

REVIEW

PRESIDENT'S LETTER

Dear iAHFME Colleagues,

I trust you are keeping well. I would like to share a few updates on the work the iAHFME Board has been doing to strengthen our association and better serve our members. We have made meaningful progress in several areas, and I am deeply grateful for the time, care, and commitment that many colleagues and members of the iAHFME Board have invested in these efforts.

First, I am very pleased to share that our website is now operational. The site offers improved navigation, easier access to information, and a more functional platform for member engagement. You can visit the website here: [IAHFME](#). We are also now able to accept membership payments through PayPal on our membership page: [Membership Join Page](#). Regular membership is \$75, and student membership is \$25.

I would like to sincerely thank our Vice President, Dr. Seoki Lee, for making this happen. He was instrumental in getting the website up and running and in putting the payment system and related features in place. His leadership and follow-through made a real difference.

We also kindly encourage you to renew your membership if you have not already done so. About six weeks ago, our Treasurer, Dr. Ersem Karadag, sent a second reminder. We truly value your continued support, which helps strengthen our association and sustain the work we do together.

I would also like to express my sincere appreciation to our Secretary, Dr. Ganna Demydyuk, for her tireless work on communication and social media. Her steady efforts have helped us stay visible, connected, and engaged with our members in more consistent and meaningful ways. I am also pleased to share that The Journal of Hospitality Financial Management is now part of Digital Commons at the University of Central Florida and is accepting submissions. You can access the journal here: [JHFM on Digital Commons](#). This is an important step forward for the journal and for the visibility of the scholarship produced by our community. I would like to extend my sincere thanks to the journal editors, Dr. Murat Kizildag and Dr. Mats Carlbäck, for their excellent work in guiding this transition and helping move the journal forward.

I would also like to thank Dr. Yoon Koh for her service as Chair of the Financial Management Special Interest Group (SIG) through early 2026. We are grateful for her contributions during her term. As we look ahead, we now need to identify a new Chair who can help continue the work of the SIG and encourage greater member involvement in this important area.

The Board is also discussing plans for our Annual Symposium. A decision about the symposium format will be made during the Board meeting in late April. We will share additional details with members after that discussion. Thank you for your continued support of iAHFME. Associations like ours move forward through the energy, goodwill, and engagement of their members, and I am thankful for all that you do to make this community strong.

With warm regards,
 Melih Madanoglu
 President, iAHFME



Executive Officers
 President: Melih Madanoglu / Kennesaw State University
 Vice President: Seoki Lee / Penn State University
 Secretary: Ganna Demydyuk / Leiden University
 Treasurer: Ersem Karadag / Robert Morris University

Board of Directors
 Agnes DeFranco / University of Houston
 Ray Schmidgall / Michigan State University
 Amrik Singh / University of Denver
 Atul Sheel / University of Massachusetts, Amherst

Editorial Team
 The Journal of Hospitality Management
 Co-Editor: Murat Kizildag / University of Central Florida
 Co-Editor: Matts Carlbäck / Örebro University
 The Hospitality Financial Management Review
 Co-Editor: Hyoungju Song / University of Central Florida
 Co-Editor: Michael Lin / Hong Kong Polytechnic University

Topics at a Glance

President's Message.....1
 Editors' Letter.....2
 Extended Abstract Submission #1.....3
 Extended Abstract Submission #2.....6
 Extended Abstract Submission #3.....14

EDITORS' LETTER



Dear iAHFME Members,

We are pleased to share the winter issue of *The iAHFME Review*. As co-editors, it continues to be a privilege to serve this distinguished community of scholars and educators committed to advancing hospitality financial management education and research. This issue brings together three thought-provoking contributions that challenge conventional assumptions, encourage curricular innovation, and deepen our understanding of performance dynamics in hospitality.

