Summer 2025

THE HOSPITALITY FINANCIAL MANAGEMENT

REVIEW

PRESIDENT'S LETTER

Dear iAHFME Colleagues,

I hope your summer is going well. In recent months, the iAHFME Board has been actively working on several important initiatives to better serve our members and advance our association's mission. I would like to take a moment to update you on some key developments.

First, it is great to resume issuing The Review, our newsletter. We recently appointed two new editors for The Review: Dr. Michael Lin at The Hong Kong Polytechnic University and Dr. Hyoungju Song at the University of Central Florida. With their strong leadership, I am confident that The Review will facilitate the sharing of valuable information and ideas, while also fostering greater interaction among our members. Please join me in welcoming Drs. Song and Lin!

Second, we are excited to announce that the new iAHFME website is now live. We are continuing to enhance the site with additional features (e.g., a membership dues payment option via PayPal) and resources (e.g., archives of past events). Please note that membership dues are currently on hold but will resume soon, accompanied by a clearer outline of benefits, including access to the website, The Journal of Hospitality Financial Management (JHFM), and other association services.

I want to extend my sincere thanks to our Vice President, Dr. Seoki Lee, our Board Director, Dr. Agnes DeFranco, and our Secretary, Dr. Ganna Demydyuk, for conducting a thorough feasibility study and engaging in thoughtful discussions about hiring a webmaster to support our growing digital needs. Their leadership has been invaluable.

We are also pleased to share that our flagship journal, The Journal of Hospitality Financial Management (JHFM), is in the final stages of transitioning to the Digital Commons publishing platform at the University of Central Florida. This move will significantly enhance the journal's visibility, accessibility, and scholarly impact. Our deepest gratitude goes to Dr. Murat Kizildag and Dr. Mats Carlbäck, our dedicated JHFM Editors, for their outstanding work in leading this transition.

Another important item the Board has been discussing is the recruitment of a new Chair for our Financial Management Special Interest Group (SIG). Dr. Yoon Koh of the University of Houston has served in this role for the past two years and concluded her term following this year's SIG meeting at I-CHRIE. We sincerely appreciate her excellent leadership and contributions. We are now actively working toward electing a new Chair to further develop SIG activities and enhance member engagement. More information will be shared soon. If you are interested in this role, please reach out to me or Seoki with your self-nomination.

Topics at a Glance

EDITORS' LETTER

Dear iAHFME Members,

We are pleased to present the summer issue of The iAHFME Review, our first as co-editors. It is our honor to serve this vibrant community and to share the inspiring work featured in this issue. This current issue includes three meaningful contributions that reflect both scholarly rigor and practical relevance across hospitality finance and accounting education and management.

Drs. Agnes DeFranco and A.J. Singh introduce a timely research initiative that explores how we can better support hospitality students in developing confidence and competence in accounting and finance. We are also pleased to include an empirical study by Drs. Ganna Demydyuk, Rahul Kaurav, and Mats Carlbäck, which examines the financial implications of guest satisfaction using text mining and experiencescape modeling. Their findings offer valuable insights into how guest feedback can inform service and investment strategies. In a related contribution, Drs. Demydyuk and Carlbäck present the Experience Accounting framework, an innovative approach that connects customer value with cost and revenue decisions, especially relevant for hospitality operators seeking more personalized and data-informed strategies.

In addition, this issue features a summary of the 2025 Hospitality Financial Management SIG meeting at I-CHRIE, contributed by Dr. Yoon Koh, which highlights new developments in student competitions focused on finance and data analytics, including initiatives led by Boston University, STR, and HAMA.

We hope these contributions spark ideas, reflection, and further conversation. We warmly invite you to share your own research, initiatives, or reflections in upcoming issues, as we continue to learn from one another and strengthen our collective impact.

Warm regards,
Hyoungju Song, Ph.D. & Michael S. Lin, Ph.D.
Co-editors, The iAHFME Review

Research Proposal and Invitation for i-AHFME Members to Participate

Current Pedagogical Practices of Hospitality Accounting and Finance Instruction

A Quest to Identify Leading Practices to Increase Success in Hospitality Financial Management Education

Agnes L. Defranco
Professor | Conrad N. Hilton Distinguished Chair
Conrad N. Hilton College of Global Hospitality Leadership
University of Houston

A.J Singh
Professor
Hospitality and Tourism Management
Robert C. Vackar College of Business & Entrepreneurship
University of Texas Rio Grande Valley

Introduction

It is well-known that hospitality students are more gregarious, and people oriented. They care about the well-being of their guests and team members. Their goal is to create memories for their guests through providing impeccable services and products that exceed guests' expectations. While hospitality students have the most interest and excel in management-related classes (such as services, marketing, organization behavior, human resources) or specialty courses in hospitality (such as spa management, club management, golf course management, events management, casino and gaming management, food and beverage production, wine and spirits management), most hospitality students have a neutral and some may even have a negative sentiment toward number-related classes such as financial accounting, managerial accounting, or financial management. These classes are viewed by such students only as requirements for graduation, confusing and hard to understand, tedious and repetitive, or irrelevant (Goh, & Scerri, 2016).

Many students also have a certain degree of dislike or fear towards numbers and thus have anxiety towards the subjects (Chen et al., 2013; Goh & Scerri, 2016). They often share that somewhere during their formative years, there was a teacher who told them that they were not good with numbers. So, the child in these students simply accept, did not question, and would not try any more. All this negativity leads to weak performance (Ma et al., 2016) and add to the challenges for educators to be effective in the classroom when teaching hospitality accounting and finance courses. As learning is a two-way process between the educator and the learner, from the perspective of hospitality educators, they are always fighting a battle of getting students to accept the importance of accounting/finance class, let alone liking the subjects or loving them.

