

Revenue Management Practices and Its Impact on Hotel Performance in Nepal

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Article Type

Research Article

Article History

Submitted: 24 April 2026

Revised: 13 May 2026

Accepted: 25 May 2026

To Cite this article

Shah, A.B. (2026). Revenue management practices and its impact on hotel performance in Nepal. *Techspire Journal of Innovation, Technology & Management*, 1(1), 68-85.

Funding Declaration

This journal, *Techspire Journal of Innovation, Technology and Management*, is fully funded by Techspire College, Kathmandu, Nepal.

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Abstract

Revenue management (RM) is now an essential strategic instrument in the competitive and price conscious hotel industry of Nepal. Nevertheless, there is still a lack of empirical data to support the claim that particular RM practices are correlated with quantifiable hotel performance indicators within Nepal context. Thus, this study aims to investigate the effect of five revenue management practices such as dynamic pricing, demand forecasting, market segmentation, channel management, and inventory control on hotel performance among the three-, four-, and five-star hotels of Kathmandu, Pokhara, and Chitwan. A quantitative, cross-sectional survey design, which is guided by the Yield Management Theory. 121 hotel managers and operational personnel were used as the sample to complete a structured questionnaire used for the data collection. The SPSS 20 analysis of multiple regression demonstrated that all the five RM practices have a significant and positive effect on hotel performance ($R^2 = 0.537$, $F = 47.806$, $p < 0.001$), distribution channel management ($\beta = 0.277$), inventory control ($\beta = 0.250$), and dynamic pricing ($\beta = 0.226$) were found to be the strongest predictors. The study findings are that the implementation of revenue management has a positive and significant impact on the hotel performance in Nepal. The three dimensions of RM practices that were the most strongly associated with hotel performance were distribution channel management, inventory control and dynamic pricing. The results revealed that the systematic implementation of revenue management practices can facilitate the hotels in Nepal to achieve high occupancy, revenue generation, pricing efficiency and overall operational performance. So, the study highlights the need of integrated and data-driven revenue management strategies in the Nepalese hospitality sector.

Keywords: Revenue Management Practices, Dynamic pricing, Distribution channel Management, Nepalese Hospitality Industry, Hotel Performance.

1. Introduction

The business environment of the hotel sector is very competitive and price sensitive in Nepal due to the fact that the tourism industry is one of the most impacting sectors of the economy, foreign exchange and employment in Nepal. According to the Nepalese Ministry of Culture, Tourism and Civil Aviation (MCTCA, 2024), the number of international tourists reaching Nepal during 2023 was over one million, with Kathmandu, Pokhara and Chitwan being the three major tourist destinations. In spite of this trend, hotel operators have continued to grapple with such issues as seasonal increases and decreases in demand, the increasing competition posed by online travel agents (OTAs), and demands to increase their profitability without undermining quality of service.

Revenue management, commonly referred to as (RM), can be defined as the ability to sell the right room to the right customer at the right time and at the right price, is one of the most effective strategic operational approaches as offered by hotel management (Kimes, 1989; Talluri & Van Ryzin, 2004). RM has a long history of development which began in the 1970s as a specific practice applied into hotel operations, and today has a wide scope of practices that are closely interconnected: dynamic pricing, demand forecasting, market segmentation, distribution channel management and inventory control. These practices can be leveraged and if applied systemically they can help a hotel maximize occupancy, maximize average daily rate (ADR) and maximize the most popular performance indicator in the hospitality industry Revenue per Available Room (RevPAR) (Ivanov, 2014).

In the established hospitality markets, RM is deeply integrated into hotel operations with advanced property management systems (PMS), channel management tools, and specially designed revenue management departments. In emerging economies, however, adoption is not even. Nepalese hotels are aware of the significance of RM but do not practice all five dimensions systematically and data driven (Sharma & Paudel, 2021; Shah, 2024). Although there are significant number of empirical studies on the content of international RM, there is very limited empirical study on the content of Nepal that focuses on practice level impact of RM on the performance of hotels (Chalise, 2021; Gautam & Kafle, 2022).

This research paper fills this gap through evaluating the present adoption rate of five fundamental RM practices and how each and their combination impact hotel performance in Nepal. The research is guided by Yield Management Theory (Kimes, 1989) and provides the insights in how RM practices helps in the hotel performance in Nepal.

