

Complimentary Rooms in the Hospitality Sector- Theoretical Issues and Business Practices

Roberta Minazzi¹, Aurelio G. Mauri²

¹Assistant Professor, Tourism Marketing at University of Insubria, Como, Italy

²Associate Professor of Tourism and Services Marketing at IULM University, Milan, Italy

*Corresponding Author:

Roberta Minazzi

Email: aurelio.mauri@iulm.it

Abstract: Product sampling and free trials are a common practice in many industries. The present article aims to analyze the offer of complimentary rooms within the hospitality business. Despite the widespread use of this marketing tool, the phenomenon appears to be understudied within academic contributions and not comprehensively tracked by corporations specialized in hotel market data and benchmarking. The article aims giving a comprehensive view of the topic, combining both existing literature and sectorial applications. Theoretical contributions, concrete practices and practical implications are discussed and further research directions are identified.

Keywords: complimentary rooms, hospitality industry, hotels, revenue management, performance, product sampling

INTRODUCTION

The offer of free product samples to customers and potential users has been a traditional tool employed by firms in order to promote different categories of goods and encourage purchases. Within the academic literature we have encountered both the expressions 'product sampling'[1] and the one 'free product trial' [2] to describe the phenomenon. Samples have been defined as 'offers of a free amount or a trial of a product for consumers'[3]. While, product trial has been defined as a consumer's first usage experience with a product/brand, and has been identified as a critical factor for customer behaviours and purchase intentions [4].

Research in marketing and psychology has emphasized that product trial is an influential source of information for the development of brand beliefs and attitudes [5]. Studies point out that customers' attitudes formed from direct product experience (i.e. trial) appear to be stronger, more confidently seized, and better predictors of behaviors than those shaped via indirect experience like advertising [6].

However, despite its importance and widespread use among firms, sampling has been observed as one of the most under-researched areas of marketing [7]. Furthermore, although free samples are widely used among business operators, empirical evidence to demonstrate their actual effects on sales over time appears to be limited [8].

The purpose of the present article is to investigate the use of this kind of marketing tool within

the hospitality industry. We searched for existing available data but we found out that the topic is not comprehensively tracked neither by firms and consultants nor by academics. In front of this gap in knowledge, we developed this first conceptual paper with the aim of proceed later with empirical analyses based on original data. The study is made combining both existing literature and practical sectorial applications. The article is organized as follows. First, it develops an overview of the academic literature regarding product samples and trials. Second, the specific use of complimentary rooms within the hospitality sector is examined and the various marketing strategies and objectives pursued are illustrated. Third, the implications on performance measurement are discussed. Finally, further research directions are suggested.

PRODUCT SAMPLING/TRIAL

Product sampling is employed in a variety of businesses and may encompass both business to business and business to consumer relationships. In this paragraph we observe the phenomenon in general dimension while in the next paragraph we discuss the topic with a specific focus on the hospitality industry.

Ideally, product sampling can produce two different effects. A first effect, within the short run, that is an increase in corporate sales, and a second effect, longer run, that regards the firm's goodwill building. Consequently, product sampling affects both immediate sales and consumer perception and awareness about the product [7].

Product trial can be a source of information for consumers especially when information from other sources is either unavailable, very costly, conflicting, or unreliable. It has effects on consumer expectations, demand, and prices [9]. Sampling, as well as advertising, improves consumers' awareness and perception of a product. Nevertheless, different from advertising, sampling produces a direct experiential effect that reduces the risk of product uncertainty and determines a better per-person response rate [7].

An important topic is the relation between sampling and perceptions of risk by potential customers. The existence of risk depends on the fact that most individuals make purchase decisions under some degree of uncertainty about a certain product. Perceived risk embodies consumer uncertainty about loss or gain in a specific transaction and has six components: financial, performance, social, psychological, safety, and time/convenience loss [10].

Through product trial, consumers may test the real product, without purchasing it. Then, the actual experience enables potential customers to become familiar with products, reducing the perception of risk [10].

Product sampling and trials may have different forms, regarding the fact the product is represented by a durable good (a product that last longer or do not get exhausted even after repeated us), a non-durable good (a product which get exhausted with a single or a few uses) or a service, an economic activity/performance offered by one party to another.

While product sampling, especially samples of tangible non-durable goods, has been quite extensively explored, less research has been conducted regarding consumer evaluations of free service trial offers [11].

Another relevant aspect is that consumers attitudes toward products are bi-dimensional, because consumers purchase goods and services and perform consumption behaviors for two basic motives [12, 13]:

- Affective (hedonic) gratification (from sensory attributes);
- Instrumental (or functional), utilitarian reasons concerned with 'expectations of consequences'.

In the specific case of the lodging sector, hotel customers' choice is driven not only by cognitive attributes (e.g., price, service and food quality, and brand name), but also by affective (e.g., comfortable feeling and entertaining) and sensory (e.g., room quality and overall atmosphere) attributes [14].