So, can these negative sentiments be reversed? How can post-secondary educators in colleges and university assist their students to overcome such fear and be proficient in numbers-related courses? And, in the end, don't students need to be financially astute to run a successful business?

Adult learning theory

There has been research in education that adults learn differently from children. Bass (2012) summarizes Knowles' definition of andragogy as an educational process that separates adults from children since adults have prior knowledge to direct their learning process, with the motivation of personal growth. Thus, the learning process for adults needs to be more self-directed and problem-centered, focusing on the "why" of learning and is best communicated with real-life applications. Bass (2012) further stresses that certain aspects of adult learning are most crucial to the success of the learner. First, the learning needs to be self-directed, with the professors being the facilitators rather than the authority figures, where they provide the basic knowledge and the framework to lead students to find resources and select their own learning strategies, while monitoring the progress and providing evaluation.

Adults are also more ready to learn when they perceive a need to know the materials. The more popular educational theories for adult learning such as experiential learning (Kolb, 1984, 2005), constructivism (Fawcett& Lockwood, 2000), and humanism (Scholtz, 2023), all advocate a learner-centered approach, with active learning through problem-solving and critical thinking, focusing on the needs and goals of the individual. So, how are we currently communicating with our students in hospitality financial management courses? Do we as hospitality college professors understand how adults learn best? And do we have the incentive and inclination to adjust our teaching to enhance financial management competencies in our students? If we don't, is there a need for further research to help our hospitality financial management faculty?

Study purpose

Noting this challenge, the purpose of this study, therefore, is to answer three specific questions, with the goal of potentially addressing these knowledge gaps and enhancing the learning process of hospitality students in accounting and finance to achieve a higher level of financial management competencies:

1. What are the accounting/finance topics covered in hospitality education?
2. What are the educational theories and practices that can be applied to enhance learning accounting and finance in hospitality students?
3. What are the best practices employed to increase student success in hospitality financial management education?

To achieve these objectives, this research will first conduct a content analysis of the accounting/financial syllabi in major two- and four- year hospitality programs in the United States to ascertain and document the topics covered and modes of instruction. Then, an in-depth literature review will be conducted to reveal and discuss the educational theories and practical applications that can enhance adult learning in general and specifically in accounting and finance. Finally, through a structured qualitative analysis, hospitality financial management educators will be interviewed to share their successful teaching practices.

Draft methodology

For the purpose of this study, we propose to employ a mixed-model approach.

Step 1: Perform a content analysis will be used to answer the first research question of what competencies are currently being taught:

· Sample: IAHFME members (potentially other Business Accounting and Financial Management faculty)
· Collect syllabi from all accounting/finance classes and perform a content analysis
· Share results with IAHFME members for validation
· Finalize content analysis results

Step 2: Perform a qualitative study using thematic analysis.

Once the lists of important competencies/topics(through collection of syllabi and content analysis) and methods used to teach accounting (through lit review) are identified, interviews will be conducted with IAHFME members to determine:

1. their agreement with the methods the researchers found in the literature
2. what they found to be effective means to teach accounting/finance competencies to their students
3. technologies they employ in their teaching (Excel, PowerPoints/Canva (slides), LMS, Video, student engagement applications, business calculators, etc.)
4. one most important tip they wish they know about teaching number-classes in a post-secondary environment

Interview notes will be fed through Leximancer to identify themes and results will be analyzed.

Significance of the research and benefits for i-AHFME members

For those of us who have taught and are currently teaching hospitality financial management and accounting classes, we can relate to the challenges identified in the research proposal, both for students and faculty. However, collectively, over time we have developed, albeit in many cases by trial and error, practices which have resulted in superior learning outcomes for our students and lessons learned along the way. As principal investigators for this research project, our goal is to “recruit” you to participate in the research project, jointly benefit from the knowledge discovered, to make teaching financial management courses fun, and relevant for our students.

Building on solid adult education theory, self-reflection on the relevance of current financial management course content, teaching practices and success stories, this research project will provide us with practical recommendations which can be implemented in the classroom, resulting in a student with a stronger financial management quotient.

Next steps and participation in the research project

While we will take the lead on this research project, it can only be done with our collective efforts and cooperation. In the next few weeks, we plan to reach out to you individually to seek your participation and at the same time, solicit any initial feedback on the research objectives and process. We are certainly open to other components that we may have missed in the proposal.

Our aim is to complete Step 1of the research by early Fall semester 2025. If we stay with the timeline proposed, we plan to present our preliminary results at the i-AHFME meeting in November.

Beyond the Stars: Extending Potential of Internet Hotel Ratings Through Text Mining Analysis and Development of Experiencescapes

Ganna V. Demydyuk
Department of Business Studies,
Leiden University, Netherlands

Rahul Pratap Singh Kaurav
FORE School of Management, New Delhi, India

Mats Carlbäck
School of Hospitality, Culinary Arts & Meal Science,
Örebro University, Sweden

Study purpose and contribution

Internet reviews have proven to be a good source of quantifiable behavioral outcomes that are usually difficult to observe, capture, and measure. Owing to the nature of big data, it has become possible to obtain customer-level datasets in sufficiently large samples to deliver generalizable and statistically significant findings. In particular, it is handy to deploy star ratings in various categories of post-interaction reviews of a service. The current research is densely populated with studies using star ratings of performance attributes to understand their weight, importance, and performance in terms of overall satisfaction. While customer satisfaction does not produce profit, it is believed to be a key source of loyalty intention and behavior that, in turn, generates revenue by facilitating willingness to pay (more) and repeat visits (traffic) (Kumar et al., 2013). In accounting literature, revenue is considered a key profit driver (Shields & Shields, 2005).