2. Literature Review

Theoretical Framework

This paper reviews five theoretical approaches that will combine into a multi-dimensional strategic ability for revenue management. The Yield Management Theory is the original justification for the idea of RM as a way to maximize the revenue of a hotel that was initially proposed by Kimes (1989): Any service firm with perishable inventory and uncertain demand over time, such as a hotel, has the potential to maximize its revenue by intelligent allocation of its inventory across market segments and time periods. The theories reviewed in the study are Resource Based View, Dynamic Capabilities Theory, Contingency Theory, Price Fairness Theory. According to The Resource-Based View (RBV) by Barney (1991) frames the RM capabilities such as proprietary pricing system, forecasting skills, segmentation skills, and channel management capabilities as valuable, rare, inimitable and non-substitutable (VRIN) organizational resources. Hotels that develop good RM skills, therefore, will have a long competitive advantage and good performance measures. Dynamic Capabilities Theory Teece et al., (1997) is an extension of the RBV because it focuses on how a hotel is able to respond to

changing demand conditions and thus take up pricing opportunities, and redesign distribution and inventory strategies in response to market dynamics. Contingency Theory Donaldson (2001) which argues that the effectiveness of any management practice including RM is dependent on the context of the organization, in this case the size of the hotel, its category, market position, and the external competitive environment. It is specifically applicable to Nepal where the implementation of RM is significantly different by the hotel types and the territories. Lastly, The Price Fairness Theory Xia et al., (2004); Choi and Mattila (2004) acknowledges that the perception of fairness in prices by customers affects the level of satisfaction and long term loyalty, and therefore, requires hotels to have a balance between revenue generation and the perceived value among the guests.

Hotel Performance in Nepal

The hospitality industry has been affected severely by COVID-19 before its introduction (Gautam & Kafle, 2022; New Business Age, 2024). Based on the above, research by Chalise (2021), Shah (2024), Shrestha and Thapa (2023) have identified around these capabilities which affects the performance of the hotel in Nepal based context. Baniya and Thapa (2017), Rajbanshi and Pandey (2026) also demonstrates the significance of customer satisfaction and service quality in motivating the repeat business and favorable reviews. Prior to the current practices, hotel pricing was predominantly managed using traditional pricing models and educated managerial judgement with very limited use of revenue management. In the context of Nepal, the traditional pricing models were mainly used and the managerial judgement were more intuitive rather than systematic and data-driven. In today's competitive tourism market, hotels in Nepal are implementing various strategies to maximize their room utilization, including dynamic pricing, demand forecasting, market segmentation, distribution channel management, and inventory control, to enhance their performance, room occupancy, Average Daily Rate (ADR), Revenue per Available Room (RevPAR), and room selling efficiency.

3. Research Methods

Conceptual Framework

The theoretical framework uses five revenue management practices as independent variables, namely dynamic pricing (DP), demand forecasting (DF), market segmentation (MS), distribution channel management (DCM) and inventory control (IC) while hotel performance (HP) as the dependent variable. The framework is based on the theory of Yield Management Theory and the variable used in the study are in the figure 1.

Hypotheses

Following the theoretical framework and examining empirical literature, the hypotheses proposed are the following:

H 1: There is a strong positive impact of dynamic pricing on hotel performance in Nepal.

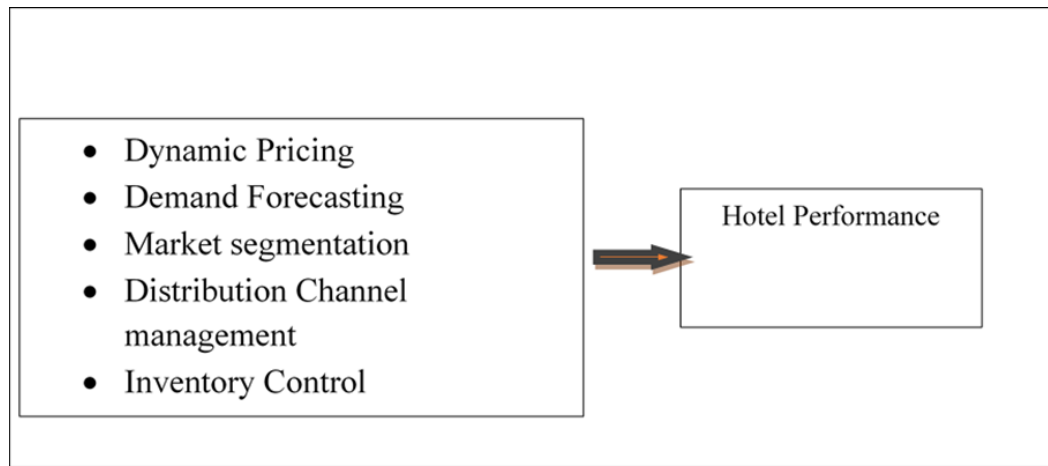
H 2: Hotel demand forecasting significantly impacts positively on hotel performance in Nepal.

