

## 1 Homework Questions

1. If a hotel or an airline gives higher priority to the fare of an ODF during indexing, customers are motivated to reserve for more expensive ODFs. This motivation does not help airline passengers because they cannot change their origin or destination and they have to pay for the expensive ticket in total. On the other hand, hotel customers can initially pretend as if they would stay longer than they actually need. Once the hotel customers receive a room by the virtue of being placed in a higher bucket with their high-priced ODF, they can cancel their stay for some of the days they initially reserved. Explain how hotels can modify indexing based purely on fares to eliminate hotel customers motivation to reserve for more nights than they need.