On the other hand, satisfaction comes at a price (cost), and depending on the value that customers assign to a product or service, there is a threshold of customer satisfaction when investing in it no longer pays back (Carlbäck, 2010; Ingenbleek, 2014). Understanding this satisfaction-profitability link is one of the most intriguing and desired questions in multiple business disciplines (Ittner & Larcker, 1998). To develop a valid recommendation, a decision support system needs an assignment of costs and revenues based on the specific performance attribute and the importance-performance score of an attribute (Carlbäck, 2010). There are three blocks of questions to be addressed for such systems to be developed and implemented.

The first is the Importance-Performance Analysis (IPA) of service attributes. This relationship is considered complex, nonlinear, and asymmetric, thus hindering the precision and practical applicability, which this study attempts to address (Busacca & Padula, 2005; Matzler et al., 2004). The second block allocates current and investment costs to specific attributes, as defined in the first block (Carlbäck, 2010; Nemeschansky, 2020). The problem here is that categorical attributes serve as group hats and are not sufficiently detailed to guide cost allocation. For instance, rooms departmental costs include wages of cleaning staff, room maintenance, and rooms' direct costs (e.g., heating). If the category is rooms, comfortable temperature or bedding can be assigned to comfort or rooms, and the cleaning staff payroll to cleanliness. In a category staff, there will be a front-desk, customer, service, F&B, and cleaning staff. Finally, the third and most complex block is the assignment of weights to specific attributes as revenue drivers. Attribute satisfaction may impact price (acceptance) and/or traffic, both of which produce revenue, which is important to understand. Practically, the link under investigation is attribute-satisfaction –> loyalty –> financial performance, where satisfaction addresses various values and has its own weight. Thus, values (hedonic, utilitarian, etc.) may need to be deployed as mediators in the satisfaction—loyalty relationship.

Approach and preliminary results

This study stems from an endeavor to correlate consumer reviews of six U.S. hotel chains with profitability (Gupta and Zeithaml, 2006; Huefner and Largay, 2008). Using data from different online portals, this study aimed to evaluate the relationship between overall customer satisfaction and various performance attributes. The data come from approximately 263 owned hotel properties across these six hotel chains. The dataset includes customer reviews scraped from TripAdvisor (479,000) and Google (950,000). The method deployed in this study follows a mixed method approach (quantitative and qualitative).
The quantitative approach followed the recommendations of Busacca & Padula (2005), who defined regression with dummy variables and the IPA grid as the most practical approach to deliver valid results. However, preliminary findings indicate that different review categories yield varied overall ratings for the same hotel, with inconsistencies across websites. Thus, satisfaction drivers varied across websites, with different factors driving overall satisfaction on each platform (Berezina et al., 2016). For instance, in Google data, rooms and service drove the overall rating, whereas for TripAdvisor, location was the key to overall satisfaction. In contrast, a study by Demydyuk and Carlbäck (2022) that focused on cruise lines found nearly flawless consistency in ratings across platforms. However, the main difference between hotels and cruises is the number and type of categories deployed in the self-administered website survey. Unable to utilize these inconsistent data for an economics-based model, we conducted an alternative in-depth analysis of satisfaction drivers using text-mining techniques (Xie, So, & Wang, 2017).

In the qualitative approach to defining importance of the attributes, we used the experiencescape model suggested by Pizam & Tasci (2019), which extends the traditional S-O-R-based servicescape model (Bitner, 1992). The first- and second-order categories included components of experiencescape (functional, sensory, social, natural, and additional suggested by the analysis), positive/negative responses, and approach/avoidance behavior. To apply the model to unstructured text data, we applied Latent Dirichlet Allocation (LDA) to extract key themes from the reviews and identifying 300 most frequent unigrams and bigrams. This allowed us to uncover hidden topics that reflect customer experiences across various dimensions. Further, we manually coded the extracted words following the methodological recommendations of Tasci & Pizam (2020), especially in categorizing organism responses and behavioral loyalty intentions.

In parallel, we applied sentiment analysis using the VADER[1] model to define attribute performance. VADER calculates sentiment scores by assessing individual word sentiment and aggregating them based on heuristics, such as punctuation and degree modifiers. Each review's compound score was mapped to a scale from 1 to 5, representing overall sentiment. Machine deep-learning classifiers were applied to capture contextual nuances and emotional subtleties in the review text for higher precision accuracy in categorizations. The resulted experiencescape elements were then combined with the results of the sentiment analysis in a tabular form, and used to perform an IPA and produce the grid.

[1] VADER (Valence Aware Dictionary and Sentiment Reasoner) is a lexicon and rule-based sentiment analysis tool specifically designed to analyze the sentiment expressed in social media and other short texts. It is widely used due to its ability to handle not only standard words but also slang, emoticons, and other internet-specific jargon. We used this tool using Python.

Findings

The analysis resulted in a five-category experiencescape, with multiple subcategories in each of them. Unlike the star ratings, there was more consistency across these newly defined categories. This level of detail enabled the exact identification of cost accounts, thus enabling further and precise cost allocation. Furthermore, a detailed IPA grid was produced based on the importance and performance scores in each category and formatted as a 2 × 2 matrix. This analysis enabled us to map key hotel attributes based on their perceived importance and performance, offering a clearer understanding of which attributes drive satisfaction ratings and where improvements are necessary. At this point, it would be possible to compare costs with a category position and understand is the expenditure necessary, or is it an overspent? Additionally, interesting results were obtained for the positive/negative reactions. We identified affective and cognitive responses using five subcategories in the latter category. Furthermore, there was also a clear subcategorization of approach/avoidance behaviors.