H3: Market segmentation contributes greatly to the performance of hotels in Nepal.

H4: Distribution channel management positively influences the hotel performance in Nepal significantly.

H5: Inventory management produces a substantial positive impact on the performance of the hotel in Nepal.

Figure 1: *Conceptual Framework of the Study*



Source: Talluri and Van Ryzin (2004)

Variables and Measurement

Table 1: *Variables and Measurement Items*

Construct	Code	Observed Variable / Item	Source
Hotel Performance (HP)	HP-1	RM practices have improved room revenue in our hotel.	Kimes (1989); Ivanov (2014)
	HP-2	RM practices have improved occupancy performance.	
	HP-3	Our hotel achieves better average room rates through RM.	
	HP-4	RM practices have improved overall room-selling efficiency.	
	HP-5	Overall hotel performance has improved because of RM practices.	
Dynamic Pricing (DP)	DP-1	Our hotel adjusts room rates according to seasonal demand patterns.	Kimes (1989); Bandalouski et al. (2021)
	DP-2	Room prices are revised based on booking pace and occupancy trends.	
	DP-3	Competitor prices are monitored when setting our room rates.	
	DP-4	Our hotel uses flexible pricing for different dates and demand periods.	

Construct	Code	Observed Variable / Item	Source
Demand Forecasting (DF)	DP-5	Price changes are supported by data rather than only intuition.	Weatherford & Kimes (2003)
	DF-1	Our hotel uses historical booking data to forecast room demand.	
	DF-2	Special events and local tourism trends are considered in demand forecasts.	
	DF-3	Forecasts are updated regularly as new booking information becomes available.	
	DF-4	Demand forecasts support pricing and room allocation decisions.	
Market Segmentation (MS)	D-5	Forecasting helps the hotel reduce underpricing and overpricing.	Van Leeuwen & Koole (2022)
	MS-1	Our hotel clearly identifies major customer segments.	
	MS-2	Different rates or packages are offered to different customer groups.	
	MS-3	Promotional strategies are tailored to segment-specific demand.	
	MS-4	Customer segment information is regularly used in revenue decisions.	
Distribution Channel Mgmt (DCM)	M-5	Segment-based pricing helps the hotel improve sales performance.	Choi & Kimes (2002); Lei et al. (2019)
	DCM-1	Our hotel actively monitors the performance of direct and indirect booking channels.	
	DCM-2	Channel commissions and acquisition costs are considered in selling decisions.	
	DCM-3	Our hotel tries to increase direct bookings through its own channels.	
	DCM-4	Rate parity and channel consistency are monitored carefully.	
	DCM-5	Channel mix decisions support overall revenue performance.	

Construct	Code	Observed Variable / Item	Source
Inventory Control (IC)	IC-1	Our hotel applies room allocation rules during high-demand periods.	Ivanov (2014); Talluri & Van Ryzin (2004)
	IC-2	Room availability is controlled across channels according to demand conditions.	
	IC-3	Stay restrictions or booking limits are used when necessary.	
	IC-4	Inventory decisions are used to protect higher-value demand.	
	IC-5	Inventory control helps the hotel reduce revenue leakage from poor room allocation.	

Source: Adapted from Kimes (1989), Ivanov (2014), Weatherford & Kimes (2003), Van Leeuwen & Koole (2022), Choi & Kimes (2002), Talluri & Van Ryzin (2004)

Population and Study Area

The target population included the hotel managers and working staff of three, four and five star hotels in three popular touristic regions of Nepal such as Kathmandu, Pokhara and Chitwan. The choice of these places was based on the presence of classified hotels and their overall importance to the inbound tourism market in Nepal (Pradhan & Koirala, 2024; Tourism Info Nepal, 2024). The respondents included General Manager/Owner, Operations Manager, Revenue/Reservation Manager, Sales/Marketing Manager, and Front Office Manager.