Drs. Agnes L. DeFranco and A.J. Singh revisit a foundational challenge in our classrooms: helping students move from anxiety about accounting and finance toward genuine financial fluency. Drawing from symposium discussions, they emphasize conceptual understanding, applied learning, and stronger alignment with industry expectations. Drs. Ganna V. Demydyuk and Mats Carlbäck extend this conversation by questioning whether we truly teach integrated profit management. They argue that profit-related concepts are often fragmented across disciplines and propose a more holistic, capstone-style approach that synthesizes revenue, cost, operations, and customer perspectives into a coherent profit-oriented mindset. Complementing these pedagogical reflections, Drs. Khoa D. B. Tang and John W. O'Neill offer empirical evidence that challenges conventional assumptions about hotel life-cycle performance. Their study identifies a U-shaped relationship between hotel age and RevPAR, with performance rebounding after approximately 40 years—particularly among urban, brand-affiliated, and higher-end properties—providing important implications for strategy, investment, and valuation.

We hope this issue sparks thoughtful discussion and continued collaboration across institutions and industry. As always, we warmly invite you to share your research, teaching innovations, and perspectives in future issues of *The iAHFME Review*.

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

Reimagining Hospitality Finance Education: From Fear to Fluency



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

Overview

At the recent I-AHFME Research Symposium on November 8, 2025, hospitality financial management educators explored challenges and innovations in teaching accounting and finance to hospitality students. The session highlighted the need to shift from fear-based learning toward practical, industry-aligned financial fluency.

The Core Challenge: Bridging the “Numbers” Gap

Hospitality students often struggle with quantitative subjects due to math anxiety, weak foundations, and lack of motivation. Many approach finance courses with the goal of simply passing, leading to poor retention and repeated relearning in advanced courses.

Innovative Teaching Practices

Panelists shared their perspective on several high-impact strategies that are improving student engagement and learning outcomes:

- Start with managerial accounting to build relevance and confidence before financial accounting.
- Focus on conceptual understanding—teach the 'why' before formulas.
- Use real industry financials such as hotel and restaurant P&Ls.
- Incorporate storytelling, case studies, and applied learning.
- Use early diagnostics and adaptive teaching to address skill gaps.
- Provide targeted tutoring and structured scaffolding.
- Increase engagement through Micro-Learning.

As noted during the discussion, many students approach accounting and finance with a goal to “just pass,” rather than to master concepts essential for their careers. Yet, paradoxically, the industry increasingly demands **financially literate graduates** who can interpret and act on data.

Industry Alignment: Are We There Yet?

A central question posed during the session was whether hospitality programs are truly aligned with industry needs.

The answer: **Partially—but gaps remain.**

Industry partners emphasized the importance of financial literacy. Graduates are expected to read, interpret, and analyze financial statements, particularly P&Ls. Encouragingly, educators who integrate real-world financial data and applied analysis demonstrate stronger student engagement and better outcomes.

Key Takeaways for Educators

1. **Address fear first:** Build student confidence with numbers early
2. **Reconsider sequencing:** Start with applied, managerial concepts
3. **Embed real-world context:** Use live industry data wherever possible
4. **Prioritize conceptual learning:** Focus on “why” before formulas
5. **Support diverse learners:** Combine diagnostics, tutoring, and scaffolding
6. **Balanced attention:** Support both struggling and high-performing students

Looking Ahead: A Collaborative Research Agenda

The panel discussion marked the beginning of a broader research initiative to identify and codify best practices in hospitality finance education. Future efforts will focus on competency frameworks, assessment tools, and stronger industry collaboration.

As noted during the session, *“This is a complex challenge—but one that presents an opportunity for meaningful collaboration across institutions and industry.”*

Final Thought

In today’s data-driven hospitality industry, financial literacy is essential. Educators must transform how students experience finance—from fear to fluency, and from abstraction to application.

Do we actually teach students how to manage profits?



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



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

Abstract

During the past 2024 iAHFME Symposium, we initiated a brainstorming session to encourage an open and collaborative conversation among members. Our prompt focused on profit management in hospitality education; a topic we believe deserves more attention within the academic community. The session was designed as an informal space to share perspectives, raise questions, and explore possibilities. We warmly invite anyone who feels interested in or touched by the topic to join our working group and contribute to the development of course(s) and textbooks in this important area. We also propose brainstorming as a recurring feature at future symposia, with topics suggested by members to reflect shared interests and emerging challenges. If you have ideas for future prompts, feel free to share your thoughts as we begin planning for the 2025 symposium. This report offers our perspective on this issue, summarizes the key points raised during the discussion, and concludes with a few thoughts on where we might go from here.

