master Thesis in Accounting and Financial Management
Fall 2015

Managing Paradox for Profitability

A case study on paradox management between Revenue- and Key Account Management within the hospitality industry

Marc Fröhlich[×] Madeleine Mörch[o]

This paper describes a case study within the hospitality industry that is known for applying the accounting techniques Revenue Management and Key Account Management for revenue maximization and increasing profitability. The study aims to describe conflicts of interests between the two techniques and how these are managed within the organization. Using Lewis' (2000) paradox framework, we describe the identified conflicts of interests as interrelated and interlinked *underlying tensions*, being enforced by *reinforcing cycles (differentiation)* and mitigated by *management tactics (integration)*. The study shows the active application of KPIs and the Budget by various members within the organization as the main differentiating and integrating tactics for managing cross-functional tensions. Last, the results indicate the beneficial effect on performance by following an active strategy that embraces existing tensions.

Tutor: Martin Carlsson-Wall, Assistant Professor Department of Accounting

Date: 7th December 2015

[×]40642@student.hhs.se | [o]22306@student.hhs.se

Keywords: Revenue Management, Key Account Management, Tensions, Paradox, Hospitality Industry

Acknowledgements

We would like to thank our anonymized case company and all participants in this study who with their time and best of efforts kindly assisted us in our search for answers. We would also like to extend our gratitude to Martin Carlsson-Wall who with his continuous interest in our work, valuable support, and tremendous enthusiasm guided us through the minefield of academic thesis writing.

Stockholm, December 2015

Marc Fröhlich Madeleine Mörch

Contents

1 Introduction

The introduction of the Internet as an additional distribution channel within the hospitality industry has led to profound changes since the 1990s (Buhalis & Law, 2008; O'Connor & Piccoli, 2003) and thus, a redesign of the purchasing process. Initially, hospitality organizations, such as airlines, hotels and car rentals, positively perceived “the potential to distribute directly to customers and hence, reduce or even eliminate commission payments and transaction fees traditionally paid to intermediaries such as travel agents […]” (O'Connor & Piccoli, 2003, p. 108). Additionally, organizations saw the opportunity to gather detailed customer data, including the possibility to develop more advanced strategies for customer relationship management (Carroll & Siguaw, 2003; O'Connor & Piccoli, 2003). With these potential benefits in mind, a majority of organizations within the hospitality industry entered the web arena (O'Connor & Piccoli, 2003). Despite initial success through a reduction of distribution costs, the process of digitalization came to pose a great threat to profitability. Through the Internet, a wide range of distribution channels and new intermediaries emerged, requiring practically no capital investments. Those facilitated price comparisons (Carroll & Siguaw, 2003) and additionally offered tailor-made package deals.. Subsequently leading to increased price transparency, enhancing the bargaining power of consumers (Porter, 2001), but also challenging hospitality organizations’ margins and overall profitability. The digital transformation and the consequent emergence of new distribution channels within the hospitality industry thus, created the need for new techniques in order to manage profitability.

Revenue Management and Key Account Management are two accounting techniques frequently used within the hospitality industry to manage revenue, and in turn profitability (Cross, et al., 2011; Huefner & Largay III, 2008). Revenue Management is described as “a set of strategies that enable capacity-constrained service industries to realize optimum revenue from operations” (Withiam, 2001, p. 3) or in simpler words, it is the use of the rules of supply and demand to optimize price and capacity utilization for increasing revenue. On the other hand, Key Account Management “primarily focuses on the management and development of profitable relationships with strategically important business-to-business clients” (Brennan & Wang, 2014, p. 1172). Aiming to optimize revenue and thus, profitability, the two accounting techniques can be perceived to be complementary business strategies (Vaeztherani, et al., 2015) however, posing a high risk of sub-optimization due to inherently different goals and time horizons. Surprisingly as such, the literature stream that holistically analyzes Revenue

Management and Key Account Management in combination has emerged only relatively recent. Literature has revealed essentially three dimensions where Revenue Management and Key Account Management tend to clash. These are opposing foci in relation to Customer Time, Customer Segmentation (Mathies & Gudergan, 2007) and Customer Engagement (Wang & Bowie, 2009). To bridge such differences, previous research argues for integrational efforts with the aim of limiting tensions. In specific, authors have discussed the integration of 'customer value' as well as CRM-databases within Revenue Management models to optimize decision-making (Brennan & Wang, 2014; Mainzer, 2004; Von Martens & Hilbert, 2011). Calling for the independence and balance between the two techniques (Wang & Bowie, 2009), Wang (2012) was the first one to introduce a number of differential tactics for managing Revenue Management and Key Account Management. In conclusion, recent research within Revenue Management and Key Account Management has emphasized the importance of a balance between integrational and differential strategies to allow organizations to benefit from the tensions between the two techniques. Last, dialectical thinking seems to be playing a crucial role in managing tensions within the hospitality industry (Seal & Mattimoe, 2014). However, we perceive current literature to lack important insights around the dynamics of combining both integrational and differential tactics for managing tensions between the two accounting techniques.

To answer the above stated research gap, this study applies the 'paradox lens' and develops an analytical framework that enables the presentation of underlying, opposing tensions and a discussion about the interrelatedness of differential and integrational tactics in order to fully reap the benefits of dynamics between Revenue Management and Key Account Management. Consequently, the study aims to answer the following research questions:

1. *How can organizations manage the tensions between the accounting techniques Revenue Management and Key Account Management with the combination of differential and integrational tactics?*
2. *How does dialectical control affect the management of tensions between Revenue Management and Key Account Management?*

In order to answer these research questions we have conducted a single qualitative case study on a hotel chain operating in the Nordic region. Twenty-one semi-structured interviews have been conducted with employees within the Revenue Management and Key Account Management departments as well as top- and senior management.

This study proves the existence of three paradoxes between Revenue and Key Account Management that arise due to underlying opposing tensions. These center around different perspectives of time, customer segmentation and customer engagement as earlier identified by Mathies and Gudergan (2007) as well as Wang and Bowie (2009). By applying Lewis' (2000) paradox framework and describing the opposing poles' *underlying tensions, reinforcing cycles* and *management tactics,* we have shown that these tensions are perceived to be functioning as paradoxes and not either/or dilemmas or trade-offs, but rather as interdependent and interwoven opposites. In addition, the study further demonstrates Wang and Bowie's (2009) initially made claim for the necessity of both differential and integrational tactics to balance the paradoxes between Revenue Management and Key Account Management. Such tactics involve the active use of KPIs and the budget by various members of the organization. Therefore, exemplifying the importance of classic management accounting tools in managing tensions. Essentially, the study illustrates the interactive use of KPIs and the budget by a great variety of organizational members hence, proving Seal and Mattimoe´s (2014) initially made claim around the importance of dialectical management when managing tensions within the hospitality industry.

Overall, the study states the crucial importance of the coherent use of accounting techniques in managing cross-functional tensions between Revenue Management and Key Account Management. The findings further indicate that the conscious use of these tactics, for the sake of embracing tensions, could lead to higher revenues and thus, performance.

Structure of the Study

This study is structured as follows: Section 2 presents an overview of previous research on Revenue Management and Key Account Management within the hospitality industry, with specific focus on conflicts that may arise due to the simultaneous use of both accounting techniques, as well as literature on paradox and paradox management. In addition, the literature review explores the current research gap and presents the derived framework based on previous research. Section 3 presents the research methods used and their effect on the quality of the study. Thereafter, section 4 discusses the findings based on the earlier derived framework and thus, depicts a holistic view of the discovered tensions and interdependencies of management tactics. Section 5 then presents a more in-depth analysis of the findings and summarizes the contributions of the study in relation to previous research. Last, section 6 and 7 summarizes conclusions and presents reflections on the study's limitations and suggestions for future research topics.

2 Literature Review

In Chapter 2.1, we problematize literature within Revenue Management and Key Account Management and argue for a more holistic perspective on the two accounting techniques. To provide depth to our analysis, we review literature around paradox management in Chapter 2.2 and thereafter, develop an analytical framework in Chapter 2.3.

2.1 Revenue- and Key Account Management in the Hospitality Industry

2.1.1 The Accounting Technique of Revenue Management

Revenue Management as an accounting technique emerged already in the 1970s within the airline industry, and the concept spread quickly to other industries (Cross, et al., 2011). More specifically, Revenue Management is highly applicable within industries that share the following characteristics: fixed capacity, perishable inventory, a cost structure including high fixed costs and low variable costs, time-variable demand patterns and the ability to forecast demand (Kimes, 2000). Revenue Management is described as “a set of strategies that enable capacity-constrained service industries to realize optimum revenue from operations” (Withiam, 2001, p. 3) as cited in Huefner & Largay III (2008, p. 247), thus with the end-purpose of maximizing bottom-line results. As such, it is the disciplined application of analytics to predict customer behavior for optimizing price and capacity utilization, aiming to increase revenue. Hence, research in Revenue Management has throughout the years centered on forecasting demand, as it is claimed to have direct impact on rationed capacity limits that determine profitability (Bobb & Veral, 2008). Connected to this, an additional recurrent theme concerns the determination of overbooking policies. Last, as Revenue Management is based on the assumption that price sensitivity differs between customers, market segmentation is an often discussed theme in literature. In the following, we will discuss these themes and their respective developments more in-depth and problematize them in connection to customer-centric sales strategies, such as Key Account Management.

Forecasting

Research around forecasting has mainly been concerned with defining a probability distribution that characterizes customers’ actual booking profiles (Bobb & Veral, 2008). Therefore, researchers have been following the primary assumption that the probability distribution of future demand is predictable thus, fostering the establishment of effective inventory control, i.e. capacity. As such, the analysis of historical booking profiles, i.e. customer data, has been a major focus in literature aiming to establish best-practice guidelines for prediction models

(Chen & Kachani, 2007; Sun, et al., 2011). Common applied models are regression analysis (McGill & Van Ryzin, 1999), exponential smoothing (Talluri & Van Ryzin, 2006) and pickup-methods (Zakhary, et al., 2008). Within literature, the forecasting theme is mostly being criticized for being too unit focused. On an aggregated level, research seems to have accomplished to design effective prediction models. However, studies have so far refrained from using customer-specific data for forecasting more disaggregated behavioral profiles. In addition, all models mentioned above are based on historical or actual bookings hence, not taking into account any qualitative data gathered from customer interactions.

Overbooking Control

The research stream around overbooking control is based on the fact that customers often have the option to cancel or even to 'no-show' without economic penalty. Hence, it is argued that hospitality organizations have the compensatory right to take more reservations and sell more units than there are actually available (Bobb & Veral, 2008). Similar to forecasting, research within this theme centers on statistical modelling and solving the problem of overbooking (Chatwin, 1998; Relihan III, 1989; Shlifer & Vardi, 1975). Although numerous studies have been published in this research area, "applicable best-practices remain a future goal" (Bobb & Veral, 2008, p. 295). In connection to customer-centric sales strategies, overbooking control research can be criticized for not considering the long-term costs associated with having to decline a customer and thus, antagonizing future potential income.

Market Segmentation

Choosing the right customer at the right time in the booking process and thus, achieving an optimal customer segment mix is key within Revenue Management as almost 80% of a hospitality organization's revenue is said to stem from only 20% of its customers (Bobb & Veral, 2008). To increase revenues, Bobb and Veral (2008) emphasize the development of strategies that prevent the selling of too many units at low rates or the diversion of high-rate customers to more readily available low rates. Hence, distributing the available inventory to different segments lies at the heart of many Revenue Management decisions. Research in this area has been conducted mostly on the optimal timing of price changes (Dana Jr., 1998; You, 1999) and more recently on dynamic pricing (Elmaghraby & Keskinocak, 2003). In relation to customer-centric marketing and sales strategies, this theme is mostly criticized for optimizing segmentation solely on customers' price willingness to pay. More recently, researchers have thus, argued for more sophisticated segmentation, for example by the consideration of customers' profitability profiles within Revenue Management models (Griffin, 1997; Karadag & Kim, 2006).

To conclude, Revenue Management has proven to be an effective accounting technique for maximizing short-term revenues and thus, increase hospitality organizations' profitability. However, the technique raises certain questions and poses risks when applied in combination with customer-centric sales strategies, such as Key Account Management. In the following we will hence, turn towards research developments within Key Account Management and in specific focus on problematizing the technique in combination with Revenue Management.

2.1.2 The Accounting Technique of Key Account Management

As opposed to Revenue Management that is concerned with short-term revenue maximization from fixed capacity, Key Account Management focuses on the customer as a long-term investment for future profitability (Wang & Bowie, 2009). Key Account Management thus, "primarily focuses on the management and development of profitable relationships with strategically important business-to-business clients" (Anton, 1996; Buttle, 2004; Ryals, et al., 2000) as cited in Brennan & Wang (2014, p. 1172). For the purpose of developing best-practices around Key Account Management, research has focused on a few recurring themes. We will discuss those in the following paragraphs and problematize them in regards to the combined application with Revenue Management techniques.

Selection of Key Account Clients

Due to limited resources available for sales and marketing activities, a recurring theme within literature has been the effective selection of key accounts. Research has thus, focused on investigating the most beneficial selection criteria for determining key accounts. These mainly center around customers' current sales volume and potential long-term development opportunities both in terms of volume and positive network effects (Pels, 1992, p. 6). Such an analysis has more recently been termed 'calculation of customer lifetime value', taking the whole lifetime value of a customer into consideration when selecting key accounts (Berger & Nasr, 1998; Dwyer, 1997; Jain & Singh, 2002; Ryals, 2005; Shoemaker & Lewis, 1999). However, as other functions may have different assumptions about an organization's most important clients, the selection of key accounts could potentially be an area of conflict.

Customer Relationships

Selecting important clients based on their lifetime value is hence, associated with Key Account Management's long-term focus on customer development (Millman & Wilson, 1995; Ojasalo, 2001). Questions around the various strategies to positively affect key account relationships have thus, been another important theme within Key Account Management literature. In specific, researchers describe Key Account Managers to offer clients benefits targeting their respective needs (McDonald, et al., 1997) such as loyalty programs, including special discount pricing (Homburg, et al., 2002), to ensure customer retention. However, having a strong focus on the function's long-term profits may lead to a tendency for sacrificing necessary short-term gains in return for prospective long-term gains (Cheverton, 1999).