Sample Size Determination

The formula Cochran (1977) used to calculate the required sample size in case of large population was used to calculate the minimum of 384 respondents at the 95% confidence level and 5 percent margin of error. After collecting and cleaning and validating the data, the number of complete and usable responses was 212 and was used to analyze the data. Although this sample size is smaller than the theoretical minimum, it is sufficient to conduct a multiple regression analysis since it is consistent with other RM studies in emerging hospitality markets and provides enough statistical power (Creswell & Creswell, 2018; Saunders et al., 2019).

Data Collection and Research Instrument and Data Analysis

The survey consisted of two parts: Part I of the survey contained six demographic indicators of the participants including gender, age, education, job title, type of hotel where they worked, and location of hotel where they worked. Part II of the survey contained 30 Likert-scale questions that measured the five RM practices (six indicators each) and hotel performance (five indicators). The survey was pilot-tested for face and content validity and for reliability by calculating the Cronbach's Alpha. The analysis of the quantitative data was done through the use of the SPSS 20. The mean and standard deviation were used to analyze the study variables, while the Pearson correlation was used to test the hypotheses. Multiple regression was used to establish the predictive capability of the five constructs of RM practice on the performance of hotels, with hotel performance (HP) being the dependent variable and RM practices the independent variables.

Model

A multiple linear regression model is the primary model of inference of this study. One of the scenarios when a multiple regression is suitable is a desire by the researcher to test how more than one independent variable affects a dependent variable (Hair et al., 2019). The model for this study to calculate Multiple Linear Regression is given by the equation below.

$$HP = \beta_0 + \beta_1 DP + \beta_2 DF + \beta_3 MS + \beta_4 DCM + \beta_5 IC + e$$

Where,

- i. HP = Hotel Performance
- ii. β_0 = Constant
- iii. $\beta_1, \beta_2, \beta_3, \beta_4$, and β_5 = Constant for respective variables
- iv. DP = Dynamic Pricing
- v. DF = Demand Forecasting
- vi. MS = Market Segmentation
- vii. DCM = Distribution Channel Management
- viii. IC = Inventory Control
- ix. e = Standard Error

4. Result of the Study

Socio-Demographic Characteristics

Table 2 summarize the demographic situation of the 212 respondents. The sample was majorly made up of male (56.13%) which shows the gender balance of hotel management positions in Nepal. The age group of 26-35 years was the greatest (44.34%), which implies the presence of relatively young managerial work force within the industry. Regarding the educational level, 48.58% had a bachelor and 33.96% had a master degree, which means that the respondent sample was well-educated. The highest positional group was that of the Operations managers (25.47%), then Revenue/ Reservation Managers (22.64%), then Sales/Marketing Managers (19.81%). The most represented category was three-star hotels (32.08%), then there were five-star hotels (29.25%). Geographically, Kathmandu gave the highest number of responses (51.89%), followed by Pokhara (25%), and Chitwan (23.11%) covering the main tourism in Nepal.

Table 2: *Socio-Demographic Profile*

Variable	Gender	Frequency	Percent (%)
Gender of Respondents	Female	93	43.87
	Male	119	56.13
	Total	212	100
Education of Respondents	Diploma or below	27	12.74
	Bachelor	103	48.58
	Master	72	33.96
	MPhil/PhD	10	4.72
	Total	212	100

Position of Respondents	Front Office Manager	40	18.87
	General Manager/Owner	28	13.21
	Operations Manager	54	25.47
	Revenue/Reservation Manager	48	22.64
	Sales/Marketing Manager	42	19.81
	Total	212	100
Hotel Category of Respondents	Three-star	68	32.08
	Four-star	48	22.64
	Five-star	62	29.25
	Boutique/Resort	34	16.04
	Total	212	100
Hotel Locality of Respondents	Kathmandu	110	51.89
	Pokhara	53	25
	Chitwan	49	23.11
	Total	212	100

Source: Questionnaire Survey; Results drawn from SPSS 20

Descriptive Statistics

Mean scores and SD of the items of each construct are provided in Tables 3-8. Calculated means for variables, provided in Table 9, suggest that five constructs of RM practice in Nepalese hotels demonstrate high level of adoption as their means are greater than the theoretical midpoint of 3.00. The best mean among them was demonstrated by hotel performance ($M = 3.84$, $SD = 0.639$), which might suggest a positive influence of RM on the general performance of hotels in Nepal. The top five constructs in terms of rating were dynamic pricing ($M = 3.71$, $SD = 0.631$), distribution channel management ($M = 3.63$, $SD = 0.625$), inventory control ($M = 3.62$, $SD = 0.636$), demand forecasting ($M = 3.60$, $SD = 0.660$), and market segmentation ($M = 3.49$, $SD = 0.614$). One should be worried about the last one as its mean is relatively lower than other constructs, suggesting that market segmentation practices are the least systematically developed among Nepalese hotels. This assumption can be easily supported by the fact that customer analytics skills are not well-developed within the industry.