These hedonic and utilitarian reasons or motivations for consumption need not to be (and usually are not) mutually exclusive. Consequently, it is

important to consider both the cognitive consequences produced by a product trial and the consumer's emotional reactions to the trial [5].

DIFFERENT USES OF COMPLIMENTARY ROOMS WITHIN THE HOSPITALITY INDUSTRY

Practitioners believe that free product trials can increase the customer product knowledge and may be also capable of affecting purchasing decisions and processes. Within the lodging sector frequently hoteliers offer, for various reasons, complimentary rooms, i.e. free rooms provided to guests or other persons for marketing purposes.

The Uniform System of Accounts for the Lodging Industry [15] gives the following definition of complimentary rooms: 'Free rooms provided to any guest, often for marketing purposes, but not related to an existing contractual relationship'.

The definition provided is somewhere restrictive because it does not classify as complimentary rooms the 'rooms provided due to a trade-out arrangement, rooms provided in connection with a promotion (e. g., stay two nights, get one free), or rooms provided as part of a group contract (e. g., book 50 rooms, get one free)'. As a matter of fact, they are considered as equivalent to a rate discount and then they are a different framing of price reduction. However, we can observe that in the ordinary sectorial lexicon also these last rooms are called complimentary rooms.

In other words, we can distinguish between:

- Complimentary rooms *sensu stricto*, free rooms given to any guest for marketing objectives;
- Discount complimentary room, equivalent to rate discounts negotiated within group stay contracts or price promotions.

It is important to note that hotels and other hospitality firms may provide other types of complimentary bonuses to their customers. In some cases, free access or coupons may regard amenities and ancillary services (Free Wi-Fi, Complimentary In-Room/Media Entertainment, Complimentary Food & Beverage, etc.) singularly or in bundle form. In other cases, hospitality firms provide complimentary room upgrades, that is the transfer of the guest to a better room than the one booked (e.g. from a standard room to a junior suite). This implies generally also the offer of complimentary services (i.e., restaurant, Spa) or amenities (i.e., luxury bathroom amenities) connected to that type of room.

Before analyzing the different situations in which complimentary rooms can be provided, it is important to understand the cost of this marketing tool.

Hospitality, leisure and travel businesses are quite capital and labor intensive, with a cost structure characterized by high fixed costs and low variable costs. Variable costs can be revenue-related (i.e. reservation and distribution channels fees, credit card expenses) and customer-related, such as variable maintenance expenses (e.g. cleaning) and frequent-stay points [16]. Consequently, the marginal costs for the accommodation of an additional guest in an unsold room is usually minor. Moreover, it may even activate other sources of revenue (like in casino hotels).

Furthermore, services have some unique characteristics [17]: intangibility, inseparability of production and consumption, heterogeneity and, finally, perishability. In particular, perishability signifies that services cannot be saved and stored. Services firms cannot produce for inventory and sell their products later as soon as demand occurs. The inventory remained unsold is definitely lost. As a matter of facts, unused capacity can be employed as a resource to achieve a series of strategic objectives that serve to improve the performance of the firm [18]. Among them, this capacity can be used for developing customer relationships, either by (a) building loyalty with existing guests, and by (b) providing trials to potential customers.

Hereafter we will try to analyze the different marketing strategies and objectives pursued by hospitality firms through the provision of complimentary rooms:

- i. Pricing (e.g. discount complimentary rooms);
- ii. Customer loyalty;
- iii. Service Recovery;
- iv. Internal marketing;
- v. Cost reduction;
- vi. Public relations.

In the first case, as mentioned in the previous paragraph, the provision of complimentary rooms is a different way of dressing a rate reduction. This phenomenon is called 'price framing', the way prices ('rates' within hotels) are presented to customers. Presentation or framing effects have been identified as determinants of consumers' behavior [19]. In practice, different ways of describing economically equivalent offers (different semantic cues or different framing of the offer) may affect purchasers' evaluations and behaviors.

The second and the third points, which relate to customer loyalty and service recovery, will be discussed more in-depth in the following two paragraphs. They are both connected to relationship marketing and the importance of customer retention.

Moving to the fourth point, complimentary rooms can be provided within internal marketing policies. The importance of Internal marketing in the

services organizations has been studied by various authors [20, 21]. In particular, internal marketing strategies can influence the performance of external marketing. Effective internal marketing strategies improves employee motivation and competences [22] and, in turn, it increases the company's organizational performance [23, 24]. Complimentary rooms may be used as an incentive reward for employees who have reached specific objectives (i.e. a week-end in a hotel of the company). They can be also connected to corporate training and courses or corporate meetings and events. Within the hotel occupancy reports the occupation of rooms by employees is defined 'house use'. If house use becomes permanent, the room should be removed from saleable inventory.