Role and Characteristics of Key Account Managers

Last, literature has looked at the role and personal characteristics of Key Account Managers to define above described relationship building activities in an optimal way. Often associated traits seem to be Key Account Manager's customer-orientation, presentational skills, personal branding abilities and team-abilities. (Guenzi, et al., 2007; Weeks & Stevens, 1997). From a research perspective, the profession is thus, associated with a strong human factor therefore, potentially leading to conflicts in interaction with more analytically oriented functions.

2.1.3 Towards a Holistic Perspective on Revenue- and Key Account Management

Research on the practices of Revenue Management and Key Account Management individually is vast. However, literature focusing on the combination of the two accounting techniques has emerged relatively recently.

Wirtz, et al. (2003) were the first ones to critically claim that besides the fact that Revenue Management is mainly applied within industries with a strong customer focus, the customer had so far been neglected within the Revenue Management literature. Being able to describe a number of critical areas that arise due to the combined application of Revenue Management and Key Account Management, Wirtz, et al. (2003) proposed mitigating strategies to delimit the tensions from a Key Account Management perspective. Shortly after, Mainzer (2004) was the first one to announce the possibility for integrational tactics between the two practices by suggesting an integrated use of customer relationship databases for making capacity usage optimizations. However, coming from the Revenue Management stream of literature, Mainzer (2004) still had a strong transactional perspective, suggesting optimization models for customer selection, based on customers' total amount spent at the organization.

At last, Mathies and Gudergan (2007) conceptually proposed a framework of underlying conflicts between Revenue Management and Key Account Management practicing organizations. They introduce two dimensions of potential conflicts between Revenue

Management and Key Account Management: First, they observe a difference in the time horizon of revenue maximization between the two accounting techniques. On one hand, Revenue Management aims to maximize revenues from individual transactions and does not consider possible gains from long-term customers. On the other hand, Key Account Management is sceptical about making required short-term trade-offs in light of possible increases in long-term revenue. Second, they observe differing approaches to customer segmentation across the two functions. While Revenue Management uses customers' price elasticities and connected willingness to pay, Key Account Management distinguishes customers based on their lifetime value. Consequently leading to potential allocation problems for customers with a high lifetime value falling in different segments across different transactions. Hence, posing a potential threat to the sustainability of such long-term relationships due to perceived unfairness of certain customer treatments. As such, Mathies and Gudergan (2007) propose the integration of customers' perceived fairness within Revenue Management models for solving the problem of differential customer treatment in hospitality organizations.

Besides these promising first steps in combining the two research streams of Revenue Management and Key Account Management, many studies at the time still lacked a continuous ability to define management instructions for handling the differing perspectives around time and customer segmentation. Hence, being aware of the major weaknesses, studies within the Revenue Management domain pressed for the increased integration of long-term customer value within Revenue Management optimization models (Brennan & Wang, 2014; Milla & Shoemaker, 2008; Von Martens & Hilbert, 2011; Wang & Bowie, 2009).

So far, most papers have only covered negative aspects of the combined application of Revenue Management and Key Account Management, with additional discussions around potential actions for mitigation. Wang and Bowie (2009) however, were the first ones to describe the positive effect of the combined use of the two functions by observing the integration of key account selection criteria within Key Account Management that stem originally from the Revenue Management technique. These include selection criteria such as 'total revenue generated' and 'clients' staying profile'. Additionally, Wang and Bowie (2009) uncovered further differential perspectives across Revenue Management and Key Account Management around the role these two functions play in managing revenue and developing relationships, herein referred to as separations in "customer engagement". Hence, they call for the importance of mutual understanding by functional members' to "balance the needs of the property and the needs of the business-to-business clients" (Wang & Bowie, 2009, p. 36).

	Revenue Management	Key Account Management
Customer Time	Transaction-based maximization	Lifetime customer value
Customer Segmentation	Differentiation according to transaction value	Differentiation according to potential lifetime profitability
Customer Engagement	System-focus	Relationship-focus

Table 1: Overview of Differences between Revenue Management and Key Account Management

Arguing for a balance between Revenue Management and Key Account Management, Wang (2012) proposes five areas of conflicts that could potentially enforce differentiation between the two functions. In specific, she describes the following conflict dimensions: divergence in management goals, management timescales, business assets, performance indicators and management foci. The intentional use of such conflicts of interest with the earlier described integrational efforts could thus, be the response for creating an extensive system for balancing the diverging interests of the two functions. However, Wang (2012) leaves central questions unanswered: How are these conflicts of interests managed between Revenue Management and Key Account Management, and what role do differential and integrational tactics play? Hence, it would be of interest to explore how conflicts between Revenue Management and Key Account Management are managed by the combination of integrational and differential tactics.

Seal and Mattimoe (2014) make an attempt at answering such questions, as they like Wang (2012) draw upon conflicts within the hospitality industry. Seal and Mattimoe (2014) conduct a multiple case study on hotel and restaurant businesses, focusing on how strategy can be controlled by the management of tensions, i.e. the management of conflicts within hospitality organizations. Seal and Mattimoe (2014) argue that although several management control frameworks for controlling strategy exist, most of these are of a rather mechanical nature and have a top-down approach. The researchers therefore, argue for a broader perspective, including the perspectives of all members of an organization – superiors as well as subordinates. Seal and Mattimoe (2014) thus develop their own framework: "We term this model of leadership dialectical management by design (DMD) whereby senior managers control [i.e. top management and the General Manager] and adjust corporate strategy by recognizing and even encouraging conflicts between functional areas of the organization. These tensions may result in more successful organizations as business knowledge is created through dialectical thinking and action" (Arbnor & Bjerke, 2009) as cited in Seal and Mattimoe (2014, p. 231). Essentially, Seal and Mattimoe (2014) provide an alternative view on conflict management within the hospitality industry however, without focusing on specific tensions between the two departments in focus of our study. Nevertheless, they raise important questions in regards to the impact of dialectical control within hospitality organizations. Consequently, it would be of interest to explore how dialectical control affects the management of tensions between Revenue Management and Key Account Management.

To conclude, we observe that researchers perceive three areas of potentially conflicting interests between Revenue Management and Key Account Management. These are conflicts around customer time and customer segmentation as argued by Mathies and Gudergan (2007), as well as differing approaches around customer engagement, as discussed by Wang and Bowie (2009). Based on this categorization, we provide a graphical overview of the above-described holistic research around Revenue Management and Key Account Management. Additionally, we aim to portray our study's positioning and hence, potential contribution to literature.

		Wirtz, et. al (2003)	Mainzer (2004)	Hendler & Hendler (2004)	Mathies & Gudergan (2007)	Milla & Shoemaker	Wang & Bowie (2009)	Von Martens & Hilbert (2011)	Wang (2012)	Brennan & Wang (2014)	**This Study**
Integration	Customer Time					x	x	x		x	**o**
	Customer Segmentation				x					x	**o**
	Customer Engagement		x				x				**o**
Differentiation	Customer Time								x		**o**
	Customer Segmentation								x		**o**
	Customer Engagement								x		**o**

Table 2: Overview of Previous Literature

To summarize, most previous research argues for an increase in integrational efforts for managing the tensions around differing time perspectives, customer segment and customer engagement. In specific, authors have discussed the integration of perceived customer fairness, customer value as well as CRM-databases within Revenue Management models to optimize decision-making and thus, customer selection. On the other hand, Wang (2012) discussed the construction of differential tactics to make use of the beneficial dynamics between Revenue Management and Key Account Management. In addition, researchers have shown the importance of acceptance of balance between the two departments (Wang & Bowie, 2009) and the inclusion of a multi-level approach in managing tensions within the hospitality industry (Seal & Mattimoe, 2014).

Based on this literature review, we therefore, define our research questions as follows:

1. *How can organizations manage the conflicts between the accounting techniques Revenue Management and Key Account Management with the combination of differential and integrational tactics?*
2. *How does dialectical control affect the management of tensions between Revenue Management and Key Account Management?*

In the following chapter, we will present an alternative literature stream stemming from organizational theory that provides a different view on tension management. Paradox theory, consciously embraces the active creation of tensions within organizations for fueling so-called virtuous cycles in order to increase performance. Furthermore, the theory argues for the application of integrational and differential tactics for creating such tensions and is hence, perfectly suited for analyzing our research questions.

2.2 Managing Paradox

2.2.1 Paradoxical Organizations

Ever since Quinn and Cameron (1988) published a compilation on "Paradox and Change", organizational researchers moved beyond simplified depictions of organizational theory and recognized the need for further research in the area of organizational paradox. Besides the terms original heritage in philosophy, paradox has in organizational studies been labelled as "something that is constructed by individuals when oppositional tendencies are brought into recognizable proximity through reflection or interaction" (Ford & Backoff, 1988, p. 89). In simple words, organizations are challenged by oppositional forces within, constructed by its members.

Eventually, researchers in the early 1990s followed Quinn and Cameron's (1988) call into finding "ways to address paradoxes inherent in human beings and their social organizations" as cited in Poole and Van de Ven (1989, p. 562). Therefore, a wide array of papers and studies on the matter of paradox and tensions have been issued ever since. Such studies portray individuals, groups, and organizations as essentially paradoxical, being challenged by tensions at the very core (Hatch & Ehrlich, 1993; Murnighan & Conlon, 1991; Vince & Broussine, 1996). The studies on paradox in the early 1990s put aside the common perspective that change is a linear and planned process and showed that paradoxes may both have a very beneficial as well as detrimental effect on organizations. However, the studies failed on understanding the phenomenon more in-depth, or as Bouchikhi (1998) stated at the time; labeling paradox does not essentially lead to increased understanding. This note has led to increased efforts for understanding the complex phenomenon of paradox with a specific focus on organizational implications.

Discussing organizations as inherently complex, Bouchikhi (1998) argues that the roots of complexity lie in organizational members' "relatively autonomous, multidirectional and dialectical behavior" (p. 219). In specific, "members pursue different, and often contradictory, goals", pulling the organization into opposing directions (p. 220). However, arguing for the continuous presence of tensions in social organizations poses important questions to the reason of the sustainable existence of organizations and management's role within this process. Taking up an early discussion of organizational persistence and inherently conflicting goals, Bouchikhi (1998) argues in line with Cyert and March (1963) for the presence of integrational as well as differential mechanisms or so-called structural traits that place opposing forces into equilibrium. Those are however, not entirely controlled by a conscious managerial process, but rather “enacted by organizational members at multiple levels of the social organization” (Bouchikhi, 1998, p. 227).

2.2.2 The Paradox Framework

Lewis (2000), one of the most influential researchers within paradox literature, established a paradox framework that incorporates a complete picture of various aspects of paradox. Based on previous literature, she found that paradoxes needed to be described as underlying and opposing tensions, reinforcing cycles as well as respective management processes. The framework provides a comprehensive tool for researchers to better analyze the interrelated aspects of paradox including differential and integrational tactics. Hence, due to the framework’s ability to provide analytical depth to this study, its three dimensions; *underlying tensions, reinforcing cycles* and *management processes* will be explained in more detail in the following paragraphs.

According to Lewis (2000), paradoxical *tensions* are perceptual and thus, socially constructed opposites that disguise the interrelatedness of the contradictions. Such frames of references allow actors to make sense of complex realities, but they are biasing and, once engrained in reality difficult to change. Based on an analysis of previous organizational studies by Putnam (1986), Lewis concludes that tensions can be differentiated by three main types: First, *self-referential loops*, which are contradictions embedded within a comprehensive statement, for example the statement “I am lying”. Second, *mixed messages*, which are conflicts between statements or between verbal and nonverbal responses during social interactions. Last, *system contradictions* are engrained paradoxes within organizations’ control systems such as performance metrics, rewards and guidelines.

Having defined underlying tensions in detail, Lewis (2000) describes so-called *reinforcing cycles* or differentiating tactics. These specify consistent social mechanisms of suppression in regards to the connection between the two opposing poles of a paradox, operating at an individual, group and organizational level. Lewis (2000) claims those to be “paralyzing defenses”, as they initially reduce distress but ultimately enforce the tensions. Vince and Broussine (1996) as discussed in Lewis (2000) distinguish between five types of defensive reactions towards paradox. *Splitting* involves the introduction of additional oppositional incongruities for example by the creation of function specific goals or artificial we / they divisions that disguise similarities. *Projection* suggests the transmission of conflicting attributes or sources of bad feeling on a scapegoat, i.e. blaming other for your own shortcomings. *Repression or denial* involves the blocking of unpleasant experiences from the memory. *Regression* describes social constructions that involve resorting to understandings or actions that have previously provided security. Finally, *Reaction* entails the extreme manifestation of the feeling or practice opposite to the threatening one.

The last part of Lewis (2000) framework thus, marks management mechanisms or integrational tactics that are attempts to explore rather than suppress appearing tensions. These attempts stop the negative dynamics of the reinforcing cycles and tap the potential, insights, and power of paradox. This implies the dramatic rethinking and deconstruction of past perceptions and practices. First, *acceptance* describes a strategy applied by individual organizational members to live with paradox and to be aware of inherently different views and perspectives. Second, *confrontation* describes the process of identifying and discussing the underlying logic of paradox. Being able to raise critique may enable the escape of paralysis. Last, *transcendence* indicates actors' ability to think paradoxically. This implies the critical evaluation of given assumptions and in addition organizational members' capacity to learn from existing opposites and develop a more comprehensive set of understandings and behaviors, reflecting organizational complexity.

Overall, Lewis (2000) and Andriopoulus and Lewis (2009) argue for the conscious mix of differential and integrational tactics that lead to so-called virtuous cycles and thus, to increased learning and competitiveness. The paradox framework thus, provides an ideal analytical frame for analyzing the previously set research questions. (1) It addresses the first research question by providing an analytical frame for understanding the dynamics between reinforcing cycles (differential) and management (integrational) approaches to tension management. (2) It addresses the second research question as the framework is based on the assumption of influence of dialectical organizational relationships for managing paradox. In the following, we will thus, present the underlying analytical framework of this study, that combines both previously discussed literature streams.