Table 3: Descriptive Statistics - Dynamic Pricing (DP)

S.N.	Statement	Mean	S.D.
1	Our hotel adjusts room rates according to seasonal demand patterns.	3.75	0.792
2	Room prices are revised based on booking pace and occupancy trends.	3.71	0.795
3	Competitor prices are monitored when setting our room rates.	3.70	0.749
4	Our hotel uses flexible pricing for different dates and demand periods.	3.71	0.825

S.N.	Statement	Mean	S.D.
5	Price changes are supported by data rather than only intuition.	3.67	0.857

Source: Questionnaire Survey; Results drawn from SPSS 20

Table 4: *Descriptive Statistics - Demand Forecasting (DF)*

S.N.	Statement	Mean	S.D.
1	Our hotel uses historical booking data to forecast room demand.	3.61	0.845
2	Special events and local tourism trends are considered in demand forecasts.	3.56	0.809
3	Forecasts are updated regularly as new booking information becomes available.	3.64	0.840
4	Demand forecasts support pricing and room allocation decisions.	3.60	0.817
5	Forecasting helps the hotel reduce underpricing and overpricing.	3.61	0.833

Source: Questionnaire Survey; Results drawn from SPSS 20

Table 5: *Descriptive Statistics - Market Segmentation (MS)*

S.N.	Statement	Mean	S.D.
1	Our hotel clearly identifies major customer segments.	3.44	0.780
2	Different rates or packages are offered to different customer groups.	3.50	0.763
3	Promotional strategies are tailored to segment-specific demand.	3.42	0.802
4	Customer segment information is regularly used in revenue decisions.	3.55	0.839
5	Segment-based pricing helps the hotel improve sales performance.	3.50	0.782

Source: Questionnaire Survey; Results drawn from SPSS 20

Table 6: *Descriptive Statistics - Distribution Channel Management (DCM)*

S.N.	Statement	Mean	S.D.
1	Our hotel actively monitors the performance of direct and indirect booking channels.	3.68	0.803
2	Channel commissions and acquisition costs are considered in selling decisions.	3.62	0.779
3	Our hotel tries to increase direct bookings through its own channels.	3.57	0.791
4	Rate parity and channel consistency are monitored carefully.	3.58	0.813
5	Channel mix decisions support overall revenue performance.	3.68	0.809

Source: Questionnaire Survey; Results drawn from SPSS 20

Table 7: *Descriptive Statistics - Inventory Control (IC)*

S.N.	Statement	Mean	S.D.
1	Our hotel applies room allocation rules during high-demand periods.	3.60	0.811
2	Room availability is controlled across channels according to demand conditions.	3.65	0.816
3	Stay restrictions or booking limits are used when necessary.	3.61	0.786
4	Inventory decisions are used to protect higher-value demand.	3.61	0.828
5	Inventory control helps the hotel reduce revenue leakage from poor room allocation.	3.66	0.814

Source: Questionnaire Survey; Results drawn from SPSS 20

Table 8: *Descriptive Statistics - Hotel Performance (HP)*

S.N.	Statement	Mean	S.D.
1	Revenue management practices have improved room revenue in our hotel.	3.81	0.770
2	Revenue management practices have improved occupancy performance.	3.83	0.814
3	Our hotel achieves better average room rates through revenue management.	3.90	0.800

S.N.	Statement	Mean	S.D.
4	Revenue management practices have improved overall room-selling efficiency.	3.83	0.847
5	Overall hotel performance has improved because of revenue management practices.	3.82	0.794

Source: Questionnaire Survey; Results drawn from SPSS 20

Table 9: Descriptive Statistics - Computed Variables

S.N.	Construct	Mean	Std. Deviation
1	Dynamic Pricing (DP)	3.7085	0.63135
2	Demand Forecasting (DF)	3.6038	0.65973
3	Market Segmentation (MS)	3.4858	0.61420
4	Distribution Channel Management (DCM)	3.6255	0.62455
5	Inventory Control (IC)	3.6236	0.63635
6	Hotel Performance (HP)	3.8387	0.63917

Source: Questionnaire Survey; Results drawn from SPSS 20

Correlation Analysis

Table 10 shows the Pearson correlation table for all variables that have been used in the study. The correlation analysis showed that the hotel performance has positive and significant relationship with all five revenue management practices. The constructs performed the following relationship: Distribution Channel Management was most strongly associated with hotel performance, followed by Dynamic Pricing, Inventory Control, and Market Segmentation was the weakest. In addition, the data suggest that there is only a moderate positive inter-correlation between the constructs of the revenue management practice.