Introduction

The ultimate goal of financial management and its adjacent disciplines is profit maximization to enable consistent and profitable growth in business and shareholder value. However, with the growing number of business disciplines, each propagating its own theories, methods, and scientific debates, this focus on profit maximization has lost priority. It became something that we keep in mind, but no longer focus on. Consequently, no business discipline prioritizes profit management, and this paradox is reflected in research and teaching.

Following our own long-term experience of facing hardships in research positioning, we proposed a free-style discussion for symposium participants in the hope of hearing their priceless experiences and motivating thinking to develop a new academic course. The preliminary thinking about the course purpose, aims, and objectives was set as follows:

- Graduates must have a clear idea of one profit-management toolbox, not 20 boxes
- Students should be able to understand the importance of profit management, the challenges and possibilities with profit management
- Students should be able to elaborate on the terms and factors related to profit management
- Students should understand theories and management concepts related to profit management
- Students should be able to analyse the financial data from a profit management perspective and identify and measure profit
- Students should be able to develop corrective actions for improved profit
- Students should be able to incorporate customer metrics in the profit management model
- Students should be able to integrate accounting and marketing into the model to create a seamless interface

Cross-Disciplinary Contributions to Profit Management

The call for a more integrated approach to profit management in hospitality education is not only an academic concern; it has high practical significance strongly echoed by industry leaders. Their insights highlight a critical gap between graduates' skills and the reality of running a financially sustainable hospitality business.

“We’re not just in the business of serving exquisite meals — we’re in the business of staying afloat. If our graduates can sauté meatballs but can’t read a profit and loss statement, we’ve missed the mark entirely” (Managing Director, leading Swedish restaurant group).

“Hospitality is about making people feel at home, but profitability is about making sure we still have a home to welcome them to” (Hotel Owner, Sweden).

These voices underscore the urgency of equipping students with the financial acumen necessary to ensure long-term viability. Our idea of a dedicated course in profit management that has the potential to enhance operational and service excellence acquired by students was motivated by the alignment between educational outcomes and the expectations and needs of the industry. For instance, as a symposium participant said:

“Profit management is covered in various courses in our curriculum including a course on cost management and revenue management. There is no one course on profit management but it is embedded in various courses through the analysis of property-level financial statements. Any course on profit management has to discuss revenue and cost management because profit is essentially the difference between revenue and cost. Increasing revenue and controlling costs will increase profit margins’ (Symposium Participant 1).

The problem that we would like to highlight is that this separation of FM elements may result in fragmented knowledge that graduates are often not able to effectively consolidate in a focused profit-oriented mindset. Moreover, each business discipline propagates different problems, which, while originally created with profit maximization in mind, all went far away from this topic.

The following table summarizes our opinion-based view of a comprehensive approach to how drawing from different disciplines can help manage and optimize profitability and ensure consistent financial health and growth.

Subject / Discipline	How does it help profit?	How it has different focus?	What can we do better?
<i>Revenue Management</i>	optimizes pricing based on market demand, cost, and competition using strategies like value-based and dynamic pricing. It also enhances sales through upselling, cross-selling, and targeting customer segments to maximise revenue	RM is very operationally driven (overbooking, dynamic pricing) and focuses on profitable capacity utilization through achieving maximum possible prices. Often RM and accounting information are not aligned, RM does not consider costs or customer perspective	Align RM with customer values, customer preferences, and let it be driven by profit