2.3 Theoretical Framework

Separately reviewing our domain theory of literature in Revenue Management, Key Account Management as well as its combinatory stream, we have shown that conflicts of interest arise mostly around differing views on customer time, customer segmentation and customer engagement. We argue for a combined discussion of these tensions through the paradox lens, enabling a detailed analysis of underlying tensions, reinforcing cycles and management tactics of each conflict dimension as initiated by Lewis (2000). Hence, providing an ability to uncover an organization's differential and integrational tactics around tensions management and thus, the analysis of our research questions.

In the following, we present an overview of the study's analytical framework as well as make ex ante proposals for underlying tensions, reinforcing cycles and management tactics within the conflict dimensions in focus that are based on our analysis of previous literature. This framework will serve as the main guiding tool when presenting the findings of the study and further analysis. A reviewed framework that includes a consideration of the empirical results collected, will be presented at the end of the Findings chapter.

Aspects of Paradox

Areas of Conflict	**Underlying Tensions**	**Reinforcing Cycles (Differentiation)**	**Management (Integration)**
Customer Time	Transaction value vs. Customer lifetime value (Mathies & Gudergan, 2007)	Key Performance Indicators, Management goals, Management timescales, Business assets, Management foci (Wang, 2012)	Customer lifetime value integration within Revenue Management (Milla & Shoemaker, 2008; Wang & Bowie, 2009; Von Martens & Hilbert, 2011; Brennan & Wang, 2014)
Customer Segmentation	Customer segment optimization vs. Customer-specific optimization (Mathies & Gudergan, 2007)	Key Performance Indicators, Management goals, Management timescales, Business assets, Management foci (Wang, 2012)	Customer lifetime value & perceived fairness integration within Revenue Management (Milla & Shoemaker, 2008; Wang & Bowie, 2009; Von Martens & Hilbert, 2011; Brennan & Wang, 2014; Mathies & Gudergan, 2007)
Customer Engagement	System focus vs. Relationship focus (Wang & Bowie, 2009)	Key Performance Indicators, Management goals, Management timescales, Business assets, Management foci (Wang, 2012)	Integration of CRM-databases within Revenue Management models (Mainzer, 2004)

Table 3: Ex ante Proposal Framework of Analysis

3 Method

In this chapter, we present and motivate the selection of research methods for our study. Section 3.1 describes the design of the study. Section 3.2 describes the data collection process, and section 3.3 presents the data analysis process. Lastly, section 3.4 discusses the overall quality of the study through reliability and validity.

3.1 Research Design

3.1.1 Empirical Method

Due to the purpose and scope of the research topic and the relative lack of previous research on the matter, the empirical method chosen was a single in-depth qualitative case study. Qualitative research allows to study the phenomenon of tensions from how people experience it and thus, enables the better understanding of the broader context and interpretation of results (Holme & Solvang, 1997). Therefore, qualitative research allows to explore the complexity of behavior and the underlying factors affecting it (Merriam, 1994), rather than sketching direct relationships through mathematical or statistical modelling (Holme & Solvang, 1997). The conduction of a single case study further enables the understanding of dynamics in a very specific setting and the incorporation of observations, documents and interviews for triangulation purposes (Eisenhardt, 1989).

Although a multiple case study would have improved the generalizability of results and thus, be a suitable method to get an overview of an area with previously scarce research, there are two important reasons to why a single case study was preferred for this context. First, extensive single case descriptions make it possible to take the rich context surrounding the case into consideration (Dyer & Wilkins, 1991). Second, a single case study enhances the ability to explore all existing relationships, whilst a multiples case study is considered to be limited as it often only allows the analysis of relationships across the cases in focus (Eisenhardt & Graebner, 2007).

3.1.2 Research Approach

Two approaches for linking theory with empirical evidence are the inductive and deductive approaches. An inductive approach implies a central role of the gathered information in the framing of a theory that can in turn describe this information. The deductive approach implies that conclusions are drawn in advance about certain phenomena based on prior research. With the inductive approach, high importance and thus, dependence is placed on the choice of informational environment that the study is taking place, where the deductive approach is highly influenced by the choice of theory (Trost, 2002).

As an overarching structure for this study's research approach, we have followed the guidelines by Dubois and Gadde (2002) through the use of systematic combinging. Research on the management of tension between Revenue Management and Key Account Management and its connection on a strategic level, is still an emerging field of study (Wang, et al., 2015). Being an underdeveloped and emerging research area, a broad orientation to understand the use of certain management tactics for managing tensions between different accounting techniques would therefore, not suit a deductive research approach. Instead, our study followed a systematic-combining approach, similar to an abductive process "where theoretical framework, empirical fieldwork, and case analysis evolve simultaneously" (Dubois & Gadde, 2002, p. 554). In this respect, the study began with an in-depth literature review and the selection of a preliminary theoretical framework. The initial framework served as support during the beginning of the data collection process, i.e. the first interviews held, and based on the initial empirical findings, theory revisions were made. Based on further reviews of theories and concepts, in combination with continuous analysis of empirical findings, a new framework was derived. Throughout the process, interview guidelines were slightly redesigned, and thus adapted to fit the theoretical development and additional empirical findings, to ensure the inclusion of interesting data. Essentially, this iterative process resulted in the surprising finding of classic accounting tools being used such as key performance indicators (KPIs) and the budget as central management techniques for balancing paradox.

3.1.3 Selection of Case Company and Subunits

In our search and selection of a case company, we were guided by Eisenhardt (1989). To study the management of tensions between Revenue Management and Key Account Management, we needed a study object that continuously applies both of these accounting techniques. Furthermore, we had to ensure that our case company would enable us to study the perspective of all relevant parties and employees involved. Additionally, to accommodate to the researchers' home base in Stockholm, Sweden, we made a deliberate decision by aiming at selecting a company with operations limited to the Nordic region. Throughout this process, we have been in contact with six different companies within the hospitality industry – including airline-, hotel- and cruise-line companies.

The ultimate case company Alpha Hotels was chosen due to the top management's strong personal interest in the study object, thus facilitating data collection. Once having selected Alpha Hotels as an appropriate case company, a decision was made to focus on the subunit level through the two functions Revenue Management and Key Account Management as well as to include the perspectives of top management and individual General Managers as these roles have been described in literature to play a key role in managing tensions.

3.2 Data Collection

3.2.1 Primary Data

Our primary data consists of in-depth semi-structured qualitative interviews. In total, 21 interviews have been conducted with 20 informants. The interviews lasted between 30 and 83 minutes and took place between September and November 2015 in Malmö, Oslo and Stockholm.

Qualitative interviews are suitable when one is looking for rich and detailed answers (Bryman & Bell, 2007) as we are in this single case study. The case study design in turn, favors qualitative methods such as interviewing "because these methods are viewed as particularly helpful in the generation of an intensive, detailed examination of a case." (Bryman & Bell, 2007, p. 62). Hence, the choice of qualitative interviews goes well in hand with the decision of a case study approach.

Moreover, a semi-structured method is preferred when more than one person is involved in the interview process due to the risk of somewhat divergent interview styles (Bryman & Bell, 2007). A semi-structured interview approach has thus been a suitable approach for our study as we have been two people conducting the interviews, one being responsible for leading the interview and the other one, in addition to asking follow-up questions, taking notes and recording observations, as suggested by Eisenhardt and Bourgeois (1988). In specific, the semi-structured method also provided us with a structure through predetermined questions based on the initial framework, later on revised, whilst also allowing for deeper elaboration on certain matters as well as new insights through additional follow-up questions (Merriam, 1994). Hence, also facilitating redirection (Dubois & Gadde, 2002). After each interview the findings were discussed and written down in order to facilitate the analysis process.

Furthermore, as Bryman and Bell (2007) advocate, we created an interview guide with questions structured into different areas based on the initial framework. The interviews were flexible as follow-up questions could be asked and no constraints existed as there was no need to follow the exact structure of the questions for the interviews. However, similar questions were asked during the interviews, in line with the recommendation of Bryman and Bell (2007), including some divergence based on the split between top management and employees on different levels within the Revenue Management and Key Account Management functions.

As approved by the interviewees, all interviews were recorded and later on transcribed. Benefits from recording and transcribing are that you receive the information exactly as the interviewees phrase it, and as Bryman and Bell (2007) put it: “Qualitative researchers are frequently interested not just in what people say but also in the way that they say it.” (Bryman & Bell, 2007, p. 489). The quotes generated from interview transcriptions have proven extremely useful in the analysis process, and later in providing support to our arguments in the findings and analysis sections.

After initial discussions with the contact person at the case company, trying to identify relevant employees to interview, a list of suggested interview candidates was received. Slight changes were made throughout the research process as not all initially suggested employees were able to participate in the study. However, these employees were replaced by other employees at the same or similar positions. In total, 21 interviews were conducted, of which 20 with employees of the case company and one with an expert within the area of Revenue Management to gain additional insights into the area. Of the 20 interviews with employees of the case company, seven have been held with people in top management, eleven with employees within the Revenue Management and Key Account Management functions, and two with General Managers working at individual hotels. As previously described, top management and individual General Managers are included as these individuals have taken part in setting structures and frequently interact with the two subunits, hence, playing important roles in the study at hand. Due to the convenience of the interviewees, all interviews except one were held face-to-face at the offices of the respective employee, either in Stockholm, Malmö or Oslo. One interview was held over the phone. Due to one researcher’s Swiss background, all but one interview was conducted in English, despite the risk of interviewees’ feelings of not being able to speak as fluently as in their respective mother tongue. On the other hand, the interviewees could express certain opinions in Swedish if they did not feel that they could do it properly in English. However, interviewing in English was not perceived to be a problem as all interviewees were more or less fluent in the language. Additionally, interviewing in English enhanced the use of quoting as extensive translations could be avoided, thus also reducing the risk of quoting people incorrectly due to interpretational issues.

3.2.2 Secondary Data

Complementary data such as internal documents was collected for the purpose of triangulation and increasing overall understanding. Triangulation in combination with an abductive approach facilitates the search in itself and the revelation of unknown phenomena, which in turn facilitates redirection (Dubois & Gadde, 2002). Internal documentation such as monthly reports, checklists, task lists, and structures and responsibilities of the different functions were inquired during interviews and received from the company, with the purpose of reaching a deeper understanding of the situation. As these documents were received during the interview process, they enabled us to further elaborate on certain matters during the later part of the interview process as well as discuss them in relation to the findings.

3.3 Data Analysis

As a systematic combining approach was used, data analysis was made parallel to data collection. This choice of method enabled identification of paradox themes and opened up for the possibility to adapt interview questions to emerging streams of knowledge. Moreover, it provided the advantage of being able to decide whether there was a need for additional interviews for certain positions.

First of all, interview findings were discussed after every individual interview, as recommended by Eisenhardt (1989), thus overlapping the data collection and analysis phase. Shortly after each interview, the recordings were transcribed and analyzed on an individual basis, further facilitating the development of functions' individual perspectives around tension management. Later in the data collection process, generalized conclusions about paradox and its management were drawn. Throughout this process, we analyzed the transcripts at hand for descriptions of tensions by interviewees and thus, looked out for words such as 'conflict', 'friction', 'tension', in combination with expressions such as 'in contrast to', 'on the other hand', 'opposing', etc. Data was initially structured into statements, indicating disparity between the practices of Revenue Management and Key Account Management, resulting in the finding of underlying tensions of paradoxes. Similarities and differences were further discussed. The data was then coded into different types of paradoxes, based on findings of previous research, and their respective management techniques. The coding has been an ongoing process thus, the initial tensions and paradoxes found have been revised throughout the data gathering process. The coding of empirical data was put into various summarizing tables throughout the process, further matching the empirical findings with emergent theory as well as providing visual aid. Finally, this process resulted in a self-developed framework combining the main findings of previous combinatory research on Revenue Management and Key Account Management, with Lewis' (2000) paradox framework, thus leveraging the differential and integrational perspectives of paradox management, which have been highlighted by previous research. This process has thus followed the six classic analytical steps as described by Miles and Huberman (1994).

3.4 Research Quality

3.4.1 Reliability

Reliability is concerned with the study's repeatability (Bryman & Bell, 2007; Merriam, 1994), i.e. if another researcher can follow the same procedures, conduct the same study on the same organization and thus, receive the same result and conclusions (Yin, 2014).

To ensure high reliability, we have documented and saved all relevant information and the process of the study to an own database. Documentation includes recordings and transcriptions of interviews, interview notes, the different versions of interview questions and an interview schedule. In specific, the interview schedule includes the names and positions of all interviewees, as well as time, place and duration of the interviews. The list of interviewees is to be found in the Appendix. Additional secondary data and literature available in digital format have also been compiled and structured into different, suitable folders throughout the process. Last, the use of triangulation, i.e. the use of multiple sources of evidence while shifting between analysis and interpretation, has enhanced reliability as described by Merriam (1994).

However, a challenge for social science studies remains the fact that human behavior is in continuous change and thus, does not tend to stay static, implicating risks such as interviewees responding differently at different points in time, for our case study (Merriam, 1994).

3.4.2 Validity

Validity concerns to which degree the findings of the study correspond to reality (Merriam, 1994). Validity is discussed in terms of internal, external and construct validity (Merriam, 1994; Yin, 2014).

First of all, internal validity concerns the interpretations made by the researchers. Internal validity thus discusses the objectivity of the study, mainly related to the data analysis process, and how well the findings capture reality. To ensure as high internal validity as possible, interviewees were asked similar questions for confirmatory purposes and transcribing interviews facilitated further confirmation. Furthermore, during the process of writing, the selected quotes were discussed and cross-checked with the transcriptions to ensure the quotes portray the right context and thus a truthful picture of the specific finding. However, Yin (2014) argues that internal validity is mainly an issue for explanatory case studies with the purpose of finding causal relationships between several variables. As our study is of a descriptive nature, internal validity is thus not considered to be the main concern for this study.