Regarding the fifth point, cost reduction, in some cases complimentary rooms are offered to consultants or other services providers in return for their job activities. This is true especially in the hotel industry where accommodation can be part of the payment as an alternative to the reimbursement of the lodging costs (a sort of fringe benefit). In addition, bartering is employed in order to exchange goods or services for other goods and/or services without a medium of exchange (i.e. advertising spaces in return for complimentary rooms for managers).

Moreover, as a tool of public relations, complimentary rooms are a medium to promote the hotel towards tour operators, travel agents, journalists and, more recently, bloggers. Tour operators and travel agents are generally invited for a hotel stay to directly experience the service, consequently, being able to better sell the product. Journalists and bloggers are invited as opinion leaders in the sector with the aim to stimulate their communication activities about the service received. Their satisfaction would probably positively influence their propensity to develop a good communication about the hotel.

Complimentary rooms and loyalty programs

The provision of complimentary rooms to customers is often linked to hotel loyalty programs. Loyalty marketing has become a particularly strong topic for research and practice in services over the last years [25]. Loyalty programs can be defined 'as long-term-oriented programs that allow consumers to accumulate some form of program currency, which can be redeemed later for free rewards'[26].

A market environment increasingly competitive, along with more and more demanding customers and further a major attention towards relationship marketing have generated a proliferation of loyalty programs. Many firms of different sectors have today a loyalty program as a core element of their marketing strategy. Within services sectors typical examples are represented by airlines, financial services, hotels, retail and gaming.

The multiplying of loyalty programs has progressively diminished the value and advantages offered by the single program. However, for customers who accumulate points these programs become barriers which prevent the switching to a competitor. Indeed, the change of the service provider could mean to forsake their points or to delay the race towards a specific reward [67]. Therefore, the accumulation of points on the loyalty program can generate the lock-in effect of the clients, that is their chance of changing hotel brand or group is diminished for avoiding to lose the points gained.

Complimentary rooms and complimentary upgrades are common inside loyalty programs. These kind of benefits create mainly economic bonds but they are generally accompanied by other benefits more linked to social and emotional bonds [27]. Benefits of a loyalty program can be categorized as hard and soft, where the former are represented by financial benefits while the latter are embodied by intangible benefits [28]. At this regard it has been argued that 'the source of loyalty is an emotional bond that cannot be bought by points or free stays' [29]. It is useful to remark that bonds between the customer and the service provider can be defined as 'exit barriers that tie the customer to the service provider and maintain the relationship. These can be legal, economic, technological, geographical, time, knowledge, social, cultural, ideological and psychological bonds' [30].

Complaint Management and Service Recovery

Another common occasion of providing complimentary rooms in the lodging business is related to service recovery policies.

Service failure may conduct to dissatisfaction and interruption in the relationship between a customer and the service company, further generating negative word-of-mouth and negative future attitudes and behaviors.

Service recovery refers to the actions taken by a service provider to manage customer complaints regarding a service failure. Especially in the service sector, where it is practically impossible to ensure a service supply without errors, recovery efforts play a central role. Consequently, adequate service recovery is a crucial moment for transforming dissatisfied customers into satisfied customers and maintaining fruitful relationships with them. Therefore, an effective service recovery strategy can influence positively customer retention rates, decreasing the spread of negative word of mouth and improving profitability [31].

According to the justice theory, customers' evaluate the service recovery efforts on the base of three dimensions: distributive justice, procedural

justice, and interactional justice [31-33]. Authors have identified two dimensions: psychological and tangible recovery [34]. Psychological recovery refers to the concern expressed by the provider towards the customer's needs after a service failure while tangible recovery is a compensation given to the customer in order to reimburse for the costs and difficulties caused by the service failure. Distributive justice/tangible recovery concern tangible outcomes of the service recovery effort. These could be monetary rewards such as discounts on food items or amenities given for free (i.e., complimentary rooms or complimentary upgrades) that represent helpful instruments in order to change a customer's state of dissatisfaction into satisfaction [35]. In some 'service industries, complimentary services, such as not charging the customer for a meal when the food was poorly prepared, are typically part of a service recovery strategy' [36].

Considering the importance of the three dimensions of justice, all of them jointly influence the perception of service recovery strategies after a service failure [31, 33, 37]. Miller *et al.* [34] found that both successful and unsuccessful service recoveries are a mix of psychological and tangible recovery efforts with attention to operational details. In particular, monetary rewards could be more effective if accompanied by good organization recovery policies (procedural justice) and positive interactions between customer and service providers (interactional justice), especially in the case of high 'relationship quality oriented' customers [35]. For example, the effect of a monetary compensation could be negatively influenced by poor interpersonal treatment (e.g., rude behavior of employees). A study of Mattila and Wirtz [37] found that if the service recovery process and interactions (relationship quality) are properly managed, the value of tangible compensation decreases. Compensations are considered to have a major impact in case of mixed-bag recovery (i.e., immediate recovery and no apology).

However, the importance of the three fairness dimensions of justice can vary according to the service context [32, 38]. The study of Mattila [38] found for example that distributive justice plays a major role in restaurant services.