In summary, quantitative analysis of review ratings was not able to produce consistent and informative performance scores for satisfaction attributes. Both approaches identified functional component (location, facilities, rooms) as the most important factor in predicting overall satisfaction, followed by staff and service, and sensory (comfort and cleanliness). Our self-identified F&B component was 10% in weight in the qualitative investigation; however, this component is never in the ratings set. An in-depth qualitative investigation of the review texts revealed an overall consistency across different portals, enabling precise definitions beyond general categories (Lee and Lee, 2009). This provides valuable insights for research and practice, enabling a link between specific expenditures and satisfaction ratings.

Implications

The main implication of this study is that it guides hotel managers in allocating resources based on customer preferences. These results can be applied to big data analysis for controlling and investment purposes, offering a critical view of the current resource allocation effectiveness. Different customer types may rate the same property differently and ratings using different criteria may lead to varying satisfaction ratings. Our fundamental approach suggests a better set of questions for self-administered questionnaires. For instance, asking “how did you like your stay?” and “how did you like your room?” will yield different results, similar to “will you stay again?” and “was your stay a great value?”.

Optimality in internet reviews or its absence represents a multifaceted problem. First, customer booking decisions are often influenced by higher scores, potentially misrepresenting hotel quality (e.g., Bocali et al., 2022). Second, hotels pay promotion fees to OTA platforms, rendering promotional efforts ineffective when ratings fall below the actual service performance. Third, booking platforms must produce optimal hotel ratings based on a set of review metrics. We observed that ratings do not account for F&Bs; introducing this category may result in different review scores.

Limitations

The main limitation of this study is the approach to the third block of questions, which our current approach could not address. Specifically, we were not able to establish a link between the attributes, reactions, and loyalty intentions required for an experience-based profitability calculation. In other words, the deep-learning approach facilitated the development of scale; however, we would not be able to produce a time series (which is possible with star ratings) and link it with revenue and profit data. If you are intereseted in this research problem or have ideas to share, we are more than open for collaboration on this project.

References

Alrawadieh, Z., & Law, R. (2019). Determinants of hotel guests' satisfaction from the perspective of online hotel reviewers. International Journal of Culture, Tourism and Hospitality Research, 13(1), 84-97.
Assaf, A. G., & Magnini, V. (2012). Accounting for customer satisfaction in measuring hotel efficiency: Evidence from the US hotel industry. International Journal of Hospitality Management, 31(3), 642–647
Berezina, K., Bilgihan, A., Cobanoglu, C., & Okumus, F. (2016). Understanding satisfied and dissatisfied hotel customers: text mining of online hotel reviews. Journal of Hospitality Marketing & Management, 25(1), 1-24.
Bitner, M. J. (1992). Servicescapes: The Impact of Physical Surroundings on Customers and Employees. Journal of Marketing, 56(2).
Boccali, F., Mariani, M. M., Visani, F., & Mora-Cruz, A. (2022). Innovative value-based price assessment in data-rich environments: Leveraging online review analytics through Data Envelopment Analysis to empower managers and entrepreneurs. Technological Forecasting and Social Change, 182.
Busacca, B., & Padula, G. (2005). Understanding the relationship between attribute performance and overall satisfaction Theory, measurement and implications. Marketing Intelligence and Planning, 23(6), 543–561
Carlbäck, M. (2010). From cost accounting to customer accounting in the restaurant industry. International Journal of Revenue Management, 4(3–4), 403–419.
Demydyuk, G., & Carlbäck, M. (2022). From Hospitality Basics to Customer Value and Memorable Experiences: Evidence from Online Customer Reviews of the Major Cruise Line Corporations. Available at SSRN 4352790.
Gupta, S., & Zeithaml, V. (2006). Customer Metrics and Their Impact on Financial Performance. Marketing Science, 25(6), 718–739.
Huefner, R. J., & Largay, J. A. (2008). The role of accounting information in revenue management. Business Horizons, 51(3), 245–255.
Ingenbleek, P. T. M. (2014). The theoretical foundations of value-informed pricing in the service-dominant logic of marketing. Management Decision, 52(1), 33–53.

Ittner, C. D., & Larcker, D. F. (1998). Are Nonfinancial Measures Leading Indicators of Financial Performance? An Analysis of Customer Satisfaction. Journal of Accounting Research, 36, 1–35.

Kumar, V., Pozza, I. D., & Ganesh, J. (2013). Revisiting the satisfaction-loyalty relationship: Empirical generalizations and directions for future research. Journal of Retailing, 89(3), 246–262.

Lee, J., & Lee, J. N. (2009). Understanding the product information inference process in electronic word-of-mouth: An objectivity–subjectivity dichotomy perspective. Information & management, 46(5), 302-311.

Matzler, K., Bailom, F., Hinterhuber, H. H., Renzl, B., & Pichler, J. (2004). The asymmetric relationship between attribute-level performance and overall customer satisfaction: A reconsideration of the importance-performance analysis. Industrial Marketing Management, 33(4), 271–277

McManus, L. (2013). Customer accounting and marketing performance measures in the hotel industry: Evidence from Australia. International Journal of Hospitality Management, 33(1), 140–152.

Nemeschansky, B. (2020). Listen to your customer - how to manage your restaurant more effectively. Journal of Foodservice Business Research, 23(1), 17–45.

Pizam, A., & Tasci, A. D. A. (2019). Experienscape: expanding the concept of servicescape with a multi-stakeholder and multi-disciplinary approach (invited paper for 'luminaries' special issue of International Journal of Hospitality Management). International Journal of Hospitality Management, 76, 25–37.

Shields, J. F., & Shields, M. D. (2005). Revenue Drivers: Reviewing and Extending the Accounting Literature. Advances in Management Accounting, 14(05), 33–60.