Secondly, external validity concerns the generalizability of the study beyond the specific study. Case studies rely on analytical generalization, as opposed to statistical generalization, as the purpose is to expand and generalize theory rather than being statistically robust (Yin, 2014). Yin (2014) argues that research questions starting with “how” or “why” increase external validity, which has been considered within the development of our study’s research questions. Furthermore, using frameworks as guidelines throughout the data analysis process can be argued to somewhat increase generalizability. As our findings and analysis sections are based on a developed framework based on the main themes discussed within the combinatory literature stream of Revenue Management and Key Account Management, we argue this to be a strength of this study. However, the choice of a single in-depth case study in itself limits generalizability as the purpose is to gain a deep understanding of a single case rather than generalizing across units, which is a strength of the multiple case study design (Merriam, 1994).

Lastly, construct validity concerns how well the selected measures match the concept being studied. Yin (2014) suggests using a chain of evidence as a method to increase construct validity. This enables the reader to understand the process from data collection to the analysis of findings. To increase construct validity we have coded the collected data, further presented in the findings and analysis sections. Additionally, triangulation of data improves the construct validity of our study (Yin, 2014).

4 Findings

In this chapter, we present the findings of our study that focus on modes of collaboration between hotel functions involved in capacity management. In section 4.1 we will introduce readers to the case company. Based on the developed analytical framework we will then present our findings in Section 4.2. Last, we provide a comprehensive overview of the findings in the form of a table.

4.1 Company Background

Alpha Hotels is one of the Nordics largest hotel operations groups, managing 30 hotels around Scandinavia in each capital and other central locations. The company focuses on delivering hotel experience through skilled local hotel employees as well as a central management and support team. Headquartered in Oslo, Norway, with additional senior managers being deployed in Copenhagen, the company serves its hotels with a fairly small management team. Alpha Hotels has several different real estate partners, with a sister company being the predominant hotel owner. The company aims to operate independently, pairing with the brand that best fits the specific circumstances of a local hotel. However, currently all hotels are branded under Alpha Hotels' sister company's brand, herein referred to as 'Brand Hotels'. Brand Hotels is the franchise right holder of the chain and provides marketing, sales and distribution services to its franchisees. A Norwegian hotel investor owns both companies; Alpha Hotels and Brand Hotels as well as several other sister companies linked to the hotel industry.

Alpha Hotels has recently gone through some turbulent times, with liquidity being the predominant concern of the management team. In an effort to change course, Alpha Hotels sold several of its properties to competitors. Additionally, in a strategic shift towards the franchise concept, Brand Hotels has gained importance within the investor's portfolio. The ultimate goal of Alpha hotels is to grow through increasing revenues. Both Alpha Hotels and Brand Hotels are closely linked, not only by their common owner but also by shared services in our focus areas Revenue Management and Key Account Management. Employees describe the division of tasks as somewhat fluid owed to the constant advancement of Brand Hotels' service offering. At the time of the study, Brand Hotels partly manages those Revenue and Key Account services that are of interest for all of its franchise members, whereas Alpha Hotels focuses on respective localized services that are more specific to the respective hotels operated. For example, Brand Hotels operates a Key Account Management team focusing on the hotel chain's largest clients that have extensive travel needs all over Scandinavia. In addition, Revenue Management on a brand level provides strategies around room structure, pricing structure as well as distribution strategy. Alpha Hotels on the other hand, operates a Key Account Management team for small- to medium sized businesses as well as ensures the proper conduction of Revenue Management on a local level at each hotel with a respective Revenue Manager. For an overview of the organizational structure of the two companies in focus, please refer to the graph below.

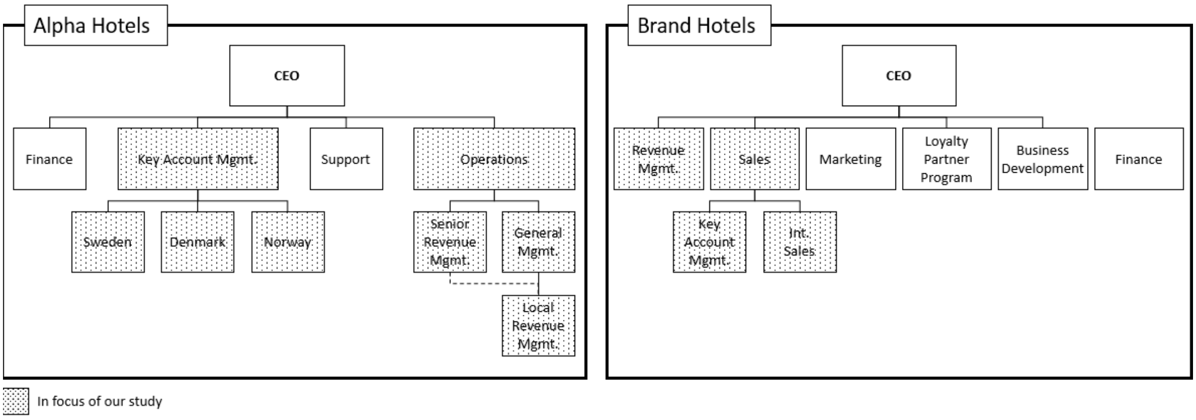

Figure 1:Overview of Case Company's Organizational Structure

In order to increase our understanding of the interests and motivations for the various actors within Alpha Hotels and Brand Hotels, we analyzed the functions in focus along Otley's (1999) performance management framework. The framework is however, in no means used to analyze the previously defined research questions.

Functional Overview

	Revenue Management (Alpha Hotels)	Key Account Management (Brand Hotels)	Key Account Management (Alpha Hotels)	General Management (Alpha Hotels)
Key Objectives	▪ Getting a fair share of the market (RGI) ▪ Maximizing Average Daily Rate (ADR) ▪ Maximizing ADR in combination with occupancy (RevPAR) ▪ Providing reliable revenue forecasts	▪ Providing a solid revenue base for associated hotels from key accounts ▪ Increasing revenue from key accounts	▪ Providing a solid revenue base for Alpha Hotels from small- to medium sized businesses ▪ Promoting and selling dynamic pricing agreements	▪ Maximizing gross operating profit of local hotel ▪ Maximizing customer satisfaction
Strategies & Plans	▪ Local strategy with regionally focused Senior Revenue Managers ▪ Lead time of 90 days	▪ Centralized sales strategy within Brand Hotels o Frequent personal client meetings o Site visits ▪ Decentralized agreement implementation	▪ Regional sales strategy within Alpha Hotels o Phone calls ("cold-calling") o Infrequent site visits	▪ Local strategy that varies according to geographical area and customer mix
Level of Performance	▪ Depends on local hotels and respective performance ▪ Actual results should deviate at the most by 3% from forecasts	▪ Increase revenue through key accounts by 10% ▪ Conduct 10 client meetings per month	▪ Increase revenue on existing clients by 3% ▪ Sign 10'000 new dynamic pricing agreements for the current year	▪ Depends on local hotels and respective performances ▪ Gross operating profit between 40-45%
Rewards	▪ No financial rewards	▪ No financial rewards ▪ Team trip if the revenue targets are reached	▪ Partly commission based salaries ▪ Signing more than 1'000 dynamic pricing agreements within a month results in a bonus for the whole team ▪ Employee of the month, spa visits, etc.	▪ No financial rewards
Information Flows	▪ Opera (Reservation system with additional features) ▪ OTA Insight (Rate chopper) ▪ Internal forecasting models ▪ Informal discussions	▪ Opera ▪ Limepro (CRM-System) ▪ Milestone (CRM-System for new business) ▪ Lanyon (Requests for Proposal / "Pitch")	▪ Opera ▪ Limepro ▪ Milestone ▪ Lanyon ▪ MyStore (Program for the conduction of cold-calling) ▪ Informal discussions	▪ Opera ▪ Limepro ▪ Milestone ▪ PMI (Hospitality System) ▪ LoopOn (Guest satisfaction measurement tool) ▪ Internal forecasting models ▪ Informal discussions

Table 4: Application of Otley's (1999) Management Control Framework by Function on Alpha Hotels and Brand Hotels

4.2 Paradoxes of Revenue and their Management

Investigating tensions around revenue creation in the hotel industry, two predominant patterns were identified. First, interviewees were deeply aware of tensions around opposing forms of revenue creation, apparent in thorough descriptions of three strong tensions. Similar to a concept first described by March and Simon (1958), informants described tendencies of sub-goal pursuit, where organizational agents tend to focus on the direct goals of their own unit as opposed to those of the whole organization. Additionally, informants described the tensions arising as paradoxes and not either/or dilemmas or trade-offs, but as interdependent and interwoven opposites. Second, integration and differentiation tactics and their interrelations were depicted to be vital to managing each paradox, with the budget being one of the main tools. Although actors across all functions interviewed repeatedly emphasized the importance of such management practices.

In the following, paradox will be drawn as a valued lens to describe and assess the observed tensions and their respective management practices. The results explicitly describe that mindset, emphasizing paradoxes of revenue around Customer Time, Customer Segmentation and Customer Engagement. To describe each paradox, underlying tensions were examined, reinforcing cycles were identified as well as respective management tactics. The case indicates the importance of integration and differential approaches to paradox management. Lewis (2000) paradox framework will thus be leveraged to describe the three interwoven paradoxes of revenue.

4.2.1 Customer Time

Underlying Tension

"We [Key Account Management] see opportunities in the future, <u>and</u> Revenue Management see what they need right now." (Director of Key Account Management Alpha Hotels, 27.10.2015)

The Director of Key Account Management highlights the tension between the prevalent short-term and long-term perspectives on revenue generation within Alpha Hotels. The statement further exemplifies a paradox, as both short-term and long-term perspectives need to be combined in order to achieve the goal of maximizing revenue and facilitating growth. The paradox was observed between Revenue Management and Key Account Management, whereas General Management in certain situations seems to be an intermediate between these opposing poles.

A strong concern by Revenue Management to increase their hotel's respective short-term revenue, through maximizing the value of what customers are able and willing to pay in a single transaction, was found: *"So I check the rates maybe 5-6 times just before lunch time depending on which day it is."* (Revenue Manager, 26.10.2015). The strong focus on daily revenue was further put forward by the Vice President of Operations within Alpha Hotels: *"We are working with a profit & loss system called PMI. So the most important thing for me when I see these on a daily basis is the revenue from the day before."* (26.10.2015).

Key Account Management on the other hand, is concerned with the long-term revenue potential of customers: *"We have customers that may only have 25 rooms per year in our hotel chain. But they may have 10'000 in another hotel chain. That is a key account, because the possibility to get a lot of their revenue is kind of big. Because they have a lot of hotel nights of course."* (Key Account Manager, 15.10.2015). Consequently, Key Account Management spends a lot of time on nurturing these relationships: *"So of course you will spend a lot more time on those customers where you know that those have much higher revenue also outside of Alpha Hotels and Brand Hotels with other hotel chains. That implies that I have about 2-3 clients where I put in 75% of my time actually."* (Key Account Manager, 15.10.2015). Hence, Key Account Management does not necessarily focus on the current ability of a customer to deliver revenue; the focus is rather on the potential estimated by the lifetime value of the client. Additionally, the lead-time of generating such potential revenue can be rather long, thus further opposing the short-term focus of Revenue Management: *"The Germans are always the fastest and need* *everything 1.5 years ahead of everyone. So what we are actually working with now is making contracts for 2017. So we have 12-18 months in a glass bowel trying to see how the world is going to be during that time."* (Senior Key Account Manager, 27.10.2015).

Reinforcing Cycles

The described paradox of customer time appears to be reinforced by a difference in business assets as well as key performance indicators, which as illustrated are rather tightly linked.

With regards to business assets, Revenue Management is able to influence capacity utilization in order to maximize revenue, whilst Key Account Management is described to be concerned about customers and respective relationships to grow revenue. A Key Account Manager illustrates an overbooking case where Revenue Management enforces undesirable consequences: "*When they [Revenue Management] see that one day they could get 2'000 for this room and our client would only pay 1'200 then they close out the lower paying customer. But maybe our client that would pay 1'200 planned on staying there for 7 nights. So they don't always see the whole picture."* (27.10.2015). As illustrated, Revenue Management's focus on maximizing short-term capacity utilization leads to an undesired outcome for Key Account Management whose long-term client relationship might suffer. However, not only the difference in business assets enforce differentiation between the departments. The performance measurement of Revenue Management relies heavily on the key performance indicator 'RevPAR': *"I would say that the RevPAR [Revenue Per Available Room] is mainly what we use to measure our result*." (Revenue Manager, 04.11.2015). RevPAR implies optimizing both price and capacity to increase revenue. Hence, further supporting the selection of the higher paying client in the illustrated case, and showing a clear split in goals enforcing differences between the short- and long-term perspectives of the departments.

Key Account Management has a strong managerial focus on revenue growth by aiming to increase their respective customers' booking volumes: *"We have a goal that we should increase our revenues with 10% this year comparing to last year. If you look at your portfolio of clients."* (Key Account Manager, 15.10.2015). As rates for key account clients have been described to be rather low in general, the goal of Key Account Management implies an even stronger focus on volume. Consequently, Key Account Management's focus on volume, in combination with client relationships as an asset for revenue generation, enforce consequences for Revenue Management's short-term focus. A Revenue Manager describes such a case: *"The problem with corporate [key] accounts is mostly that they want to have really low rates [...]*

Especially, if the agreement is made based on the promise of 2'000 room nights and then when we look after half a year being at 200 room nights." (Revenue Manager, 22.10.2015). This case illustrates a twofold problem for Revenue Management, based on the implications of Key Account Management's use of client relationships and respective volume focus. First of all, Revenue Management finds the situation rather problematic as a low room rate negatively affects RevPAR. Secondly, as 2'000 room nights are stated in the client contract, which further is included in the budget, Revenue Management expects the client to provide that volume. Consequently, Revenue Management requires these room nights to be used to enable the maximization of capacity utilization and thus, increasing RevPAR. Revenue Management further confirms such concerns: *"I would like them [Key Account Management] to have actually more like a monthly check on these agreements. Are they really giving us the room nights that they are promising. If not, don't let it continue for the whole year"* (Revenue Management, 22.10.2015). Key Account Management on the other hand, does not expect clients to deliver on their undertakings at once: *"The clients are not that loyal even if they sign an agreement with you. They say 'You are going to be our preferred partner' but we know that they are sleeping with others."* (Director of Key Account Management Alpha Hotels, 27.10.2015). However, standing by the long-term perspective on revenue and consequent relationship-building focus, Key Account Management is not too concerned with the situation: *"I've been in process where Revenue [Management] says no we are not doing anything as this client is not delivering enough. It is a big client, it's one of the largest banks, but they can maybe in the future [deliver more]"* (Director of Key Account Management Alpha Hotels, 27.10.2015). To conclude, the opposing poles of short-term Revenue Management and long-term Key Account Management are differentiated through the incongruent definition of key performance indicators as well as business assets.