Table 10: Pearson Correlation among Variables

Variable	DP	DF	MS	DCM	IC	HP
DP	1					
DF	0.457**	1				
MS	0.319**	0.352**	1			
DCM	0.418**	0.457**	0.313**	1		
IC	0.295**	0.455**	0.267**	0.387**	1	
HP	0.521**	0.534**	0.415**	0.571**	0.523**	1

*** Correlation is significant at the 0.01 level (2-tailed). Source: Questionnaire Survey; Results drawn from SPSS 20*

Multiple Regression Analysis

The Summary of model and ANOVA test findings are presented in table 11 and table 12 respectively. The regression model is statistically significant ($F(5, 206) = 47.806$, $p = 0.001$) and accounts for 53.7% variability in hotel performance ($R^2 = 0.537$, Adjusted $R^2 = 0.526$). These findings indicate the high predictive power of the regression model where the combination of five RM practices can account for over 50 percent variability in hotel performance.

Table 11: *Model Summary*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.733	0.537	0.526	0.440

Source: Questionnaire Survey; Results drawn from SPSS 20

Table 12: *ANOVA*

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	115.415	5	23.083	47.806	0.000
	Residual	65.956	206	0.320		
	Total	181.371	211			

Source: Questionnaire Survey; Results drawn from SPSS 20

Hypothesis Testing

Table 13 indicates the multiple regression coefficients for each RM practice. All of the five predictors were significant, hence proving all the five hypotheses. Channel management exhibited the highest ability to predict hotel performance ($\beta = 0.277$, $t = 4.758$, $p < 0.001$) followed by inventory management ($\beta = 0.250$, $t = 4.531$, $p = 0.007$), dynamic pricing ($\beta = 0.226$, $t = 3.984$, $p = 0.007$), market segmentation ($\beta = 0.148$, $t = 2.719$, $p = 0.007$). The values of Variance Inflation Factor (VIF) were in the range of 1.217 to 1.605, all of which are significantly low compared to the commonly used levels of 10 or more.

Table 13: *Impact of Revenue Management Practices on Hotel Performance*

Model	B	Std. Error	t	Sig.	Tolerance	VIF
(Constant)	0.070	0.250	0.281	0.778		
Dynamic Pricing (DP)	0.226	0.057	3.984	0.000	0.780	1.392
Demand Forecasting (DF)	0.141	0.058	2.415	0.017	0.821	1.605

Model	B	Std. Error	t	Sig.	Tolerance	VIF
Market Segmentation (MS)	0.148	0.054	2.719	0.007	0.768	1.217
Distribution Channel Management (DCM)	0.277	0.058	4.758	0.000	0.747	1.440
Inventory Control (IC)	0.250	0.055	4.531	0.000	0.789	1.392

Dependent Variable: Hotel Performance. Source: Questionnaire Survey; Results drawn from SPSS 20

Table 14: *Summary of Hypothesis Testing*

Hypothesis	Statement	Beta	P-value	Result
H1	Dynamic pricing has a significant effect on hotel performance in Nepal.	0.226	0.000	Accepted
H2	Demand forecasting has a significant effect on hotel performance in Nepal.	0.141	0.017	Accepted
H3	Market segmentation has a significant effect on hotel performance in Nepal.	0.148	0.007	Accepted
H4	Distribution channel management has a significant effect on hotel performance in Nepal.	0.277	0.000	Accepted
H5	Inventory control has a significant effect on hotel performance in Nepal.	0.250	0.000	Accepted

Source: Questionnaire Survey; Results drawn from SPSS 20

5. Discussion

Based on the findings of this study, empirical evidence suggesting that RM practices exert positive and significant effects on the performance of Nepalese hotels. According to the total model, $R^2 = 0.537$ indicates that more than half of the variance in hotel performance perceptions can be explained by the five dimensions of RM practices, and this result is highly significant in supporting the strategic importance of adopting RM in hotel sectors in Nepal.