Employee are generally a key factor in the process of service recovery because are those who handle the process, interacting with consumers. Therefore, companies should also consider the importance of customer contact employees' empowerment when developing a service recovery strategy. For example, service companies should train frontline employees to manage service failure giving immediate response also deviating from the rules if necessary [39].

Compensations given to customers may depend on public or industry regulations. In addition to

the base compensation, such as accommodation in a comparable hotel, transportation, and telephone calls hotels, may adjoin overcompensations [40]. An important form of overcompensation is represented by vouchers offered to clients, which can differ along a few dimensions: complimentary service, money value, quantity, timing, certainty and flexibility.

With the development of new technologies, social media, have assumed a crucial role in the development of customer attitudes and purchasing intentions [41-44]. Good or bad reviews, posted in specialized internet sites, influence potential customers

all around the world. Web review sites are important means for hotel guests to share their experience. We have analyzed the presence of the topic ‘complimentary rooms’ in the guests’ reviews posted on Tripadvisor and other main sites where people share knowledge and search for recommendations about travel services. We found that customers, in many occasions, relate that complimentary rooms (or room upgrades) have been offered as an apology of a service failure (see some examples in Table 1). Sometimes, this is clearly mentioned even in the reply of the hotel manager to a dissatisfied post.

Table 1: Examples of guest reviews (excerpts) that cited the giving of complimentary rooms or upgrades; retrieved from main dedicated internet sites

<p>‘Due to an overbooking situation we were allowed a certain compensation including a one night stay at this Hotel’</p> <p>‘We were offered a complimentary room upgrade to a suite’</p> <p>‘so they give us a complimentary room (which was extremely nice) and free entrance ...’</p> <p>‘She also offered me a complimentary room’</p> <p>‘We were offered a complimentary room upgrade to..’</p> <p>‘and also offered us a complimentary room to quickly ...’</p>
--

COMPLIMENTARY ROOMS USE BY CASINO HOTELS

The use of promotional allowances is common in the gaming industry. In this business, complimentary rooms assume a specific role, different from the common use by hotels. Promotional benefits are defined as discretionary complimentary awards (‘comps’) based on the customer level of play. These generally take the form of free or reduced-price travel, lodging (complimentary rooms), food, and/or casino play [45]. The gaming business is a peculiar case because the market offer is represented by a complex of services strictly interrelated where accommodation assumes not the role of a central service but it is the means that permits customers to enjoy the other services (gaming, entertainment, food & beverage).

A service provider’s market offer often includes a variety of services. Among them, it is possible to distinguish:

- i. the core service, the central component that supplies the primary, problem-solving benefits clients pursue;
- ii. supplementary services composed by facilitating (enabling) and supporting (enhancing) services. These services can produce synergies with the core service, facilitating its consumption and augmenting its value and appeal to the customer’s global experience.

While ordinary hotels mainly attract business travelers, individual tourists, tour and conference groups, and build their revenue mainly on rooms revenue, casino hotels offer gaming activities and entertainment combined with lodging and food and

beverage. Their main source of revenue is gaming (see Table 2).

Table 2: Revenue composition of Las Vegas Casino Hotels in 2014. (HVS, 2015)

Gaming Revenue	Rooms Revenue	Food and Beverage Revenue	Other Revenue
36.8 %	26.1%	22.8 %	14.4%

Casino hotels marketing strategy has been traditionally based on gaming revenue, while lodging and other ancillary services had primarily the function of attracting the customer and making more appealing the stay. Casino hotels base their marketing strategy on strong segmentation, usually, based on the gaming profile of the guest and its expenses (for instance high rollers segment), as the gaming activity is tracked through smartcards [46, 47]. The final objective is the total profit given by a guest, not the profit of the single service: some of them could even lose money [48]. Casino hotel then are committed to combine customer relationship management and revenue management to maximize their profitability [49, 50].

Casino best guests are targeted by marketing campaigns and commonly ‘comped’ (they receive complimentary rooms, food, and/or beverages), or partially comped, in return for expected levels of casino play. In sum, gaming operators offer complimentary rooms, aggressive package rates, or other forms of discounting with the purpose of sustaining occupancy levels and consequently to generate consistent demand for the casino gaming, food and beverage, and other

revenue generating services [51]. For instance, the Harrah's Cherokee Casino & Hotel gives complimentary or reduced-price rooms, meals, casino chips, valet service, and other bonuses and amenities based on tracked play. The more a customer spends gambling, the more amenities the hotel provides for free [46].

A few studies have revealed positive effects of food and beverage amenities on gaming volumes [52]. On the other side some authors argue that the effects of RFB giveaways (Rooms, food and beverages) may be pulling gamblers away from other casinos rather than attracting potential demand [53]. Furthermore, complimentary show tickets to casino customers failed to demonstrate positive effects on gaming volumes [54]. Consequently, casino managers must care in identifying which complimentary services to offer, regarding the different segments of customers. The application of comprehensive analytics of customer data becomes fundamental [55].