Management

The opposing yet interrelated short- and long-term perspectives of Revenue Management and Key Account Management are managed through integrational solutions where formal as well as informal confrontational discussions are held.

First, problematic situations are mitigated through discussions between Revenue Management and Key Account Management: *"That [customer selection] is usually a discussion point. Sometimes the Revenue Manager says: 'No, then we don't need that customer, because we need customers that have higher rates. Who can pay a little bit more'. But if I can show that one should get an additional 1'000 room nights from the customer, the discussion starts there."*

(Key Account Manager, 15.10.2015). Further supported by the Vice President of Revenue and Distribution: "*It is up to that hotel's responsible Revenue Management person to say that, in my portfolio next year, yes this would fit or no it wouldn't"* (04.11.2015). Although confrontational discussions are held, the final decision-making power lies in the hands of Revenue Management keeping respective forecasts and budgets in mind. However, Key Account Management shows traits of acceptance towards this managerial solution: *"You need to consult with Revenue Management in order to reconfirm about the right price. For example, I recently had a group that was here in Stockholm [...] and I was told to really work with this client since we wanted this business. So I tried to get a meeting with the client, trying to have them choose this hotel, and then when I finally had them interested, we increased the price so much so that they were no longer interested. This is really difficult as a salesperson. But that's how it works [...] because this is the price we need during this period"* (Head of Key Account Management Sweden, 20.10.2015).

Furthermore, confrontation management is also found in the way Revenue Management approaches Key Account Management in what they consider problematic situations: *"If I see that a corporate [key account] client is not generating bookings, the expected amount of bookings, then I contact the Key Account Manager."* (Revenue Manager, 04.11.2015). A Senior Revenue Manager further develops the described follow-up process in specific: *"You do this together with your GM, the General Manager of the Hotel. It's your, the head responsibility is always the GM, but as an RM you have your duties. It's your responsibility that this happens and that you do the review and then together with the GM you put in some activities, how should we do, how should we do in the future, and then you do it together with sales and marketing what we need."* (22.10.2015). Hence, as the budget includes the amount of room nights stated in key account contracts, the budget proves to be a tool for confrontational discussions as described by the two Revenue Managers above. These managerial actions are a clear consequence of Revenue Management feeling frustrated about the lack of support from Key Account Management in generating short-term revenue. In addition, Senior Revenue Managers interestingly portray the General Manager as a mediator between the two departments in facilitating discussions.

4.2.2 Customer Segmentation

Underlying Tension

"To be honest with you, sales and Key Account Management, their biggest role is to build a base [through their key account client relationships] and *the Revenue Manager's role is to fill up the hotel. But these two actors can't run alone, they are based on each other."* (VP of Operations Alpha Hotels, 26.10.2015).

The above quote, extracted from an interview with the Vice President of Operations at Alpha Hotel, illustrates the basic tension and consequent paradox between Revenue Management and Key Account Management that arises around customer segmentation. In order to fill the hotel's capacity, Revenue Management selects an optimal mix of customer segments based on transactional value, i.e. originating directly from the short-term focus described in the Customer Time paradox. Key Account Management's focus on one customer segment, in order to build a customer base, thus stems directly from the long-term focus described in the Customer Time paradox as this segment is selected based on customers´ lifetime value. The paradoxical link is that both ways of customer segmentation are needed in order to optimize revenue, further described by a Revenue Manager: *"Of course it's always good to have a guaranteed business in the base. All the advanced purchase bookings from wholesalers. That is a good base for me. It is really low, but I know that these 10% are guaranteed. But then I want to have perhaps 25-30% corporate, 15% business groups or leisure groups, and then I want to fill it up with travelers from OTAs [Online Travel Agencies] or our own homepage in daily rates. But 20-30% should be high paying customers."* (Revenue Manager, 26.10.2015). Furthermore, General Management is described as an intermediator between the two departments.

Revenue Management selects its optimal mix of customer segments based on their own perspective and customers´ current willingness to pay, i.e. maximization of transactional value: *"I think it [the optimal customer segmentation mix] is something that you come up by yourself. You have to feel the hotel and see what is good for the hotel [...]. Normally, after a while [once you have learned about hotel-specific customers and respective price elasticity] you get a good mix and you see that right away in your results."* (Revenue Manager, 26.10.2015). Being focused on revenue maximization, Revenue Management thus makes use of price elasticity, i.e. differing price sensitivity among customers, to select customers with the goal of filling the hotel as well as maximizing revenue. Consequently, Revenue Management does not take into account customer-specific information, e.g. what the purpose of the hotel stay is or that the mix of customers may include rather important key account clients. Key Account Management has the same supply of customers to choose from as Revenue Management, however, based on customer lifetime value they select specific customers to develop long-term relationships with. Further illustrated by the Head of Key Account Management Sweden: "*You cannot only focus on closing the deals [once a customer with revenue potential has been selected]. Because you also need to take care of the customers afterwards. Because you also need to close a similar deal next year as well. It is like a long, never-ending relationship.*" (20.10.2015). Thus with the purpose of building a base for future revenue.

Reinforcing Cycles

Differences in management timescales and key performance indicators have been observed to be reinforcing cycles enforcing differentiation between Revenue Management and Key Account Management within the Customer Segmentation paradox.

Different perspectives around the optimal customer segmentation originate from differing management timescales around customer value. Hence, varying timescales also create a split between the departments, where Revenue Management maximizes short-term revenue and Key Account Management sees potential in customer lifetime value. As described in the Customer Time paradox, top management conducts daily revenue follow-ups, whilst Key Account Management concentrates on long-term potential revenue. Consequently, as Revenue Management selects customers based on revenue that can be generated today, customers are treated based on the price segmentation they are sorted into. Customers with a high lifetime value, as calculated by Key Account Management, may thus fall into different categories for different transactions: "*[Customer segmentation] is a bit of a shallow tool, but it is better than nothing. Because you know when you travel, sometimes you travel and you book a rate that might suggest you are a leisure traveler but you actually work and vice-versa."* (VP of Revenue and Distribution, 04.11.2015). Hence, such difficulties in assigning customers to the right customer segments implies a sense of incoherency. Consequently, complications such as dissatisfied key account clients were described to arise, further enforcing differentiation between the two departments.

Furthermore, key performance indicators were described to create additional reinforcing cycles between the two departments. Key Account Management has illustrated to have a strong focus on volume, and the consequences are exemplified in-depth by a Revenue Manager: *"But it doesn't go exactly how the Sales team thinks it goes on a hotel basis. Because they more or less* *see this [key account] customer. But I have this and other customers […]. If they take too many wholesalers with low rates then I am in trouble right away. For Sales [Key Account Management] that doesn't matter, because they only want to sell of course. But they don't see the backhand side of what they are selling. That could be a conflict every time."* (26.10.2015). Despite RevPAR being an important key performance indicator for Revenue Management as explained in the Customer Time paradox, there was a stronger concern towards increasing the ADR component of RevPAR, the performance indicator that aims at the maximization of the Average Daily Rate: *"Then we get an email from the main office telling us this is what we would like to expect from you, this is the ADR that I want"* (Revenue Manager, 04.11.2015). This was further confirmed by a General Manager: *"the Revenue Manager always has a tendency towards a higher ADR than occupancy. I mean that's how they are usually built these people"* (03.11.2015). Due to Key Account Management's focus on volume, low rates are provided, which in turn hurts the performance of Revenue Management. Accordingly, Key Account Management does not seem to fully recognize Revenue Managements' need for an optimal segment mix as described in the quote, further enforcing differentiation between the two departments in this Customer Segmentation paradox.

Management

"The budget and the setting of respective goals within each customer segment is how we mitigate the conflict between sales and revenue management" (General Manager, 03.11.2015)

In the words of a General Manager, the tension between Revenue Management and Key Account Management is integrated through the use of the budget and subsequent goal setting for key performance indicators. Hence, management aims at using transcending techniques to integrate the departments with the aid of the General Manager. Moreover, customer segmentation proves to be a rather important tool in itself, in addition to being the base for forecasting and budget.

Revenue Management's segmental forecast, which is updated on a continuous basis, has shown to play an important role in aligning the two functions' varied interests around customer segmentation. Based on internal documents, a consequent conclusion is that Alpha Hotels' customer segmentation is based on four macro-segments effectively separated by distribution channels:

1. Customers´ bookings on daily rates as advertised on the website
2. Customers received through Online Travel Agencies (OTAs)

3. Group bookings
4. Business Travelers

The defined customer segmentation is implemented throughout the operations of Alpha Hotels as explained by a Senior Revenue Manager: *“This segmentation we have, our team has implemented it on all hotels”* (22.10.2015). This allows the coherent controlling of all customer segment and their respective performance in all associated hotels: *“We don't like surprises. We want to be proactive. We want to know what will happen when we do these forecasting things and looking into what should we do in the next step concerning marketing and sales”* (22.10.2015). In relation to this, a General Manager also confirms his involvement in controlling processes: *“So Revenue Management and in specific the forecast are kind of like a communication or controlling tool for the General Manager”* (03.11.2015). Hence, the findings show that Revenue Management as well as General Management are involved in the target setting of the previously described customer segments through the forecasting process. Consequently, individually set goals within Revenue Management and Key Account Management previously described to enforce the tension, are thus, partly controlled by the consequent forecast that is based on the described customer segments. Increasing controlling activities hence, seem to be jointly conducted by Revenue Management and General Management in regards to the achievement of previously defined sales goals for each customer segment. The coherent customer segmentation approach along distribution channels thus minimizes the initial tension of differential customer treatment in different booking transactions.

Moreover, the budget’s role as a controlling instrument for Revenue Management throughout the sales process of Alpha Hotels relies heavily on the described customer segmentation: *“For example by looking at the different market segments and which are going well and which are performing poorly, for example group travelling. You can then steer the organization's focus in certain segments which may be going well or going badly and can better communicate that to the General Manager to you, to Senior Management and enable better use of the Key Account Management team”* (VP of Revenue and Distribution, 04.11.2015). Hence, the combination of customer segmentation and the budget as steering tools were used for integrational purposes. Furthermore, the budget does not only include a separation of capacity in the various segments, but also specifies respective prices by segment. Consequently, both Revenue Management and Key Account Management know what to strive towards in each segment. Thus, facilitating alignment and integration of the two departments. The use of the budget and its importance is further described by a Senior Revenue Manager: *"Yes, the most important tool is of course the budget. We always look into the budget and compare us to the previous year. We then compare occupancy, rate and RevPAR, that's the most important thing for us as a team. And as I said in the monthly reviews, we do it by market segment, and in total. We compare ourselves to last year, to the budget and competitors."* (Senior Revenue Manager, 22.10.2015).

Consequently, the combination of customer segmentation and its implementation controlled through the budget seem to be strong levers for the General Manager in managing the Customer Segmentation paradox to ensure the best interest of the local hotel.

4.2.3 Customer Engagement

Underlying Tension

"Sales in general, marketing, it is a good thing to be outspoken […whereas…] the Revenue Managers are little bit more into the numbers, more based at the station where they work." (Key Account Manager, 15.10.2015).

This quote from a Key Account Manager exemplifies the customer engagement paradox between Revenue Management's predominant system focus, stemming from the need for taking on an optimal customer segment mix, and Key Account Management's relationship focus, due to only focusing on one customer segment as described in the Customer Segmentation paradox. In addition, the General Manager plays a role in managing this paradox of Customer Engagement. The paradoxical link is that both types of customer engagement are needed in order to optimize revenue, further described by a Key Account Manager: *"I had a manager once and he said; there are no sales people here, and I like that because they should be out running and meeting customers […on the other hand] we need Revenue Managers´ systems to see what is going on in the market"* (15.10.2015).

Aiming to achieve an optimal customer mix Revenue Management has developed a strong business focus on the application and usage of programs and systems for optimizing revenue from current fixed capacity. Consequently, the function has come to be mainly market-focused to influence the achievement of an optimal customer mix, or in the words of a Revenue Manager: *"I look at the market - how is it reacting, what price should I have outside. That's my work."* (04.11.2015). In other words, Revenue Management tries to predict demand and thus, tends to be strongly system-focused aiming at the optimization of a hotel's revenue. A Senior Revenue Manager describes the system focus further: *"We have some systems that show us if we are in the right position towards our competitors, showing the rates in the different channels. We have systems telling us how it goes, I mean you can look in the future how are we pricing us and who will get perhaps fully booked"* (22.10.2015). In a sense, Revenue Management thus, adapts its strategies and tactics to fit a constantly changing environment as stated by the Vice President of Revenue and Distribution of Brand Hotels: *"Realizing that the big players are doing new moves all the time. Trying to figure out what that implies for us, and what strategic decisions we need to make is so exciting"* (04.11.2015). Hence, further supporting the need for being system focused in order to maximize revenue from capacity.

Key Account Management on the other hand has a focus on developing relationships due to its concentration on the key account customer segment through which it is able to influence demand to increase revenue. Consequently, Key Account Management builds on relationship management aiming at revenue growth by increasing the booking volume of key account clients. As explained by a Key Account Manager: *“I am responsible for the largest customers based in Sweden with the highest revenue. It is local authorities, its regions, the government, and the largest private companies. So both, getting deals with those customers and increasing their revenues [is my target]”* (15.10.2015). Furthermore, interviewees described the importance of showing great client respect, valuing their insights and feedback, and seeking to safeguard their satisfaction and loyalty in order to be able to increase revenue from such long-term relationships.