Tasci, A. D. A., & Pizam, A. (2020). An expanded nomological network of experienscape. International Journal of Contemporary Hospitality Management, 32(3), 999–1040

Xie, K. L., So, K. K. F., & Wang, W. (2017). Joint effects of management responses and online reviews on hotel financial performance: A data-analytics approach. International Journal of Hospitality Management, 62, 101-110.

Xie, K. L., Zhang, Z., & Zhang, Z. (2014). The business value of online consumer reviews and management response to hotel performance. International Journal of Hospitality Management, 43, 1-12.

Charting the Future of Hospitality with Experience-Based Costing and Revenue Management: How Experience Accounting enables marketing and finance interface

Ganna V. Demydyuk
Department of Business Studies,
Leiden University, Netherlands

Mats Carlbäck
School of Hospitality, Culinary Arts & Meal Science,
Örebro University, Sweden

Effective resource allocation and strategic decisions based on customer preferences are of paramount importance for any type of business. The complexity of this type of decisions underscores the critical role of accounting information in facilitating exchange between marketing and finance (Gleaves et al. 2008; Huefner and Largay 2008). In hospitality, enabling this exchange is of critical importance and has great potential (Downie, 1997; McManus, 2013). However, the exchange is hindered by the ill-suited nature of the available information systems in the dynamic hospitality industry. Off-the-shelf solutions fall short in an environment where customer experiences are swiftly delivered, consumed, and evaluated.

Hospitality businesses are expected to deliver unique, high-quality service products and ensure financial viability while operating with restricted resources and often with limited knowledge. Service-centered businesses grapple with meeting customer expectations, accurately pricing services, and navigating a competitive landscape. Additionally, their information systems often overlook critical factors that address customer perspective, perceived value, and resource scarcity. The lack of a relevant decision-making basis can impede the ability to make informed financial decisions and allocate scarce resources to remain profitable and excel amid evolving trends. While corporations can afford marketing and finance experts, a separate analytical department is unattainable for most businesses (Bonacchi and Perego, 2023).

To address the drawbacks of standard accounting approaches, Andersson and Carlbäck (2009) and Carlbäck (2010) propose an integrated marketing-accounting model for restaurant management. This conceptual framework named Experience Accounting (EA) suggests that cost accounts must be linked to the key experience-based elements of customer satisfaction, thus aligning accounting cost information and product sales offerings with customer value and willingness to pay. As Carlbäck (2022) stressed, the EA concept presents a unique and innovative approach for measuring customer value by using individual experience attributes as profit drivers and relating them to accounting cost drivers based on resource consumption allocated to experience accounts.

The following discussion presents the EA concept in its latest state and provides an overview of its application in and beyond the restaurant context.

The EA approach

The EA approach aims to guide investment and resource allocation decisions based on the importance-performance scores of relevant customer experiences (Carlbäck, 2022; Nemeshansky, 2020). These individual experiences, denoted as Customer values and attributes, constitute the basis for Experience accounts (see Figure 1). EA posits that the cost of resources should be aligned with key Experience accounts, which serve as a bridge between costing and revenue management in the EA framework. The rationale for adopting this approach is threefold.

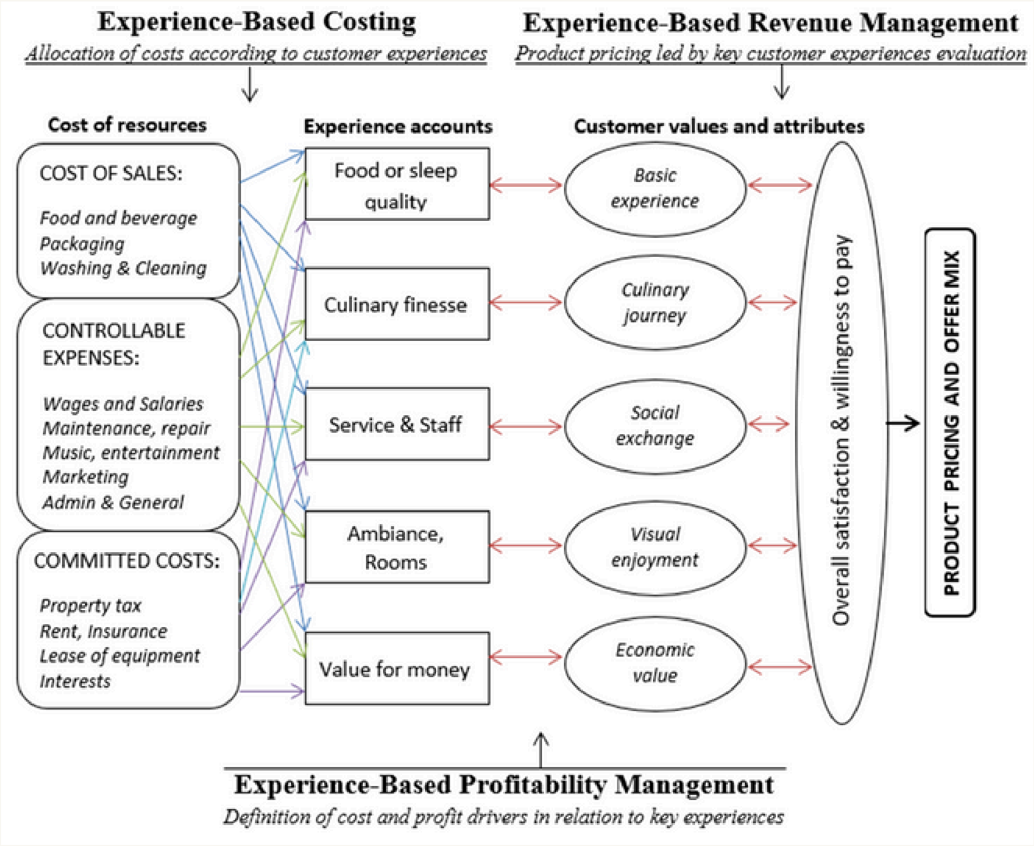

Figure 1. Conceptual framework and building blocks of Experience Accounting Analytical Framework