Subject / Discipline	How does it help profit?	How it has different focus?	What can we do better?
<i>Cost Management</i>	analyses and allocates all business costs and implements budgeting, forecasting, and variance analysis.	Often CM disregards revenues, its drivers and sources, especially it is disconnected from customers, giving it up to marketing and CX	Focus on how to control and reduce expenses without compromising quality. Achieving economies of scale is key.
<i>Operations</i>	streamlines processes to reduce waste and improve productivity. This includes maximizing resource utilization and optimizing the supply chain for cost-effective operations.	OM is often (not always) disconnected from marketing and CX and is not integrated into FM and accounting courses	Consider customer perspective and make economic effects more present in operations, especially long-term effects of customer perspective
<i>Profit Margin Analysis</i>	examines the difference between revenue and costs to understand product-level profitability, assesses core business efficiency, and measures overall profitability after all expenses.	Often product-driven, overfocuses on costing approaches, does not distinct between KPIs	Consider customer-driven perspectives (values, preferences, demographics) over product driven optimizations, introduce the concept of customer-level revenue and profit drivers
<i>Customer Relationship Management (CRM)</i>	focuses on retaining customers through loyalty programs and excellent service, acquiring new customers through targeted marketing, and maximizing long-term customer value through repeat business.	Disregards financial and accounting perspectives	Integrate comprehensive financial metrics and provide a “price tag” for customer metrics (satisfaction, quality, loyalty, etc.)

Subject / Discipline	How does it help profit?	How it has different focus?	What can we do better?
<i>Risk Management</i>	identifies the potential risks of business disruptions and implements strategies to mitigate them, such as diversifying revenue streams and preparing contingency plans for business continuity.	Can be too financially or operationally focused. Often focuses on revenue or costs, not the leverage of both	Better alignment with costing/revenue as one and more dedicated resource allocations could impose risk. Further, more reliance on profit KPI's, rather than operational KPI's
<i>Strategic Planning</i>	sets clear financial goals aligned with the company's strategy, prioritizes initiatives that drive profitability, and regularly monitors performance to ensure progress and make necessary adjustments.	Often miss a clear link between actions, initiatives, and profits. There is no clear methodology and understanding in how strategic goals outside of accounting result in profit	Alignment of actions and initiatives with profit outcomes, specifically through customer perspective and simple revenue driver calculations
<i>Financial Management</i>	develops financial plans and conducts regular analyses to guide decision-making and ensure liquidity. Efficiently managing working capital and evaluating investments are crucial for profitability	Often is not instrumental for every-day decision making and past (analysis) focused	Separate statistical ratios aimed for analysis of past performance from driver KPI's to make FM more instrumental. Talk more about consumer and investor sentiment
<i>To be continued with Accounting, Information Systems, Marketing and other subjects....</i>			

While these areas are substantial, relevant, and central to profit management, they often fall short of fully embracing the idea of a focused profit-oriented business mindset. Each area offers valuable insights, but when treated in isolation, they do not necessarily add up to a coherent or effective approach. In both teaching and research, we often delve deeply into these separate components of profit yet overlook how they work together in practice. Much like individual ingredients that, when uncoordinated, fail to produce a satisfying meal, creating a great dish does not require the full range of every possible ingredient, but rather the right combination of elements chosen for a specific purpose.

Academic Perspective: Challenges and Opportunities

By extracting selected content from existing courses and aligning it with a profit management focus, we can lay the groundwork for a new integrative course that brings together the essential tools, strategies, and actions needed to improve the quality of managerial decision-making.

By extracting selected content from existing courses and aligning it with a profit management focus, we can lay the groundwork for a new integrative course that brings together the essential tools, strategies, and actions needed to improve the quality of managerial decision-making.

Taught preferably at the end of the program, this course would serve as a capstone, bringing together and synthesizing what students have learned throughout their studies. Extracting the profit-focused elements embedded in various courses would not only highlight their relevance, but also demonstrate how to apply a profit-oriented lens across disciplines such as human resources, marketing, and operations. The aim is to help students understand how these functions contribute to profitability when aligned with strategic goals, transforming fragmented knowledge into actionable insights for real-world decision making. For instance:

“I think it could be a great addition if it focuses on cost control, efficiency, and tying everything together to improve profits. It would be especially useful for students aiming to work with SMEs. That said, it might overlap with existing classes like Strategic Management, Finance, or Revenue Management. There’s also the risk of it being too narrow in focus, stretching resources, or diluting the curriculum if there are too many specialized courses’ (Symposium Participant 2).

“The profit management course may be something similar to a typical capstone course in a hospitality program that incorporates all major functions of the business like marketing, HR, accounting, and finance. Often, such a capstone course utilizes a simulation program as well and basically the end goal of such a simulation program is to generate sufficient profits. You may review some available capstone course materials and see how those materials may fit into what you are proposing as a profit management course’ (Symposium Participant 3).