Reinforcing Cycles

Reinforcing cycles in terms of <u>management foci</u> and <u>key performance indicators</u> give rise to differentiation between Revenue Management and Key Account Management.

Management foci, as described in the Customer Segmentation paradox, imply that Revenue Management focuses on achieving an optimal mix of customer segments in order to maximize revenue from fixed capacity. Key Account Management in turn focuses on one sole segment of key account clients to grow revenue from. Selecting an optimal customer mix for Revenue Management thus implies a strong focus on price and market segments’ price elasticity of demand: *“You have to feel the hotel and see what is good for the hotel. You can't really say that you have to have 25% [of capacity] in this segment [if you don’t know the hotel] […]. When you are starting to have a good mix, then you are pulling prices. You can really push your rates in the end and get this nice happy rate that you really want.”* (Revenue Manager, 26.10.2015). Consequently, illustrating a strong tendency towards data analysis to maximize rates further pushes towards Revenue Management´s system focus hence, enforcing differentiation between the two departments.

Furthermore, a Key Account Manager describes the strong focus on the key performance indicator volume*: “Sometimes we really need to push down the rates to retain a client, to get the volume we need”* (30.10.2015). In addition to challenging the performance of Revenue Management through a low average daily rate, the focus on volume pushes Key Account Management further towards a relationship focus. In turn, further enforcing differentiation between the two departments.

Management

The tension between system- and relationship focus seems to be steered and thus, integrated by the forecasting and budgeting process. Consequently Alpha Hotels is making use of transcendence and confrontation tactics to integrate the two departments.

As previously described, the budget includes expected volume as well as prices for each segment. In specific, the 12-month forecast, that the budget is based on, is conducted on a hotel-by-hotel basis with the Revenue Manager at the steering wheel and the General Manager as the main decision maker: "*This is me [General Manager] and the Revenue Manager who does this [forecasting]. This forecast becomes the base for the budget. That forecast will tell you exactly how many corporate guests we need to what price, to what we can charge them in each and every different month. I mean you can even go into it on a weekly basis, we can tell you this is exactly what our goal is."* (General Manager, 03.11.2015). Customer-specific pricing and volume information is provided by Key Account Management to be included in the budget. This results in a comprehensive and localized sales strategy with strong ownership by the General Manager. In a second step, the forecast / budget is evaluated and challenged by Senior Revenue Managers as well as the Head of Operations Alpha Hotels. As the finalized budget is shared with Key Account Management, such common understanding proves the use of transcending techniques within Alpha Hotels. In specific, as Revenue Management takes into consideration information on key account clients, they partly make us of the relationship focus of Key Account Management. In turn, Key Account Management through the whole budget gains a broader understanding of Revenue Management and thus, leverages the system focus. Hence, mitigating the tension between the two departments.

Furthermore, as the budget is continuously revised based on updated forecasts, it provides a forum for confrontation. Throughout the year, the forecast / budget provides a forum of confrontation as it challenges involved actors to align their respective efforts with hotels' requirements. Key Account Management provides Revenue Management and General Management with information on key account clients throughout the year: "*The client estimates the number of room nights to be spent in each respective hotel. We would then pass on this information to the General Manager or Revenue Manager"* (Key Account Manager, 30.10.2015). Consequently, this information is included in the revised budget. Once Revenue Management has included key account information as well as its own updated forecasts, the budget with all segments is sent back to Key Account Management. This use of the budget was also acknowledged by the Vice President of Sales of Brand Hotels: *"Many times sales people*

[Key Account Management] don't see the whole perspective. They just see that they want to win the deal, then it is very good to have Revenue [Management] to have discussion with because they give you another perspective as well" (03.11.2015). The budget and its respective purposes thus, seems to have enabled the development of paradoxical thinking within all involved actors.

4.3 Findings Overview

Aspects of Paradox

Areas of Conflict	**Underlying Tensions**	**Reinforcing Cycles (Differentiation)**	**Management (Integration)**
Customer Time	▪ Revenue Management has developed a short-term focus due to the importance of maximizing daily revenue ▪ Key Account Management has developed a long-term focus, due to focusing on customer lifetime value that emphasize long-term revenue generation	▪ **KPIs:** RevPAR vs. Volume ▪ **Business assets:** Revenue Management is in control of capacity as a business asset to maximize revenue, whilst Key Account Management works with client relationships for revenue growth	▪ Informal discussions on customer selection based on RevPAR vs. Lifetime value ▪ Informal discussions where Revenue Management / General Management pushes for follow-up with key account agreements based on the budget to ensure short-term capacity usage
Customer Segmentation	▪ Revenue Management is aiming at selecting an optimal mix of customer to maximize transactional revenue based on customers´ transactional value ▪ Key Account Management has one customer segment selected on the basis of lifetime profitability with the purpose of building a customer base for hotels from such key account clients	▪ **KPIs:** ADR vs. Volume ▪ **Management timescales:** Revenue Management focuses on short-term revenue generation, whilst Key Account Management emphasizes future potential revenue through customer lifetime value	▪ Customer segmentation, based on local hotels´ needs is applied throughout all hotels ▪ Revenue Management and General Management provide a budget, which is continuously revised based on updated forecasts and key account client information. Consequently, both departments provide guidelines for sales from their respective customer segments. Additionally, KPI goals are set partially based on the budget
Customer Engagement	▪ Revenue Management has a strong system and price focus, stemming from the need for taking on an optimal customer mix ▪ Key Account Management has a strong focus on relationship building due to its sole focus on one customer segment through which it aims at growing revenue	▪ **KPIs:** ADR vs. Volume ▪ **Management foci:** Revenue Management should select an optimal mix of customer segments based on revenue maximization. Key Account Management focuses on one customer segment for revenue generation	▪ The budget is used as a tool to align Key Account Management and Revenue Management by including customer-specific contract information and market forecasts based on all customer segments ▪ The budget also opens up for formal as well as informal discussions throughout the year based on forecast updates on market development as well as customer-specific contracts

Table 5: Findings Overview on Areas of Conflict Analyzed through the Paradox Lens

5 Contributions

This section presents further analysis of the findings in relation to previous research in order to answer the two research questions. Section 5.1 discusses the analysis in relation to conclusions made by previous researchers. Section 5.2 discusses an analysis of new findings which previously have not been discussed in existing literature. Lastly, section 5.3 presents a third and last contribution by showing how a framework of managing paradox can be used in an accounting setting.

Our findings support the three dimensions of conflict that arise due to interactions and opposing interests across Revenue Management and Key Account Management (Mathies & Gudergan, 2007; Wang & Bowie, 2009). Furthermore, by analyzing the findings through the paradox lens, we confirm and provide additional depth to the areas of conflict between Revenue Management and Key Account Management. In addition, we show the strong interrelation of all tensions, differential and integrational tactics and thus, provide further support for Wang and Bowie´s (2009) initially made claim for the importance of finding a balance between Revenue Management and Key Account Management. Last, we draw upon the findings of Seal and Mattimoe (2014) and show the influence of dialectical management in managing tensions between the two departments in focus. Consequently, we will present our analysis and provide answers to the following research questions:

1. *How can organizations manage the tensions between the accounting techniques Revenue Management and Key Account Management with the combination of integrational and differential tactics?*
2. *How does dialectical control affect the management of tensions between Revenue Management and Key Account Management?*

5.1 Paradox Management within the Hospitality Industry

The themes of Customer Time, Customer Segmentation and Customer Engagement were observed within our case company Alpha Hotels. Having found interviewees and data evidently supporting the existence of these themes, as well as concluding their paradoxical nature, we further confirm the findings of Mathies and Gudergan (2007) as well as Wang and Bowie (2009). Furthermore, a number of management actions were observed, involving a high level of dialectical control, to integrate the departments of Revenue Management and Key Account Management. Hence, within Alpha Hotels we have strong indications for balancing dynamics between the use of integrational and differential tactics. Consequently, we will in the following paragraphs discuss the specifics of observed differential and integrational tactics of managing tensions, further described as paradoxical, within Alpha Hotels.

Differentiating tactics and factors applied

Key performance indicators were observed to be the main active differential tactic used to enforce the separation between Revenue Management and Key Account Management. In specific, we found the split created by differing key performance indicators to be the main cause for tension reinforcement within the Customer Time, Customer Segmentation as well as Customer Engagement paradoxes.

The main KPI for Revenue Management was described to be RevPAR (Revenue Per Available Room), a KPI that optimizes Average Daily Rates (ADR) as well as the capacity utilization of a hotel hence, leading to an increased transaction-based emphasis, with a respective tendency to maximize the rate for each booking. This in opposition to Key Account Management that aims to increase overall revenue from existing key account clients mainly through developing volume in terms of number of room nights. Consequently, several problems arise. In some cases valuable long-term customers were described to be rejected due to Revenue Management’s focus on generating instant high rates thus, confirming Bobb and Veral´s (2008) initially made claims around Revenue Management´s strong transaction-focus on revenue maximization. In another instance, Key Account Management was described to provide too low customer rates due to their focus on increasing volume. Accordingly, we also provide evidence of support for Wang (2012) that portrays key performance indicators as a potentially conflicting area between Revenue Management and Key Account Management.

Following the active setting of KPIs, several other differentiating factors were also found within Alpha Hotels.

First, a separation of *management foci* between the two departments was observed to further enforced the differentiation. Opposing management foci entail Revenue Management´s objective of maximizing short-term revenue through price and capacity utilization by focusing on achieving an optimal customer mix, whereas Key Account Management is working on building long-term relationships with one customer segment. We argue that management foci are closely related to the KPIs set, as they reflect top management´s goal prioritization. Consequences of the described differentiation in management foci was Key Account Management´s tendency to provide too low rates due to their objective of building long-term relationships and thus, increase customer retention. Hence, confirming previous research that claimed the necessity of bridging the gap between those two functions by integrating customer lifetime valuations within Revenue Management´s optimization models (Berger & Nasr, 1998; Dwyer, 1997; Jain & Singh, 2002; Ryals, 2005; Shoemaker & Lewis, 1999) but also strengthen Key Account Management´s awareness for customer profitability by following more Revenue Management aligned KPIs such as ´total revenue generated´ and ´clients staying profile´ as suggested by Wang & Bowie (2009).

Second, owed to Revenue Management´s intended purpose on maximizing RevPAR, the function is portrayed to make use of optimizing its *business asset* capacity for maximizing revenue. On the other hand, Key Account Management uses relationships as a business asset to increase revenue. Consequently, the differentiating business assets in use, further create separation between the departments. A Revenue Manager illustrated problematic challenges around his concern about Key Account Management building too much upon key account client relationships, resulting in a lack of understanding for Revenue Management's need of a customer mix to maximize revenue from capacity. Hence, confirming Wang and Bowie´s (2009) previous research that called for a mutual understanding between the two functions to "balance the needs of the property and the needs of the business-to-business clients" (p. 36).

Last, differential *management timescales* were also seen to further enforce the separation between the two departments. The inherent short-term focus, driven by KPIs and management foci, results in Revenue Management seeking to generate high daily revenue. Key Account Management in turn has a long-term focus on clients based on the assumption of profiting from customers´ lifetime value, i.e. taking their future potential profitability into account. Consequently many interviewees stressed the risk of rejection of certain clients due to respective differences in short-term versus long-term optimization between the two departments. Similarly already described by Mathies and Gudergan (2007)

Summarizing the differential tactics used and differentiating factors seen within Alpha Hotels, we find evidence for all five potential conflicting areas described by Wang (2012). The findings, and subsequent analysis above, show that key performance indicators are active differential tactics used, whilst management foci, business assets and management timescales are differentiating factors arising from KPIs. The fifth dimension of conflicts, described by Wang (2012) as management goals, has been found to be too closely interrelated with the dimension business assets. In other words, Revenue Management has been observed to be concerned with capacity as a business asset, whereas the management goal relates to maximizing revenue from capacity. In turn, Key Account Management owns client relationships as its specific asset through which revenue should be increased. Hence, we conclude that management goals as defined by Wang (2012) does not represent a mutually exclusive differentiating factor in our case and is thus, merged with the conflicting area of business assets, as interpreted in the findings section. Wang's (2012) contribution to literature was mainly to define the conflicting areas of Revenue Management and Key Account Management. Having shown how these conflicting areas can be steered as differential tactics, or seen as existing differentiating factors, within Alpha Hotels and illustrating its consequences, we provide further depth to the findings of Wang (2012). Additionally, through selected illustrations we provide both Revenue Management´s and Key Account Management's perspectives on the described areas of conflict, and how they perceive them to affect the respective department.

Transcendence and confrontation as central integrating tactics

Confrontations and informal discussions have been described to be an important integrational tactic used for managing paradox within the case company at hand. Confrontation is mainly seen through discussions between Revenue Management and Key Account Management on matters such as client selection, where the two departments occasionally seem to have strong differentiating opinions on which clients to accept due to their differing KPIs, management foci, business assets and timescales. Another example of confrontation is the follow-up process on key account contracts, where Revenue Management usually approaches Key Account Management to ensure key account clients deliver the amount of room nights they have contracted. Hence, in cases involving client selection, integrational solutions might prove harmful for one of the departments as it usually involves selecting one client over the other. Nevertheless, some interviewees showed acceptance of such situations and found confrontational discussions rewarding. However, in cases such as following up on key account contracts, integrational solutions prove beneficial for both parties at hand.

Moreover, the forecast, budget and inherent customer segmentation were the main tools used as integrational solutions, forming transcendence management strategies around formal and informal communication. Demand forecasts and a hotel´s budget are continuously updated by the Revenue Manager, with additional support from the General Manager, who sets the agenda for individual hotels thus, giving Key Account Management guidelines in terms of price as well as volume. Additionally, a thorough customer segmentation also provides a clear responsibility split between the two departments. This proves to be especially useful in the budget creation process as the budget stresses the goals each department should strive towards. The forecast, budget and the inherent resulting customer segmentation are the only active management tactics being used for managing the tensions between Revenue Management and Key Account Management. Their use in practice has yet not been covered in previous literature and is thus, deemed to be valuable to be discussed separately in Chapter 5.2.