First, traditional systems lack customer-level metrics, rendering information for incomplete control (Demydyuk and Carlbäck, 2023; Assaf and Magnini, 2013). Second, contemporary management control approaches lack the simple and comprehensive tools necessary for a clear understanding of customer-level profit drivers and relevant cost drivers. Simplicity is crucial to ensure that users accept and engage with accounting information instead of ignoring it and making intuitive decisions. Third, industry-specific customer-level revenue drivers and the value of products to the customer or willingness to pay are unique to every industry (Anderson, 1997; Gleaves et al., 2008; Shields and Shields, 2005; Demydyuk and Carlbäck, 2023). This underscores the clear knowledge gaps in developing a functional tool tailored to hosts in the hospitality and tourism industry.

Overall, customer-level and accounting metrics are disconnected and fragmented across marketing and finance in both research and practice (Shields and Shields, 2005). While customer metrics are recognized as a cornerstone for management performance systems completeness, there is a clear gap between marketing and accounting information packages, each relying on different theories and sets of performance metrics (Assaf and Magnini, 2013; Gleaves et al., 2008; Huefner and Largay, 2008). As highlighted by Bonacchi and Perego (2023), customer analytics in most firms is typically within the purview of a dedicated analytical unit rather than an accounting function. This organizational structure hampers the dissemination of customer metrics across business functions. Establishing and maintaining such a unit is normally not attainable for an average independent firm.

Therefore, integrating the EA framework into existing accounting systems can serve as a practical solution for businesses operating under routinely stressful conditions, especially small and family-owned businesses, thereby offering new possibilities for business development. In the context of hospitality and tourism companies, understanding of unique customer value drivers and their associated costs is often limited. Elaboration of the EA concept facilitates the alignment of resource consumption with relevant customer experience accounts, enabling value-informed pricing and resource allocation. The key innovation is the simplicity and affordability of the costing approach, which relies on a set of identified profit drivers derived from customer surveys. Experience-Based Costing (EBC) is an innovative approach for defining cost drivers and allocating costs based on their relevance to experience-creating processes. In other words, EBC allocates costs, investments, and cost drivers to experience accounts. Furthermore, based on customers' perceived value in individual experience accounts, hosts can optimize their product offers and maximize margins using value-informed pricing (Ingenbleek, 2014). Exercising innovative Experience-Based Revenue Management (EBRM) unveils the opportunity to steer business in the direction of customer preferences and willingness to pay, thereby maximizing business output.

Restaurant revenue management and beyond

The latest conceptual definition of restaurant revenue management is to maximize revenue per available time-based space unit' (Kimes and Renaghan, 2011, p.18), in which profitable control of constrained restaurant capacity could be attributed to three strategic revenue management levers: utilization of space or seating, control of meal duration, and optimization of the mix of prices and associated rate fences (Kimes and Renaghan, 2011). Modern restaurant revenue management approaches sought to maximize profitable capacity utilization, as well as the vast majority of studies working in the vein of capacity management (Torlak et al., 2019), consideration of time factors (Özgür and Ekergİl, 2023, Kimes et al., 2002), and better arrival management (Heo, 2013).

Popular metrics such as Revenue per Available Seat Hour (RevPASH), Profit per Available Seat Hour (ProPASH), and Profit per Available square meter (ProPASM) emphasize profitability by focusing on capacity utilization (Heo, 2017). However, the optimization of the mix of prices and products, including menu engineering (Morrison, 1997) requires understanding and deployment of customer value perception (Ingenbleek, 2014; Nemeshansky, 2020), which existing RM techniques fail to include. Transactional versus personalized offerings, as proposed by Vieveen (2018), were suggested as a way to avoid standardization and stay relevant to customers. Drawing inspiration from the hotel industry's successful use of comp sets, the restaurant industry is adopting this practice to better understand and compare its own performance with that of competitors (Tom and Annaraud, 2021).

While supply and capacity have received significant attention, there has been a notable gap in focusing on the most valuable aspect of effective revenue management, perceived customer value. This missing element is crucial for effective pricing and marketing strategies, vital in a dynamic setting, exacerbated by seasonal variations, intense competition, and limited data availability for decision-making. Nemeshansky (2020) and Nemeshansky et al. (2020) recently acknowledged this gap and recommended integrating the customer and their perceptions into the revenue management approach by applying the EA methodology to Customer-Driven Restaurant Analysis (CDRA) and Menu Engineering (CDME).

As our discussion of the restaurant revenue management case indicates, balancing constraint capacity and customer management is a pervasive issue for all hospitality businesses, research, and practice. Interestingly, research on restaurant management has led to the application of EA principles, providing a robust framework for innovative approaches in cost and revenue management. As suggested in Figure 1, the EA concept can be generalized and applied to other service-intensive industries.

By embracing experience-based costing (EBC) and experience-based revenue management (EBRM), businesses can align their strategies with the unique aspects of customer experiences. Enhanced operational efficiency and value-informed pricing enable service-centric establishments to ensure profitability. Essentially, EA emerges as a dynamic framework that not only recognizes the inherent limitations of resources, but also leverages customer-centric insights to guide businesses in optimizing their operations, setting the stage for sustainable growth and adaptability in the face of evolving market trends.