Symposium participants agreed that a decisive factor and unknown factor is whether students will see value in taking such a course and there will be a sufficient number of participants. In addition, there is a potential overlap of different courses that may yield mixed feedback from students.

“My program has a required course in the curriculum particularly named Revenue Management and Profit Optimization. This course had mixed feedback from students and faculty regarding its value in the core because there has been some content overlap with other courses including managerial accounting. As part of this course, students may go through CHIA certification” (Symposium Participant 4).

In our opinion, to support an integrated approach and simultaneously avoid overlap of the courses, each lecture within the course should explicitly incorporate customer metrics as key profit drivers, ensuring that students consistently link operational and strategic decisions to financial outcomes. Rather than treating customer metrics as isolated marketing tools, the course would demonstrate their relevance across disciplines, illustrating, for example, how customer satisfaction impacts cost efficiency in operations, how loyalty affects human resource planning, and how pricing decisions reflect willingness to pay. This consistent emphasis encourages a forward-thinking and innovative mindset, where profitability is understood not only through financial statements but also through customer behaviors and experiences that shape long-term value creation. By embedding this perspective into every lecture, the course fosters a holistic understanding of profit management that bridges traditional academic silos and prepares students for real-world managerial decision-making.

On the other hand, other symposium participants emphasized the potential danger of oversimplifying the approach to profit. Thus:

“Profit can have a variety of interpretations based on the business model and the stakeholder. For instance, profit margin based on operating costs would have a different interpretation than the net income ratios. These metrics would also be different for corporations (EPS), and for a management contract, franchise business, etc.” (Symposium Participant 5).

Furthermore, traditional accounting often emphasizes short-term costs and revenues, overlooking strategic investments that drive long-term value and are not directly visible in P&L.

“We need to distinguish between current costs and investments that are not directly apparent in the P&L. That's why it's important to consider the internal cost of capital, which we cannot obtain from the financial statements. Introducing Economic Value Added (EVA) encourages a more holistic understanding of profitability, shifting the conversation from cost-cutting to value creation and offering a more complete picture of what we really mean by profit” (Symposium Participant 6).

Emphasizing these distinctions and the multi-dimensionality of profit as an economic gain may be critical in teaching and understanding profitability on the one hand, and placing them in the proposed profit management course as a perfect spot, on the other hand.

Conclusion and Proposal: From Silos to Synergy

The fragmented treatment of profit intention across hospitality curricula reflects a broader disciplinary divide, where revenue, cost, operations, and customer experience are taught in silos, often without a unifying framework that prioritizes profitability. While each discipline provides valuable insights, the absence of a dedicated integrative approach to profit management leaves graduates underprepared to make informed, profit-oriented decisions in real-world settings.

This discussion has argued for the development of a focused academic course on **Profit Management in Hospitality**, one that synthesizes key elements from accounting, marketing, operations, and strategic planning. Such a course has the potential to not only bridge existing curricular gaps but also equip students with a practical decision-making toolkit grounded in financial outcomes and customer value.

We propose the formation of a collaborative working group comprising educators, researchers, and industry practitioners to:

1. **Audit existing curricula** to identify overlaps and omissions related to profit management.
2. **Design a modular course framework** that integrates financial, operational, and customer-centric perspectives.
3. **Pilot the course** within select hospitality programs and evaluate its impact on student learning and industry readiness.
4. **Develop a co-authored academic volume** to support the course and contribute to the scholarly discourse on profit management in hospitality.

We invite interested colleagues to join this initiative and contribute their expertise. By aligning our efforts and expertise, we can ensure that future hospitality professionals are not only skilled in service and experience design, but also in sustaining the financial health of the businesses they lead.