Overall, we clearly find strong evidence of the use of differential as well as integrational tactics between Revenue Management and Key Account Management. Whilst key performance indicators enforce differentiation, managerial actions such as informal discussions, confrontation and the budget mitigate tensions, thus embracing paradox. Hence, as supported by Wang and Bowie (2009), we find a rather balanced use of differentiating and integrational tactics within the case company.

<table>
<tr><th></th><th></th><th>Underlying Tensions</th><th>Differentiation Tactics</th><th>Integration Tactics</th></tr>
<tr><td rowspan="3">Areas of Conflict</td><td>Customer Time</td><td>Transaction value vs. Customer lifetime value</td><td rowspan="3">Key Performance Indicators</td><td rowspan="3">Demand Forecast & Continuously updated Budget</td></tr>
<tr><td>Customer Segmentation</td><td>Customer segment mix optimization vs. Customer-specific optimization</td></tr>
<tr><td>Customer Engagement</td><td>System focus vs. Relationship focus</td></tr>
</table>

Table 6: Overview of Analysis based on the Framework of Analysis

Summarizing the analysis based on the applied framework and comparing our results with the ex ante proposals as presented in Chapter 2.3, we find confirmation of Customer Time, Customer Segmentation and Customer Engagement as conflicting themes between Revenue Management and Key Account Management and are thus, in line with earlier presented theoretical outlines of conflicts by Mathies & Gudergan (2007) and Wang & Bowie (2009). Moreover, we confirm the potential areas of conflicts as described by Wang (2012), visible as differentiating tactics or factors within the case company. However, we find that only KPIs can be actively steered by top and senior management and hence, can be claimed to be an active differentiating tactic. Last, we find confirmation for certain integrative mechanisms to bridge the gap between Revenue Management and Key Account Management. Surprisingly, those have however, not been in line with previous suggestions, as opposed to for example the integration of customer fairness and of customer lifetime value within Revenue Management´s optimization models or the cross-functional accessibility of CRM-databases. In opposition to these findings, we rather found strong support for the budget as a management tool originating from the accounting profession. A discussion of the application of the budget for managing the tensions will be held in-depth in Chapter 5.2.

Importance of Dialectical Control

As illustrated in the findings section, paradoxical thinking around paradox was preeminent throughout all levels of the organization. Employees of the case company were conscious about the constructed differences between Revenue Management and Key Account Management resulting in the exemplified conflicts of interest. As expected, we observed a fair amount of formal and informal communication taking place between the two functions to facilitate mediation across the opposing interests. Thus, confirming Seal and Mattimoe (2014) study on the importance of dialectical management within the hospitality industry. Our findings further show the important role of the General Manager in making use of the dynamics between the two functions. Being aware of the involved conflicts of interests, the General Manager seemed to act as a facilitator of a positive contextual environment that fostered paradoxical thinking amongst organizational members and led to the overall strategic alignment of the single, local hotel towards increasing profitability. In this respect, we deem the General Managers' viewpoint to be most present within the process of defining a hotel's sales strategy and thus, customer segmentation. In a sense thus, bridging the gap between Revenue Management and Key Account Management.

5.2 The Role of Accounting in Paradox Management

The General Manager of a hotel has been found to positively shape a context and environment that encourages confrontation and discussion between Revenue Management and Key Account Management. As visible throughout our findings, the demand forecast and budget, seem to be important tools used by the General Manager for managing tensions. In its sense, the budget and its surrounding discussions provide Key Account Management with important market insights generated by Revenue Management. The budget thus, enables Key Account Management to combine customer-specific insights with market insights to continuously adapt its sales and marketing strategies to best meet clients' needs. In essence, the use of the budget in this context is hence, a suggestion for providing Revenue Management with forward-looking customer-specific information and thus, goes beyond Mainzer´s (2004) initially made proposal around the integration of CRM-databases in Revenue Management´s optimization models. Arising cross-functional discussions around the forecast and budget therefore, enable Revenue Management to profit from customer insights, generated from direct customer interactions by Key Account Management. Those have proven to be useful in improving the accuracy of forecasts, leading to potentially higher profits as claimed by Lee (1990).

Finally yet importantly, our findings suggest the forecast and budget to be a crucial pillar for the General Manager in bridging the opposing perspectives of customer time, customer segmentation and customer engagement by defining a sales strategy that is structured along the various distribution channels that are most relevant to the local hotel. Essentially, the budget provides crucial sales priorities for Revenue Management and Key Account Management. The use of the budget seems thus, biggest as a strategic tool for providing an alternative sales focus for Revenue Management and Key Account Management. In this sense, the budget discloses a holistic sales perspective for both departments that would otherwise be disaggregated due to the strong position of certain key performance indicators within each department. In addition, our findings also suggest that the use of the budget in combination with differentiating key performance indicators actually leads to higher performance. We argue that the budget splits Revenue Management's and Key Account Management's perspectives on those distribution channels that are influenceable for each respective department. Revenue Management and Key Account Management then aim independently towards maximizing revenue in the respective customer segments that are influenceable for each department. Due to the earlier described thorough customer segmentation, implemented all over Alpha Hotels, sub-goal pursuit is positively steered towards the desired customer segments, leading to a potentially increased revenue.

5.3 Applying Paradox in an Accounting Setting

Leveraging a single case study within the hospitality industry and blending Revenue Management, Key Account Management as well as paradox literature enabled the development of a framework that explicates the tensions between these two functions and their management. In specific, the findings identify interwoven tensions, framed as paradoxes of revenue, and depicts the value of mixing differential and integrational tactics. Consequently, we show that paradoxical thinking prevails also in other organizations than ambidextrous organizations, by which the paradox literature has been mostly concerned with so far. Ambidexterity in its sense includes the combination of exploratory and exploitative thinking for enhancing innovation, as discussed in Andriopoulus and Lewis (2009). Similarly to that, we have observed an organization that is tackled by challenges around the combination of two very different revenue maximization techniques. The arising tensions, and consequent paradoxes, of Customer Time, Customer Segmentation and Customer Engagement seem to be highly interlinked as previously explained. Differential and integrational tactics applied however, lead to the constant enforcement and mitigation of the prevailing tensions and in its sense embrace paradox. In specific, we observed the blending of key performance indicators as differentiating measures with the budget as the main formal integrational tool. As described in the findings, KPIs in specific have been found to further differentiate the two poles in the nature of Revenue Management and Key Account Management, leading to a higher functional-wise performance, i.e. sub-optimization, whereas the budget on the other hand side, has shown to be an effective platform for managing the arising tensions between the two departments.

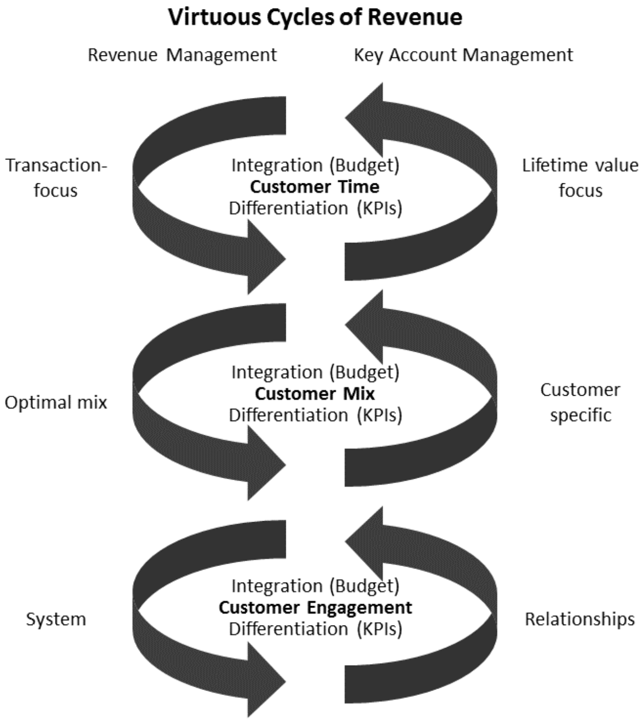

Figure 2: Virtuous Cycles of Revenue (own illustration)

For the first time, this paper has thus, been able to exemplify the practical application of classic accounting tools, in fostering and managing tensions to overall increase organizational efficiency. As such, our framework is a contribution to existing knowledge within the paradox literature stream, proving the application of paradox theory in the so far unexplored area of accounting around the management of cross-functional conflicts of interest. An illustration of this contribution can be found in Figure 2.

6 Concluding Remarks

This study proves the existence of three paradoxes between Revenue Management and Key Account Management that arise due to underlying opposing conflicts. These center around different perspectives on Customer Time, Customer Segmentation and Customer Engagement as earlier identified by Mathies and Gudergan (2007) and Wang and Bowie (2009). By applying Lewis' (2000) paradox framework and describing the opposing poles' *underlying tensions, reinforcing cycles* and *management tactics,* we have shown that these tensions are perceived to be functioning as paradoxes and not either / or dilemmas or trade-offs, but rather as interdependent and interwoven opposites. In specific, the Customer Segmentation paradox where Revenue Management focuses on achieving an optimal mix of customers, as opposed to Key Account Management´s aim to develop single customer relationships is linked to the Customer Time paradox that implies a transaction-value (short-term) focus of Revenue Management and a lifetime value (long-term) focus of Key Account Management. In turn, these paradoxes affect how both functions interact with their respective customers. Where Revenue Management is seen to have a strong system focus, striving towards achieving an optimal customer mix, and Key Account Management focuses on developing long-term relationships.

Additionally the paradoxes were both being continuously enforced and mitigated by the applied differential and integrational tactics within the case company. Throughout the study, we found top management´s defined KPI´s to play an important role in separating and thus, differentiating the two functions. This led to a strong tendency towards sub-goal pursuit and thus, if not accurately managed, to sub-optimization. Contradicting managing tactics were applied in the form of continuously updated demand forecasts and budgets that specifically had a focus on optimizing a local hotel´s performance hence, aligning the perspectives of both Revenue Management and Key Account Management towards the strategic goal of increasing a hotel´s revenue. Therefore, further demonstrating Wang and Bowie´s (2009) initially made claim for the necessity of both differential and integrational tactics to balance tensions between Revenue Management and Key Account Management.

These processes were observed to be conducted by the application of dialectical management strategies. Implying the involvement of a variety of hierarchical ranks within the management of tensions including top management, senior management, i.e. General Managers and Senior Revenue Managers, and ordinary functional members from Revenue Management and Key

Account Management. Therefore, proving Seal and Mattimoe´s (2014) initially made claim around the importance of dialectical management in the hospitality industry.

Overall, the study proves the crucial position of coherent accounting techniques in managing cross-functional tensions between Revenue Management and Key Account Management. Our study further indicates that the conscious use of these tactics for the sake of embracing the tensions could lead to higher revenues and thus, overall performance.

7 Limitations and Suggestions for Future Research

We have attempted to grasp management dynamics in a complex environment of cross-functional tensions through the view of organizational theory, namely the paradox lens. As organizational theories by definition endeavor the simplification of reality with a finite, but coherent statement, they are principally incomplete. A good theory is thus, by definition, an incomplete and fairly accurate depiction. Hence, throughout this research there were a number of limitations identified.

First, the study's comparability with other sectors applying Revenue Management and Key Account Management such as airlines, car rentals, cruise-liners, etc. may be questionable due to differing competitive environments and thus, dynamics. Second, although the choice of the single case-study design provided analytical depth, there is an acknowledged limitation in the study's scope and sample size affecting generalization. Therefore, due to the in-depth research findings being limited to one multinationally operating hotel company, our findings may not be generalized as they lack the breadth required for comparability with other organizations. Third, conducting research in person at different units of the case company may have led to the introduction of a bias, sensitizing the interviewees about tensions between Revenue Management and Key Account Management that would have otherwise not been perceived to be that relevant. Fourth, a top-management memo introduced the researchers to the case company and requested facilitation, which could have led employees to perceive the researchers to be part of the company. Hence, some informants may have deliberately responded with the perceived right attitude rather than the real one. However, efforts were made to minimize the potential effect and to improve the objectivity of the study by ensuring interviewees' anonymity in advance and by conducting comparisons of data collected from different sources, such as the study's interviews.

Future research may aim to address some of the limitations described above. For instance by conducting a multiple case study, the various hospitality organizations' approach to tension management between Revenue Management and Key Account Management could be explored and compared. Moreover, the case study at hand could be replicated outside of the Nordic region to explore whether cultural differences affect the use of differential and integrational tactics. Additionally, replicating the case study on a multinational larger hotel chain would enable analysis on how the management of tensions is facilitated in organizations potentially challenged by centralized and decentralized organizational structures. Furthermore, provided our intention of deriving a framework that may lead to more comprehensive empirical research, we have scrutinized opportunities for testing and extending our framework within other parts of the hospitality industry. Aiming to learn from the interplay of differentiating and integrating tactics in managing cross-functional paradox, we analyzed a case company that applies both short-term and long-term focused revenue maximization strategies. However, whether or not such dynamics and the balancing of tensions actually leads to higher performance raises important questions. Consequently, a further research topic could be conducting a quantitative analysis on the effect on revenue and profitability the active use of differential and integrational tactics have on organizations simultaneous use of Revenue Management and Key Account Management.

8 Bibliography

Andriopoulus, C. & Lewis, M. W., 2009. Exploitation - exploration tensions and organizational ambidexterity: Managing paradoxes of innovation. *Organization Science,* Volume 20, pp. 696-717.

Anton, J., 1996. *Customer relationship management: Making hard decision with soft numbers.* New Jersey: Prentice-Hall.

Arbnor, I. & Bjerke, B., 2009. *Methodology for Creating Business Knowledge.* 3rd ed. Los Angeles: Sage.

Berger, P. D. & Nasr, N. I., 1998. Customer Lifetime Value: Marketing Models and Applications. *Journal of Interactive Marketing,* 12(1), pp. 17-30.