COMPLIMENTARY ROOMS AND PERFORMANCE MEASUREMENT

Business performance is a central argument in managerial studies. It is of interest both to academic scholars and to managers and investors. Performance measurement can be defined as 'the process of quantifying the efficiency and effectiveness of past actions' [56]. Measuring performances requires two steps; the first is represented by the choice of the dimensions used to evaluate results; the second is the selection of the operational indexes to be employed in order to measure the designated dimensions [57].

An established way of identifying the aforesaid dimensions distinguishes among financial, operational and organizational dimensions. Afterwards, for each of the cited dimensions different indexes may be adopted [58]. Applying these criteria in the lodging business the following kind of metrics can be suggested [59]:

- financial ratios, for measuring the financial performance;
- occupancy rate, average daily rate (ADR) and revenue per available room (RevPAR), customer satisfaction, repeated visits and word-of-mouth, and product development for the operational dimension of the performance;
- customer and employee satisfaction for the organizational dimension.

Furthermore, the performance of a company can be examined as an absolute measure or, probably more insightfully, as a comparative measure in relation to some competitors, to other partner hotels and to the company itself (over time). Normally hotel corporations and single properties compare their performance considering a competitive set, a group of hotels having similar features, significant from the market point of

view, such as location, level of quality, services offered, etc. Moreover, the time horizon of the measurement can be short, medium or long term.

In this paragraph we will analyse the impact of complimentary rooms on performance metrics, and discuss how the use of complimentary rooms may affect a set of key performance indicators normally used in the lodging sector [60-62]:

- Occupancy rate;
- Average daily rate;
- RevPAR.

Occupancy rate may be defined as the share of all rental units (rooms in hotels) that are occupied (or rented) for a given time. It is generally expressed as a percentage of the whole hotel capacity. Occupancy percentage can be an indicator of the success of management in attracting guests to a hotel property. However, it is important to remark the existence of a trade-off between occupancy and prices (room rates). Higher occupancy levels may be reached through massive rate discounting, and then reducing Revpar.

Even if occupancy rate is a quite intuitive and simple concept, problems may arise in its practical calculation, concerning both numerator (rooms occupied) and denominator (rooms available) of the formula. Starting from 'rooms occupied' (numerator of the formula), it is important to note that the rooms a hotel has in a certain period can be distinguished among:

- i. guest paid use; rooms normally sold to clients (hotel guests);
- ii. guest complimentary use; free rooms offered for promotional purposes;
- iii. house use; rooms occupied by the hotel itself or group staff for working reasons (temporary or permanent);
- iv. rooms out-of-order (identified as OOO rooms); rooms not available because of renovation or temporary problems;
- v. vacant rooms, room available for sale remained unsold.

The customary occupation index measures guest occupancy and therefore house use rooms (rooms occupied by hotel employees) are excluded from the calculation, as they are not available for sale and do not generate revenue. The figure rooms occupied by guest is given by the sum of the first two categories of the previous classification (rooms sold + complimentary rooms). Consequently, a large presence of complimentary rooms offered may distort rate performance indexes. This is especially true for casino hotels [63].

Moving to the calculation of ADR, whose amount represents the average rental revenue (rate) per

occupied room in a given term of time, we can discuss the treatment of complimentary rooms. The ADR of a certain time period can be calculated by dividing the room revenue by the number of rooms sold in that period.

A first solution (we can call it ADR without complimentary rooms, w/o c) states that all complimentary rooms have to be excluded from the denominator. In fact, Average daily rate is a metric of the average price (rate) at which rooms are sold while complimentary rooms do not produce revenue as their rate is zero.

$$ADR_{w/o\ c} = \frac{\text{Rooms revenue}}{\text{Number of rooms that produced revenue}}$$

However, it is also possible to argue that complimentary rooms are given for business reasons (e.g. x rooms complimentary over y paid rooms as part of a business deal). Following this second approach (ADR_{t,c}), that considers also complimentary rooms, the following formula can be used:

$$ADR_{t,c} = \frac{\text{Rooms revenue}}{\text{Number of rooms sold} + \text{Complimentary rooms}}$$

Nevertheless, the ‘Uniform System of Accounts for the Lodging Industry’ (2014), relating to complimentary rooms, as mentioned before, suggests to include in rooms sold figures the rooms occupied without charge in connection with a promotion or contract (e.g. stay two nights and get one free; book a 50-room group, get one room free etc.) and to exclude from the calculation the other complimentary rooms, not associated with a specific deal (i.e. gratis rooms offered only for marketing purposes). The same solution is chosen by 2016 STR Data Reporting Guidelines (STR, 2016). Therefore, Average daily rate (ADR_{c,c}) could be calculated in the following way:

$$ADR_{c,c} = \frac{\text{Rooms revenue}}{\text{No. of rooms sold} + \text{Compl. rooms (traded in contracts)}}$$

LIMITATION AND FURTHER RESEARCH DIRECTIONS

Being a conceptual article, the purpose of the present study is to explore the available academic literature about the use of complimentary rooms by hospitality firms. We have developed a comprehensive analysis on main publications databases (Ebsco, ISI Web of Knowledge and Google Scholar) searching for academic and business articles, as well as statistical and business reports on the topic ‘complimentary rooms’. A few semi-structured interviews with hotel General managers and Revenue managers of international hotel

companies enriched our knowledge of these business practices.

