



Revenue Management in Carona Crisis

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Abstract:

In this quarantine I have been listening to many experts in Revenue Management, Economy and Tourism. I took the trouble to study how our company has fared after each crisis. The conclusion I draw is that recovering from a financial crisis is much more difficult than recovering from a Terrorist crisis (9/11), a health crisis (SARS) or one due to natural catastrophes (Chilean volcanic ash). No doubt, Punta del Este is directly affected by what happens in Argentina and Brazil. Although Uruguay has currently been able to control contagion by COVID-19, it cannot reactivate its tourist activity because its neighbors' contagion curve is not under control yet.

We all know that this health crisis will lead to an economic crisis. So, the questions we should ask ourselves are:

1. Which neighbor will open borders first, Argentina or Brazil?
2. Which market area should be opened first: the Casino, the Corporative area, Individual Tourism?
3. Which customers are we going to sell to, at what time, with how much flexibility, with what guarantees?
4. And here we get to the fundamental question: at what price?

I do not agree to lower prices now. We might kill our touristic destination by trying to capture a demand that does not exist. We should not forget that (recovering price standards would take us more than a year. It is not sensible to start lowering prices now. Notwithstanding that when the borders are opened and Tourism is reactivated, there will surely be a very aggressive price war, but today, when everything is closed and there is no demand, I consider it a mistake to to make our sales depend on price.

As Jonatan Loidi says, price is the monetary expression of Value. Today more than ever we have to focus on the Value we give our public by enhancing our product. Think



about our reopening (what levels of hygiene and security we will provide, look for a way to make the difference ourselves (show that we have what the others do not , generate Added value (what plus shall we add to the service they come for) and once the demand is satisfied we shall consider if we have to negotiate the price.

Biography:

Mercedes Idiartegaray is Ejecutiva de Revenue Management en Enjoy Punta del Este Uruguay.

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3. Johnson-Laird, Philip N., "Procedural semantics", *Cognition* 5 (3):189-214 (1977)
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