How Age Affects the Performance of Hotels: A Nuanced Perspective



Khoa D. B. Tang
Assistant Professor
Department of Tourism and Hospitality Management
The Business School
RMIT University Vietnam



John W. O'Neill
Professor
School of Hospitality Management
The Pennsylvania State University

Introduction and Background

Understanding the performance trajectory of hotels over their life cycle is a fundamental concern in hospitality management, commercial real estate, and tourism economics. Traditional wisdom in both academic research and industry practice has held that as hotels age, their financial performance, typically measured by metrics such as Rooms Revenue per Available Room (RevPAR), steadily declines. This decline was presumed to reflect physical depreciation, functional obsolescence, and competitive pressure from newer, more modern properties. Prior studies have therefore conceptualized aging primarily in terms of negative effects on performance, assuming a largely linear relationship. However, anecdotal evidence from industry professionals, combined with observable market phenomena, including older luxury hotels such as the Waldorf-Astoria in New York, maintaining high occupancy and Average Daily Rate (ADR) performance, and certain motels over 60 years old achieving ADRs over \$300 alongside strong occupancies, challenged the universality of this narrative. These exceptions suggest that the relationship between age and performance might be more complex than previously thought, potentially exhibiting non-linear dynamics. Building on this premise, we investigated the possibility of a U-shaped age-performance pattern, wherein performance initially declines but later rebounds as a hotel matures.

Study Objectives

The primary objective of this research is to empirically test whether an “historical effect” exists in the performance of hotels -- that is, whether hotel age is associated with a non-linear pattern of performance over time. Specifically, we aim to:

1. **Evaluate the conventional assumption** that hotel performance monotonically declines with age.
2. **Identify whether a U-shaped relationship exists** between hotel age and performance, such that performance deteriorates in the early years but then improves after a critical age threshold.
3. **Determine the specific age at which performance begins to recover** -- if such a turning point exists.
4. **Examine whether this pattern varies** by key hotel segments, including location type (urban, suburban, rural, airport, interstate), brand-affiliation status (chain-affiliated vs. independent), and hotel class (luxury, upper-upscale, upscale, upper midscale, midscale, economy).

Data and Methods

To explore these questions, we collected one of the most extensive datasets assembled to date regarding hotel age and performance. The sample consists of over **3,000 hotels**, capturing over **19,000 revenue observations** across **six recent years** (2015–2020). Performance is assessed primarily through **RevPAR**, a standard industry metric that integrates occupancy and ADR.

The research uses **quantitative regression models** with both linear and quadratic terms for hotel age to test for a U-shaped relationship between age and performance. A quadratic specification enables the detection of curvature in the age-performance relationship, with a negative linear term indicating an initial decline and a positive squared term reflecting subsequent improvement. Additional models segment the data by location type, brand affiliation, and class to investigate potential heterogeneity in the age-performance patterns across different hotel categories. Furthermore, robustness checks using age-bracket dummy variables (e.g., <20 years, 20–40 years, >40 years) complement the continuous specification and validate the presence of non-linear effects.

Key Findings

The analysis provides robust evidence that contradicts the traditional view of continuous age deterioration and supports the existence of a U-shaped relationship between hotel age and performance. The main findings are:

1. U-Shaped Age-Performance Relationship:

Across the full sample, hotel performance as measured by RevPAR initially declines as age increases but then begins to improve after a critical turning point. Statistically significant regression coefficients for both the linear and squared age terms indicate this non-linear pattern.

2. Critical Turning Point at Approximately 40 Years:

The study identifies the critical point at which performance begins to reverse upward at **39.6 years old**, effectively approximating the 40-year mark. Before this point, age negatively affects RevPAR, likely driven by physical wear and tear, evolving guest preferences, and the increasing need for maintenance and renovation. After this age, the positive association between age and performance suggests that mature hotels, particularly those that have retained relevance, identity, or historic appeal, experience a resurgence in performance.

3. Variation by Location Type:

The U-shaped pattern is **most pronounced in hotels located in the urban cores of large and mid-sized metropolitan areas**. These hotels exhibit a clear decline in performance during the early to mid-life cycle, followed by a strong recovery in later years. In contrast, the U-shaped effect is not observed in all location types; for example, hotels located in rural areas, interstate highway locations, and airports do not display a statistically significant performance rebound, indicating that local market dynamics and demand drivers play a substantial role.