Bobb, L. M. & Veral, E., 2008. Open issues and future directions in revenue management. *Journal of Revenue and Pricing Management,* 7(3), pp. 291-301.

Bouchikhi, H., 1998. Living with and building on complexity: A constructivist perspective on organizations. *Organization,* Volume 2, pp. 217-232.

Brennan, R. & Wang, X. L., 2014. A framework for key account management and revenue management integration. *Industrial Marketing Management,* Volume 43, p. ?.

Bryman, A. & Bell, E., 2007. *Business research methods.* 2 ed. Oxford: Oxford University Press.

Buhalis, D. & Law, R., 2008. Progress in information technology and tourism management: 20 years on and 10 years after the Internet—The state of eTourism research. *Tourism Management,* Volume 29, pp. 609-623.

Buttle, F., 2004. *Customer relationship management - Concepts and tools.* Oxford: Butterworth-Heinemann.

Carroll, B. & Siguaw, J., 2003. The Evolution of Electronic Distribution: Effects on Hotels and Intermediaries. *Cornell Hotel and Restaurant Administration Quarterly,* 44(4), pp. 38-50.

Chatwin, R. E., 1998. Multiperiod airline overbooking with a single fare class. *Operations Research,* 46(6), pp. 805-819.

Chen, C. & Kachani, S., 2007. Forecasting and optimisation for hotel revenue management. *Journal of Revenue and Pricing Management*, 6(3), pp. 163-174.

Cheverton, P., 1999. *Key account management: The route to profitable key supplier status.* London: Kogan Page.

Cross, R. G., Higbie, J. A. & Cross, Z. N., 2011. Milestones in the application of analytical pricing and revenue management. *Journal of Revenue and Pricing Management*, 10(1), pp. 8-18.

Cyert, R. M. & March, J. G., 1963. *A behavioral theory of the firm.* Englewood Cliffs: New Jersey.

Dana Jr., J. D., 1998. Advance-purchase discounts and price discrimination in competitive markets. *Journal of Political Economy,* 106(2), p. 395.

Dubois, A. & Gadde, L.-E., 2002. Systematic combining: an abductive approach to case research. *Journal of business research*, 55(7), pp. 553-560.

Dwyer, R. F., 1997. Customer Lifetime Valuation to Support Marketing Decision Making. *Journal of Direct Marketing*, 11(4), pp. 6-13.

Dyer, W. G. & Wilkins, A. L., 1991. Better stories, not better constructs, to generate better theory: A rejoinder to Eisenhardt. *Academy of Management Review,* 16(3), pp. 613-619.

Eisenhardt, K. M., 1989. Building theories from case study research. *The Academy of Management Review,* 14(4), pp. 532-550.

Eisenhardt, K. M. & Bourgeois, L. J., 1988. Politics of strategic decision making in high velocity environments: Toward a mid-range theory. *Academy of Management Journal,* Volume 31, pp. 737-770.

Eisenhardt, K. M. & Graebner, M. E., 2007. Theory building from cases: Opportunities and challenges. *The Academy of Management Journal*, 50(1), pp. 25-32.

Elmaghraby, W. & Keskinocak, P., 2003. Dynamic pricing in the presence of inventory considerations: research overview, current practices, and future directions. *Management Science*, 49(10), pp. 1287-1309.

Ford, J. D. & Backoff, R. W., 1988. Organizational change in and out of dualities and paradox. In: R. E. Quinn & K. S. Cameron, eds. *Paradox and transformation: Toward a theory of change in organization and management.* Cambridge, MA: Ballinger, pp. 81-121.

Griffin, B. N. P., 1997. Enhancing yield management with customer profitability analysis. *International Journal of Contemporary Hospitality Management,* 9(2), pp. 75-79.

Guenzi, P., Pardo, C. & Georges, L., 2007. Relational selling strategy and key account managers' relational behaviors: An exploratory study. *Industrial Marketing Management,* Volume 36, pp. 121-133.

Hatch, M. J. & Ehrlich, S. B., 1993. Spontaneous humour as an indicator of paradox and ambiguity in organizations. *Organization Studies,* Volume 14, pp. 505-526.

Hendler, R. & Hendler, F., 2004. Revenue management in fabulous Las Vegas: Combining customer relationship management and revenue management to maximise profitability. *Journal of Revenue Management and Pricing Management,* 3(1), pp. 73-79.

Holme, I. M. & Solvang, B. K., 1997. *Forskningsmetodik : Om Kvalitativa Och Kvantitativa Metoder.* 1 ed. Lund: Studentlitteratur.

Homburg, C., Workman Jr., J. P. & Jensen, O., 2002. A Configurational Perspective on Key Account Management. *Journal of Marketing,* Volume 66, pp. 38-60.

Huefner, R. J. & Largay III, J. A., 2008. The role of accounting information in revenue management. *Business Horizons,* Volume 51, p. ?.

Jain, D. & Singh, S. S., 2002. Customer Lifetime Value Research in Marketing: A Review and Future Directions. *Journal of Interactive Marketing,* 16(2), pp. 34-46.

Karadag, I. & Kim, W. G., 2006. Comparing market-segment-profitability analysis with department-profitability analysis as hotel marketing-decision tools. *Cornell Hotel and Restaurant Administration Quarterly,* 47(2), pp. 155-173.

Kimes, S. E., 2000. A strategic approach to yield management. In: A. Ingold, U. McMahon-Beattie & I. Yeoman, eds. *Yield management - Strategies for the service industries.* London: Thomson Learning, pp. 3-13.

Lee, A. O., 1990. *Airline reservations forecasting: Probabilistic and statistical models of the booking process,* Cambridge, Massachusetts: Massachusetts Institute of Technology.

Lewis, M. W., 2000. Exploring paradox: Toward a more comprehensive guide. *Academy of Management Review*, 25(4), pp. 760-776.

Mainzer, B. W., 2004. Future of revenue management - Fast forward for hospitality revenue management. *Journal of Revenue and Pricing Management*, 3(3), pp. 285-289.

March, J. G. & Simon, H. A., 1958. *Organizations.* New York: Wiley.

Mathies, C. & Gudergan, S., 2007. Revenue management and customer centric marketing - How do they influence travellers' choices?. *Journal of Revenue and Pricing Management,* 6(4), pp. 331-346.

McDonald, M., Millman, T. & Rogers, B., 1997. Key account management: theory, practice and challenges. *Journal of Marketing Management*, Volume 13, pp. 737-757.

McGill, J. & Van Ryzin, G., 1999. Revenue management: Research overview and prspects. *Transportation Science*, 33(2), pp. 233-256.

Merriam, S. B., 1994. *Fallstudien som forskningsmetod.* Lund: Studentliteratur.

Miles, M. B. & Huberman, M. A., 1994. *Qualitative data analysis: an expanded sourcebook.* 2nd ed. Thousand Oaks: Sage.

Milla, S. & Shoemaker, S., 2008. Three decades of revenue management: What's next?. *Journal of Revenue and Pricing Management*, 7(1), pp. 110-114.

Millman, T. & Wilson, K., 1995. From key account selling to key account management. *Journal of Marketing Practice: Applied Marketing Science,* 1(1), pp. 9-21.

Murnighan, J. K. & Conlon, D. E., 1991. The dynamics of intense work groups: A study of British string quartets. *Administrative Science Quarterly,* Volume 36, pp. 165-186.

O'Connor, P. & Piccoli, G., 2003. Marketing Hotels Using Global Distribution Systems - Revisited. *The Cornell Hotel and Restaurant Administration Quarterly,* 44(5-6), pp. 105-114.

Ojasalo, J., 2001. Key account management at company and individual levels in business-to-business relationships. *Journal of Business & Industrial Marketing,* 16(3), pp. 199-220.

Otley, D., 1999. Performance management: A framework for management control systems research. *Management Accounting Research,* Volume 10, pp. 363-382.

Pels, J., 1992. Identification and management of key clients. *European Journal of Marketing,* 26(5), pp. 5-21.

Poole, M. S. & Van de Ven, A. H., 1989. Using Paradox to Build Management and Organization Theories. *Academy of Management Review,* 14(4), pp. 562-578.

Porter, M., 2001. Strategy and the Internet. *Harvard Business Review,* 79(3), pp. 63-78.

Putnam, L. L., 1986. Contradictions and paradoxes in organizations. In: L. Thayer, ed. *Organization communications: Emerging perspectives.* Norwood, NJ: Ablex Publishing, pp. 151-167.

Quinn, R. E. & Cameron, K. S., 1988. *Paradox and transformation: Toward a theory of change in organization and management.* Cambridge, MA: Ballinger.

Relihan III, W. J., 1989. The revenue-management approach to hotel-room pricing. *Cornell Hotel and Restaurant Administration Quarterly,* 30(1), p. 40.

Ryals, L., 2005. Making Customer Relationship Management Work: The Measurement and Profitable Management of Customer Relationships. *Journal of Marketing,* Volume 69, pp. 252-261.

Ryals, L., Knox, S. & Maklan, S., 2000. *Customer relationship management.* London: Prentice-Hall.

Seal, W. & Mattimoe, R., 2014. Controlling strategy through dialectical management. *Management Accounting Research,* Volume 25, pp. 230-243.

Shlifer, R. & Vardi, Y., 1975. An airline overbooking policy. *Transportation Science,* Volume 9, pp. 101-114.

Shoemaker, S. & Lewis, R. C., 1999. Customer loyalty: the future of hospitality marketing. *Hospitality Management,* Volume 18, pp. 345-370.

Sun, X., Gauri, D. K. & Webster, S., 2011. Forecasting for cruise line revenue management. *Journal of Revenue and Pricing Management,* 10(4), pp. 306-324.

Talluri, K. & Van Ryzin, G., 2006. *Theory and practice of revenue management.* New York: Springer.

Trost, J., 2002. *Att skriva uppsats med akribi.* 2 ed ed. Lund: Studentlitteratur.

Vaeztherani, A., Modarres, M. & Aref, S., 2015. Developing an integrated revenue management and customer relationship management approach in the hotel industry. *Journal of Revenue and Pricing Management,* 14(2), pp. 97-119.

Wang, X. L., 2012. Relationship or revenue: Potential management conflicts between customer relationship management and hotel revenue management. *International Journal of Hospitality Management,* 31(3), pp. 864-874.

Wang, X. L., 2012. The impact of revenue management on hotel key account relationship development. *International Journal of Contemporary Hospitality Management*, 24(3), p. ?.

Wang, X. L. & Bowie, D., 2009. Revenue management: The impact on business-to-business relationships. *Journal of Services Marketing,* 23(1), pp. 31-41.

Wang, X. L. et al., 2015. Revenue management: Progress, challenges and research prospects. *Journal of Travel & Tourism Marketing,* Volume 32, pp. 797-811.

Weeks, W. A. & Stevens, C. G., 1997. National account management sales training and directions for improvement. *Industrial Marketing Management,* Volume 26, pp. 423-431.

Vince, R. & Broussine, M., 1996. Paradox, defense and attachment: Accessing and working with emotions and relations underlying organizational change. *Organization Studies,* Volume 17, pp. 1-21.

Wirtz, J., Kimes, S. E., Theng, J. H. P. & Patterson, P., 2003. Revenue management: Resolving potential customer conflicts. *Journal of Revenue and Pricing Management*, 2(3), pp. 216-226.

Withiam, G., 2001. "The 4-C" Strategy for Yield Management. *Cornell Hospitality Reports,* pp. 4-17.

Von Martens, T. & Hilbert, A., 2011. Customer-value-based revenue management. *Journal of Revenue and Pricing Management,* 10(1), pp. 87-98.

Yin, R. K., 2014. *Case study research: design and methods.* 5th ed. London: Sage Publications.

You, P. S., 1999. Dynamic pricing in airline seat management for flights with multiple legs. *Transportation Science,* Volume 33, pp. 192-206.

Zakhary, A., El-Gayar, N. & Atyia, A., 2008. A comparative study of the pickup method and its variations using a simulated reservation hotel data. *ICGST International Journal on*

Artificial Intelligence and Machine Learning, ICGST-AIML(special issue on computational methods for the tourism industry), pp. 15-21.

Appendix

List of interviewees

#	Function	Date	Location	Duration
1	Revenue Management Expert	12.09.2015	Stockholm	45 min
2	VP of Revenue Management & Distribution, Brand Hotels	08.10.2015	Stockholm	40 min
3	Key Account Manager, Alpha Hotels	15.10.2015	Stockholm	60 min
4	Head of Account Management in Sweden, Alpha Hotels	20.10.2015	Stockholm	83 min
5	Senior Revenue Manager, Alpha Hotels	22.10.2015	Malmö	67 min
6	Senior Revenue Manager, Alpha Hotels	22.10.2015	Malmö	65 min
7	Account Manager, Alpha Hotels	22.10.2015	Malmö	30 min
8	VP Operations, Alpha Hotels	26.10.2015	Oslo	54 min
9	Revenue Manager, Alpha Hotels	26.10.2015	Oslo	67 min
10	CEO, Brand Hotels	27.10.2015	Oslo	43 min
11	Director of Key Account Management, Alpha Hotels	27.10.2015	Oslo	60 min
12	Senior Key Account Manager, Brand Hotels	27.10.2015	Oslo	53 min
13	CEO, Alpha Hotels	27.10.2015	Oslo	43 min
14	Account Manager, Alpha Hotels	30.10.2015	Stockholm	64 min
15	General Manager, Alpha Hotels	03.11.2015	Stockholm	51 min
16	Vice President of Sales of Brand Hotels	03.11.2015	Stockholm	56 min
17	Senior Revenue Manager, Alpha Hotels	04.11.2015	Phone	54 min
18	Revenue Manager, Alpha Hotels	04.11.2015	Stockholm	50 min
19	VP of Revenue Management & Distribution, Alpha Hotels	05.11.2015	Stockholm	70 min
20	General Manager, Brand Hotels	06.11.2015	Stockholm	45 min
21	Key Account Manager, Brand Hotels	10.11.2015	Stockholm	59 min