We have also searched for statistical reports about the use of complimentary rooms and its relative proportion to the room inventory but we were unable to find significant and updated data collections. A research based on PKF Hospitality Research statistics, calculated the ratio of complimentary rooms to total occupied rooms as 1.57 percent for the year 2005 (versus 1.63 in 2004), with a stronger use in convention hotels (1.91%) and resort hotels (2.01%) [64]. The future availability of statistical data about the actual amount of complimentary rooms given by hotels could be a fundamental basis for developing quantitative research. A further research path may regard and investigate:

- the influence of complimentary rooms use on organizational relationships (i.e. relationship between centralized hotel departments, hotel general managers and hotel revenue manager);
- the effects of using complimentary rooms for promotional reasons toward prospective customers, in order to verify their conversion rate;
- the provision of complimentary upgrades and services for increasing direct customer bookings through hotel owned websites, alternative to the use of Online Travel Agencies, who ask for high commissions, source of resentment for hoteliers [65]. This is a crucial aspect, due also to the rate parity clauses inserted in OTAS contracts [61]. The study of the underlying reasons travelers reserve rooms through hotel websites or OTAs is focal point [66];
- finally, quantitative studies could be carried out to examine the use of complimentary rooms in recovery strategies retrieving data posted on social media (i.e., guests’ reviews on Tripadvisor and other websites that collect guest reviews) and the correlation of their use with different types of hotels, corporate strategies, hotel locations, ratings given by customers, presence of managerial response, etc.

CONCLUSIONS

This study investigates the use of a common practice within the hospitality business: the provision of complimentary rooms. Complimentary rooms are a flexible tool that can be employed for various purposes and that may involve different functions of the firm. Despite the significant use, this looks as a gray area of the management of hospitality firms. We can affirm that this phenomenon appears to be under-investigated by academics. Furthermore, statistical data are not publicly available and different practices of computation may be used among lodging groups and hotel firms.