Conclusion

In conclusion, Experience Accounting emerges as a transformative and accessible approach for businesses, particularly those in the hospitality and tourism industries operating under challenging conditions. The core strength of EA lies in its ability to align resource consumption with the building blocks of perceived customer value, offering a pragmatic solution for optimal resource allocation in the face of limited resources. The innovation embedded in the EA framework stems from its simplicity and cost-effectiveness, leveraging a set of predefined customer-level profit drivers and using them to relate the cost drivers to existing accounting information.

The integration of EA into existing accounting systems may serve as a positive catalyst for small-scale business. Traditionally, customer analytics has been confined to dedicated analytical units, often beyond the financial reach of an average business. By incorporating EA into managerial practices, businesses can integrate customer metrics into various operational functions, enabling a holistic approach that was previously challenging. Moreover, in the hospitality and tourism sector, where understanding and use of unique customer value drivers and their associated costs can be limited, EA represents an innovative solution.

By defining cost drivers and allocating costs according to their relevance to the experience-creating process and customers' perceived value, EA offers a strategic tool for steering business decisions in the direction of customer preferences and willingness to pay. While promoting cost efficiency, this approach also unlocks new possibilities for business development, allowing these enterprises to thrive under routinely stressful conditions. That is, cost optimization initiatives will always have a floor of potential savings, revenue management that is based on customer value, and offers, in contrast to bottomless opportunities. Thus, firms can not only enhance their business output, but also position themselves as more responsive to dynamic market demands and customer expectations.

The complexity of optimal resource allocation based on customer preferences underscores the critical role of accounting information in facilitating exchanges at the marketing and finance interface, each requiring specialized knowledge. As stressed by Downie (1997) and McManus (2013), hospitality features an extreme blend of high and perishable fixed costs and customer centricity. There is a need for more research on profit drivers in various service industries and the call for integrated cross-level profitability models remains open (Banker and Johnston, 2007; Shields and Shields, 2005). As Shields and Shields (2005) stressed in their accounting review of revenue driver research, understanding revenue and profit drivers at the customer, firm, and industry levels is essential, and sector-specific research on revenue and profit drivers is needed to facilitate optimal configurations for different types of hospitality businesses.

To ensure survival in difficult times and foster business development, entrepreneurs must ensure that their cost and revenue management are responsive to customers. Advancing knowledge in customer-centric profitability management allows them to set profit targets, align offerings with customer demands, and determine willingness-to-pay based on customer experiences (Andersson and Carlbäck, 2009; Carlbäck, 2010; Nemeshansky, 2020).

In essence, the adoption of the EA concept signals a paradigm shift in how businesses approach customer-centric decision making, making it more accessible, adaptable, and impactful, particularly for those navigating the intricacies of the hospitality and tourism industry in challenging contexts. As businesses strive for sustainability and growth, EA emerges as a valuable ally, empowering them to navigate the complexities of resource management and customer satisfaction with clarity and efficiency.

References

Anderson, E. W., Fornell, C., & Rust, R. T. (1997). Customer satisfaction, productivity, and profitability: Differences between goods and services. Marketing Science, 16(2), 129–145.

Andersson, T. D. (2007). The tourist in the experience economy. Scandinavian Journal of Hospitality and Tourism, 7(1), 46-58.

Andersson, T. D., & Carlbäck, M. (2009). Experience accounting: an accounting system that is relevant for the production of restaurant experiences. The Service Industries Journal, 29(10), 1377-1395.

Assaf, A.G., & Magnini, V. (2012). Accounting for customer satisfaction in measuring hotel efficiency: evidence from the US hotel industry. International Journal of Hospitality Management, 31(3), 642–647.

Banker, R., & Johnston, H. (2007). Cost and profit driver research. In: Chapman CS, Hopwood AG and Shields MD (eds) Handbook of Management Accounting Research. 1st edition. Oxford, GB UK: Elsevier Ltd., 531–556.

Bonacchi, M., & Perego, P. (2023). Customer Analytics in Performance Measurement and Reporting Systems. Accounting Horizons, 1-29.

Carlbäck, M. (2010). From cost accounting to customer accounting in the restaurant industry. International Journal of Revenue Management, 4(3-4), 403-419.

Carlbäck, M. (2022). The EA-Approach; a Customer-Centered Management System to Produce, Manage, and Assess Relevant Experiences for the Hospitality and Tourism Industry. In Contemporary Approaches Studying Customer Experience in Tourism Research (131-144). Emerald Publishing Limited.

Demydyuk, G., & Carlbäck, M. (2023). Balancing short-term gains and long-term success in lodging: The role of customer satisfaction and price in hotel profitability model, Tourism Economics, online first

Downie, N. (1997). The Accounting and Marketing Interface in Hotels. The Journal of Hospitality Financial Management, 5(1), 68-69.

Gleaves, R., Burton, J., Kitshoff, J., Bates, K., & Whittington, M. (2008). Accounting is from Mars, marketing is from Venus: establishing common ground for the concept of customer profitability. Journal of Marketing Management, 24(7-8), 825-845.

Harris, P. J., & Mongiello, M. (Eds.). (2006). Accounting and financial management: Developments in the international hospitality industry. Routledge.

Huefner, R. J., & Largay III, J. A. (2008). The role of accounting information in revenue management. Business Horizons, 51(3), 245-255.

Kaplan, R. S., & Norton, D. P. (2005). The office of strategy management. Harvard business review, 83(10), 72.

Kimes, S. E., Wirtz, J., & Noone, B. M. (2002). How long should dinner take? Measuring expected meal duration for restaurant revenue management. Journal of Revenue and Pricing Management, 1, 220-233.

LeBruto, S. M., Quain, W. J., & Ashley, R. A. (1995). Menu engineering: a model including labor. Hospitality Review, 13(1), 5.