4. Brand Affiliation Matters:

Chain-affiliated hotels demonstrate the U-shaped performance pattern more prominently than independent hotels. The presence of a strong brand may confer benefits such as marketing reach, customer loyalty, and standardized quality, which can help older properties maintain relevance and attract demand even as they age. Independent hotels, by contrast, show inconsistent patterns, perhaps reflecting heterogeneous management practices, marketing strategies, and competitive positions that do not uniformly generate late-life performance gains.

5. Class-Specific Patterns:

When disaggregated by hotel class, **luxury and upper-upscale hotels** exhibit the clearest U-shaped relationship between age and performance. These properties often have architectural distinction, historic significance, and the financial resources to invest in renovations that preserve or enhance their appeal. Conversely, lower-tier classes such as economy, midscale, and upper-midscale hotels, do not show a consistent reversal in performance with age, suggesting that the benefits associated with aging, such as character or nostalgia, may be class-specific and more valuable in high-end segments where guests seek unique experiences.

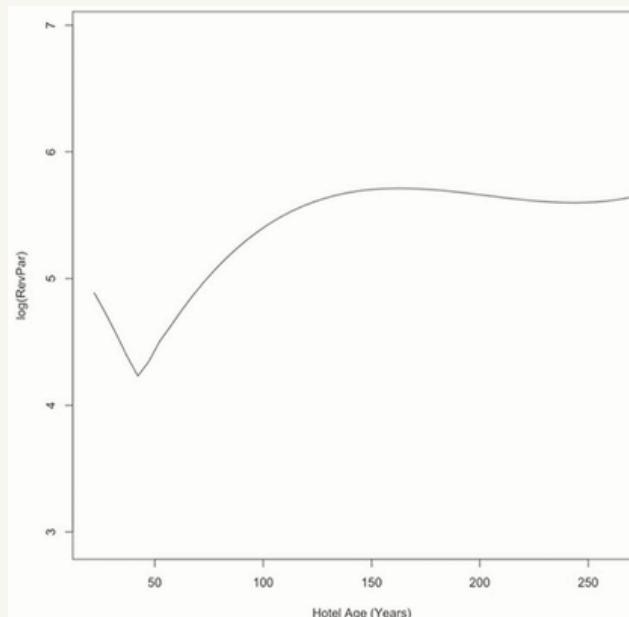


Figure 1. Hotel Age vs. Log(RevPAR)

Interpretation and Implications

The existence of a U-shaped relationship between hotel age and performance has important implications for both theory and practice:

- **Theoretical Contribution:**

These findings challenge the conventional depreciation models widely assumed in hospitality research and commercial real estate literature. Instead of a “straight-line” decline, the life cycle of a hotel appears to involve an initial decline followed by a resurgence in later years, suggesting that age can confer value under certain conditions. This phenomenon aligns with broader life-cycle theories in marketing and consumer behavior where heritage and authenticity can enhance brand equity over time.

- **Strategic Management:**

Hoteliers and asset managers may need to rethink strategies for older properties. Rather than viewing age solely as a liability, organizations should consider how to leverage unique historical characteristics, invest strategically in renovations that preserve distinctive elements, and target market segments that value authenticity and heritage.

- **Investment and Valuation:**

For investors and appraisers, the findings suggest that older hotels, particularly those in urban markets or with strong brand identities, may have under-recognized value and resilience. Traditional valuation models that assume linear deterioration may undervalue mature assets that benefit from latent historical effects.

- **Policy and Taxation:**

Municipalities and policymakers may also find these results relevant for taxation and preservation incentives. Recognizing the economic contribution of older hotels can inform heritage conservation policies and encourage investment in historic properties that contribute to urban vitality.

Conclusions

Our research provides empirical evidence that the aging process in hotels does not lead to a simple decline in performance. Rather, the performance trajectory of hotels follows a **U-shaped pattern**, with performance deterioration in the early decades followed by improvement after approximately 40 years of age. This effect is particularly evident among **urban, brand-affiliated, and higher-end hotels**, where maturity may enhance appeal and economic performance. The study’s findings add a nuanced layer to hospitality scholarship and offer practical guidance for industry stakeholders regarding how to better understand, manage, and invest in hotel properties throughout their life cycle.