REFERENCES

1. Marks, L. J., & Kamins, M. A. (1988). 'The Use of Product Sampling and Advertising: Effects of Sequence of Exposure and Degree of Advertising Claim Exaggeration on Consumers' Belief Strength, Belief Confidence, and Attitudes. *Journal of Marketing Research (JMR)*, 25(3), 266-281.
2. Guo, L., & Zhao, Y. (2009). 'Voluntary quality disclosure and market interaction. *Marketing Science*, 28(3), 488-501.
3. Jain, D., Mahajan, V., & Muller, E. (1995). 'An approach for determining optimal product sampling for the diffusion of a new product. *Journal of Product Innovation Management*, 12(2), 124-135.
4. Kempf, D. S., & Smith, R. E. (1998). 'Consumer processing of product trial and the influence of prior advertising: A structural modeling approach. *Journal of marketing research*, 35(3), 325-338.
5. Kempf, D. S. (1999). 'Attitude Formation from Product Trial: Distinct Roles of Cognition and Affect for Hedonic and Functional Products. *Psychology & Marketing*, 16(1), 35-50.
6. Fazio, R. H., & Zanna, M. P. (1978). 'On the predictive validity of attitudes: The roles of direct experience and confidence. *Journal of Personality*, 46(2), 228.
7. Heiman, A., McWilliams, B., Shen, Z., & Zilberman, D. (2001). 'Learning and forgetting: Modeling optimal product sampling over time. *Management Science*, 47(4), 532-546.
8. Bawa, K., & Shoemaker, R. (2004). 'The effects of free sample promotions on incremental brand sales. *Marketing Science*, 23(3), 345-363.
9. Goering, P. A. (1985). 'Effects of product trial on consumer expectations, demand, and prices. *Journal of Consumer Research*, 12(1), 74-82.
10. Murray, K. B. (1991). 'A test of services marketing theory: Consumer information acquisition activities. *Journal of Marketing*, 55(1), 10-25.
11. Laochumnanvanit, K., & Bednall, D. H. B. (2005). 'Consumers' evaluation of free service trial offers. *Academy of marketing science review*, 11, 1-13.
12. Batra, R., & Ahtola, O. T. (1991). 'Measuring the hedonic and utilitarian sources of consumer attitudes. *Marketing letters*, 2(2), 159-170.
13. Voss, K. E., Spangenberg, E. R., & Grohmann, B. (2003). 'Measuring the hedonic and utilitarian dimensions of consumer attitude. *Journal of marketing research*, 40(3), 310-320.
14. Kim, D., & Perdue, R. R. (2013). 'The effects of cognitive, affective, and sensory attributes on hotel choice. *International Journal of Hospitality Management*, 35, 246-257.
15. American Hotel & Lodging Educational Institute. (2014). *Uniform System of Accounts for the Lodging Industry*, Lansing, Michigan American Hotel & Lodging Educational Institute. c2014; 11. ed. rev.
16. American Hotel & Lodging Association. (2006). *Revenue Management*, second edition.
17. Zeithaml, V. A., Parasuraman, A., & Berry, L. L. (1985). 'Problems and strategies in services marketing. *The Journal of Marketing*, 49(2), 33-46.
18. Ng, I. C. L., Wirtz, J., & Sheang Lee, K. (1999). 'The strategic role of unused service capacity. *International Journal of Service Industry Management*, 10(2), 211-244.
19. Puto, C. P. (1987). 'The framing of buying decisions. *Journal of Consumer Research*, 14(3), 301-315.
20. Grönroos, C. (1985). 'Internal marketing-theory and practice. *Services Marketing in a Changing Environment*, American Marketing Association, Chicago, IL, pp. 41-47.
21. Greene, W. E., Walls, G. D., & Schrest, L. J. (1994). 'Internal marketing: the key to external marketing success. *Journal of Services Marketing*, 8(4), 5-13.
22. Ahmed, P. K., Rafiq, M., & Saad, N. M. (2003). 'Internal marketing and the mediating role of organisational competencies. *European Journal of Marketing*, 37(9), 1221-1241.
23. Arnett, D. B., Laverie, D. A., & McLane, C. (2002). 'Using job satisfaction and pride as internal-marketing tools. *Cornell Hospitality Quarterly*, 43(2), 87.
24. Hwang, S., & Der-Jang, C. (2005). 'Relationships among internal marketing, employee job satisfaction and international hotel performance: An empirical study. *International Journal of Management*, 22(2), 285-293.
25. Shoemaker, S., & Lewis, R. C. (1999). 'Customer loyalty: the future of hospitality marketing. *International Journal of Hospitality Management*, 18(4), 345-370.
26. Liu, Y., & Yang, R. (2009). 'Competing loyalty programs: Impact of market saturation, market share, and category expandability. *Journal of Marketing*, 73(1), 93-108.
27. Liljander, V., & Strandvik, T. (1995). 'The nature of customer relationships in services. *Advances in services marketing and management*, 4(141), 67.
28. Hu, F. K. W., & Weber, K. (2014). 'The Influence of Culture on the Perceived Attractiveness of Hotel Loyalty Programs. Chinese versus Japanese Customers. *Journal of China Tourism Research*, 10(2), 186-205.
29. Mattila, A. S. (2006). 'How affective commitment boosts guest loyalty (and promotes frequent-guest programs). *Cornell Hotel and Restaurant Administration Quarterly*, 47(2), 174-181.
30. Storbacka, K., Strandvik, T., & Grönroos, C. (1994). 'Managing customer relationships for profit: the dynamics of relationship quality. *International Journal of Service Industry Management*, 5(5), 21-38.