McManus, L. (2013). Customer accounting and marketing performance measures in the hotel industry: Evidence from Australia. International Journal of Hospitality Management, 33, 140-152.

Morrison, P. (1997). Menu engineering in upscale restaurants. British Food Journal, 99(10), 388-395.

Nemeshansky, B. (2020). Listen to your customer-how to manage your restaurant more effectively. Journal of Foodservice Business Research, 23(1), 17-45.

Nemeshansky, B., von der Heidt, T., & Kim, P. B. (2020). Customer-driven menu analysis (CDMA): Capturing customer voice in menu management. International Journal of Hospitality Management, 91, 102417.

Shields, J.F., & Shields, M.D. (2005). Revenue drivers: reviewing and extending the accounting literature. Advances in Management Accounting, 14(05), 33–60.

Tom, M., & Annaraud, K. (2021). Fuzzy based intelligent decision support model for restaurant menu management. Intelligent Decision Technologies, 15(3), 387-396.

Torlak, N. G., Demir, A., & Budur, T. (2019). Impact of operations management strategies on customer satisfaction and behavioral intentions at café-restaurants. International Journal of Productivity and Performance Management, 69(9), 1903-1924.

Vieveen, I. (2018). Lost opportunities in restaurant revenue management. Journal of Revenue and Pricing Management, 17, 194-199.

Özgür Göde, M., & Ekergİl, V. (2023). A New Menu Analysis Approach: Time-Driven Menu Engineering (TDME). Journal of Quality Assurance in Hospitality & Tourism, 1-32.

Gleaves, R., Burton, J., Kitshoff, J., Bates, K., & Whittington, M. (2008). Accounting is from Mars, marketing is from Venus: establishing common ground for the concept of customer profitability. Journal of Marketing Management, 24(7-8), 825-845.
Harris, P. J., & Mongiello, M. (Eds.). (2006). Accounting and financial management: Developments in the international hospitality industry. Routledge.
Huefner, R. J., & Largay III, J. A. (2008). The role of accounting information in revenue management. Business Horizons, 51(3), 245-255.
Kaplan, R. S., & Norton, D. P. (2005). The office of strategy management. Harvard business review, 83(10), 72.
Kimes, S. E., Wirtz, J., & Noone, B. M. (2002). How long should dinner take? Measuring expected meal duration for restaurant revenue management. Journal of Revenue and Pricing Management, 1, 220-233.
LeBruto, S. M., Quain, W. J., & Ashley, R. A. (1995). Menu engineering: a model including labor. Hospitality Review, 13(1), 5.
McManus, L. (2013). Customer accounting and marketing performance measures in the hotel industry: Evidence from Australia. International Journal of Hospitality Management, 33, 140-152.
Morrison, P. (1997). Menu engineering in upscale restaurants. British Food Journal, 99(10), 388-395.
Nemeshansky, B. (2020). Listen to your customer-how to manage your restaurant more effectively. Journal of Foodservice Business Research, 23(1), 17-45.
Nemeshansky, B., von der Heidt, T., & Kim, P. B. (2020). Customer-driven menu analysis (CDMA): Capturing customer voice in menu management. International Journal of Hospitality Management, 91, 102417.
Shields, J.F., & Shields, M.D. (2005). Revenue drivers: reviewing and extending the accounting literature. Advances in Management Accounting, 14(05), 33–60.
Tom, M., & Annaraud, K. (2021). Fuzzy based intelligent decision support model for restaurant menu management. Intelligent Decision Technologies, 15(3), 387-396.
Torlak, N. G., Demir, A., & Budur, T. (2019). Impact of operations management strategies on customer satisfaction and behavioral intentions at café-restaurants. International Journal of Productivity and Performance Management, 69(9), 1903-1924.
Vieveen, I. (2018). Lost opportunities in restaurant revenue management. Journal of Revenue and Pricing Management, 17, 194-199.
Özgür Göde, M., & Ekergİl, V. (2023). A New Menu Analysis Approach: Time-Driven Menu Engineering (TDME). Journal of Quality Assurance in Hospitality & Tourism, 1-32.

Summary of the SIG Meeting at I-CHRIE

Yoon Koh
Professor
Conrad N. Hilton College of Global Hospitality Leadership
University of Houston

At the 2025 I-CHRIE Conference in Indianapolis, Indiana, the Hospitality Financial Management Special Interest Group (SIG) meeting was held, focusing on the theme: "Student Competitions Related to Hospitality Finance and Data Analytics." The discussion centered on strategies to engage students through finance- and analytics-focused competitions.

Two guest speakers shared insights into student competitions relevant to the field. First, Dr. Arun Upneja, Dean of Boston University's School of Hospitality Administration, introduced the Hospitality Real Estate Competition, which was launched by the school in 2025. This competition is open to all institutions offering hospitality or real estate programs. Participating student teams are tasked with developing a comprehensive real estate development plan and financial model for a location selected by the organizing team. The 2026 competition will run from October 15, 2025, through April 9, 2026. More details, including contact information, are available in the presentation file posted on the iAHFME website under the Events page. Second, Mr. Duane Vinson, Director of the CoStar Group SHARE Center, presented the most up-to-date information on the STR Student Market Study Competitions. He highlighted both regional competitions (Asia Pacific, EMEA, and Americas) and the global competition, emphasizing their continued growth and student engagement across the world.

Lastly, although the Hospitality Asset Managers Association (HAMA) could not attend the SIG meeting due to scheduling conflicts, they graciously provided two relevant documents: one outlining who they are, what they do, and details about the HAMA Case Study Competition for both undergraduate and graduate students; and another containing the actual case used in the 2025 Student Competition Case Study on Management Company Change Decision. Both documents are available on the iAHFME website under the Events page.