The distribution channel management turned out to be the best determinant of the hotel performance ($\beta = 0.277$). This conclusion can be justified with numerous works proving that under the current conditions of the market environment, where there is increased penetration of OTAs into the hotel

segment and changes in online booking practices, an appropriate channel strategy, including OTA management, promotion of direct bookings, rate parity management, and channel cost management, is a crucial determinant of revenue performance (Choi & Kimes., 2002; Lei et al., 2019; Ibrahim et al., 2022). This issue is particularly important for Nepal, where the responsibility for attracting foreign tourists through the use of OTA services is shifting to the local hotel establishments (Kharel, 2024). Hotels that actively promote distribution of a channel mix and strive to attract customers using direct booking services at a lower cut are expected to achieve better results.

Given the high positive value of inventory control ($\beta = 0.250$), the concept of yield management has become firmly established. As stated in yield management, proper distribution of room inventory, where there should be proper safeguarding of high-demand customers, proper imposition of booking limit during peak seasons, and not providing early discounts are principles that have been found to maximize revenues (Ivanov, 2014; Talluri & Van Ryzin, 2004). It suggests that systematic inventory management in Nepal hotels may result in high performance gains without the need for sophisticated RM software.

Impact of Dynamic Pricing ($\beta = 0.226$) was found to be statistically significant and highly impactful towards the performance of the hotel which aligns with the international literature of RM that stated about the revenue gain from dynamic pricing (Kimes., 1989; Bandalouski et al., 2021; Rodriguez-Algeciras & Talon-Ballesteros., 2017). Competitive environment in the hotel industry in Nepal with the change in rate according to seasons in Nepal, it becomes important for the hotel business to have flexibility in terms of setting the price as per the demand factors and competitors.

Despite having the least influence compared to the other five predictors, both demand forecasting ($\beta = 0.141$) and market segmentation ($\beta = 0.148$) are statistically significant predictors of hotel performance. The rather low influence of demand forecasting may be attributed to the lack of systematic data on past bookings and forecasting models that could enable sophisticated forecasts for the Nepal hotels. At the same time, the rather low impact of market segmentation, the lowest mean score for all the RM practices ($M = 3.49$), suggests that there are no sophisticated tools for analyzing customers and segmenting them into price brackets, which is a crucial improvement area. This finding is consistent with those of Chalise (2021) and Shah (2024) who identify technology readiness and human capital as key barriers to RM deployment in Nepal hotels.

The results validate the Resource-Based View theory regarding RM capabilities as VRIN resources (Barney, 1991), the emphasis of the Dynamic Capabilities framework on adaptation and exploitation of the income potentialities (Teece et al., 1997), and the recognition by Contingency Theory of the fact that the importance of certain RM techniques in relation to others can vary across the hotel environments (Donaldson, 2001). Moreover, the results corroborate the study by Santos et al., (2024) that emphasizes the significance of comprehensive adoption of RM rather than its use based on separate pricing tactics.

6. Conclusion

Based on the overall results of the study, it can be concluded that the RM practices have a great positive impact on hotel performance in Nepal. The results show that the successful application of the concepts of dynamic pricing, demand forecasting, market segmentation, distribution channel management and inventory control has a positive impact on the hotel's occupancy, revenue, pricing efficiency and operational performance. In this context, distribution channel management, inventory control and dynamic pricing were the most significant factors that influenced the hotel performance among the five dimensions, indicating the rising significance of strategic pricing, effective room

allocation, and handling distribution channels online and offline in the Nepalese hospitality industry. The study also found that the use of revenue management practices in Nepalese hotels is growing in number, but the use of forecasting and market segmentation practices is comparatively less systematic because of the limitation of technological and resources. Hence, the study highlights the need of having integrated and data-driven approach in revenue management for hotel competitiveness, sustainability, and future growth in Nepal. Overall findings of the research are helpful in limited empirical literature available on revenue management practices in Nepal and it offers practical recommendations for the hotel managers, practitioners and policy makers to improve the performance of the hospitality industry.

Implications of the results for this study suggest that Nepalese hotels could enhance their Performance and boost the tourism and hospitality industry through the implementation of advanced revenue management systems, building up competent human resource capabilities, and implementing strategic channel management practices along with favorable government policies.

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