31. Tax, S.S., Brown, S. W., & Chandrashekar, M. (1998). 'Customer evaluations of service complaint experiences: implications for relationship marketing. *The Journal of Marketing*, 62(2), 60–76.
32. Smith, A. K., Bolton, R. N., & Wagner, J. (1999). 'A model of customer satisfaction with service encounters involving failure and recovery. *Journal of marketing research*, 36(3), 356–372.
33. Sparks, B. A., & McColl-Kennedy, J. R. (1998). 'The application of procedural justice principles to service recovery attempts: outcomes for customer satisfaction. *NA-Advances in Consumer Research Volume 25*, 156-161.
34. Miller, J. L., Craighead, C. W., & Karwan, K. R. (2000). 'Service recovery: a framework and empirical investigation. *Journal of operations Management*, 18(4), 387–400.
35. Ha, J., & Jang, S. (2009). 'Perceived justice in service recovery and behavioral intentions. The role of relationship quality', *International Journal of Hospitality Management*, 28(3), 319–327.
36. Johnson, L. (2002). 'Using the Critical Incident Technique to Assess Gaming Customer Satisfaction. *UNLV Gaming Research & Review Journal*, 6(2), 1.
37. Wirtz, J. & Mattila, A. S. (2004). 'Consumer responses to compensation, speed of recovery and apology after a service failure. *International Journal of Service Industry Management*, 15(2), 150–166.
38. Mattila, A. S. (2001). 'The effectiveness of service recovery in a multi-industry setting. *Journal of Services Marketing*, 15(7), 583–596.
39. Hart, C. W., Heskett, J. L., & Sasser Jr, W. E. (1989). 'The profitable art of service recovery. *Harvard business review*, 68(4), 148–156.
40. Noone, B. M., & Lee, C. H. (2011). 'Hotel overbooking the effect of overcompensation on customers reactions to denied service. *Journal of Hospitality & Tourism Research*, 35(3), 334–357.
41. 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*, 29(4), 609-623.
42. Gretzel, U., & Yoo, K. H. (2008). Use and impact of online travel reviews. Information and communication technologies in tourism, 35-46.
43. Ye, Q., Law, R., & Gu, B. (2009). 'The impact of online user reviews on hotel room sales. *International Journal of Hospitality Management*, 28(1), 180-182.
44. Mauri, A. G., & Minazzi, R. (2013). 'Web reviews influence on expectations and purchasing intentions of hotel potential customers. *International Journal of Hospitality Management*, 34, 99–107.
45. Gaynor, G. B. (2014). 'Accounting Techniques for Loyalty Programs and Promotional Allowances in the Gaming Industry. *Academy of Accounting & Financial Studies Journal*, 18(2), 77–91.
46. Metters, R., Queenan, C., Ferguson, M., Harrison, L., Higbie, J., Ward, S., Barfield, B., Farley, T., Kuyumcu, H.A. & Duggasani, A. (2008). 'The 'Killer Application' of Revenue Management. Harrah's Cherokee Casino & Hotel. *Interfaces*, 38(3), 161–175.
47. Lucas, A. F. & Brewer, K. P. (2001). 'Managing the slot operations of a hotel casino in the Las Vegas locals' market. *Journal of Hospitality & Tourism Research*, 25(3), 289–301.
48. Lucas, A. F., Dunn, W. T., & Kharitonova, A. (2006). 'Estimating the indirect gaming contribution of bingo rooms. *UNLV Gaming Research & Review Journal*, 10(2), 39-54.
49. Hendler, R., & Hendler, F. (2004). 'Revenue management in fabulous Las Vegas:Combining customer relationship management and revenue management to maximise profitability. *Journal of Revenue & Pricing Management*, 3(1), 73–79.
50. Viglia, G. (2014). *Behavioral pricing, online marketing behavior, and analytics*, New York: Pelgrave Macmillan.
51. HVS. (2015). *Las Vegas Casino & Hotel Market Outlook 2015*, Las Vegas.
52. Tanford, S., & Lucas, A. F. (2011). 'The indirect impact of casual dining on low-end gaming in destination and local casinos. *International Journal of Hospitality Management*, 30(3), 486–494.
53. Lee, S. K., & Jang, S. S. (2014). 'Spillover from Complimentary Item-Based Promotions Evidence from Atlantic City. *Journal of Hospitality & Tourism Research*, 38(1), 78–94.
54. Suh, E., & Tanford, S. (2012). 'The impact of paid versus complimentary showroom entertainment on gaming volumes. *Journal of Hospitality Marketing & Management*, 21(4), 374–394.
55. Doyle, S. (2009). 'How analytical CRM is touching the casino business—Part 1. *Journal of Database Marketing & Customer Strategy Management*, 16(3), 215–219.
56. Neely, A. D., Adams, C., & Kennerley, M. (2002). *The performance prism: The scorecard for measuring and managing business success*, London: Prentice Hall Financial Times.
57. Capon, N., Farley, J. U., & Hoenig, S. (1990). 'Determinants of financial performance: a meta-analysis. *Management Science*, 36(10), 1143–1159.
58. Venkatraman, N., & Ramanujam, V. (1986). 'Measurement of business performance in strategy research: A comparison of approaches', *Academy of management review*, 11(4), 801–814.
59. Sainaghi, R. (2010). 'Hotel performance. State of the art. *International Journal of Contemporary Hospitality Management*, 22(7), 920–952.
60. Pizam, A. (ed.) (2010). *International Encyclopedia of Hospitality Management*, sec. ed. Oxford: Butterworth Heinemann.

61. Mauri, A. G. (2012). *Hotel revenue management: Principles and practices*, Milan:Pearson Italia Spa.
62. Pnevmatikoudi, K., & Stavrinoudis, T. (2016), 'Classification of hotel performance measurement indicators presented in international scientific research. *European Journal of Tourism Research*, 12, 82-98.
63. Slattery, P. (2002). 'Reported RevPAR: unreliable measures, flawed interpretations and the remedy. *International Journal of Hospitality Management*, 21(2), 135-149.
64. Mandelbaum, R. (2006). *Complimentary Room. More Difficult Than A Free Lunch*. PKF Hospitality Research.
65. Toh, R. S., Raven, P., & DeKay, F. (2011), 'Selling rooms: Hotels vs. third-party websites. *Cornell Hospitality Quarterly*, 52(2), 181-189.
66. Law, R., & Wong, R. (2010). 'Analysing Room Rates and Terms and Conditions for the Online Booking of Hotel Rooms. *Asia Pacific Journal of Tourism Research*, 15(1), 43-56.
67. Kim, B. D., Shi, M. & Srinivasan, K. (2001). 'Reward programs and tacit collusion. *Marketing Science*, 20(2), 99-120.