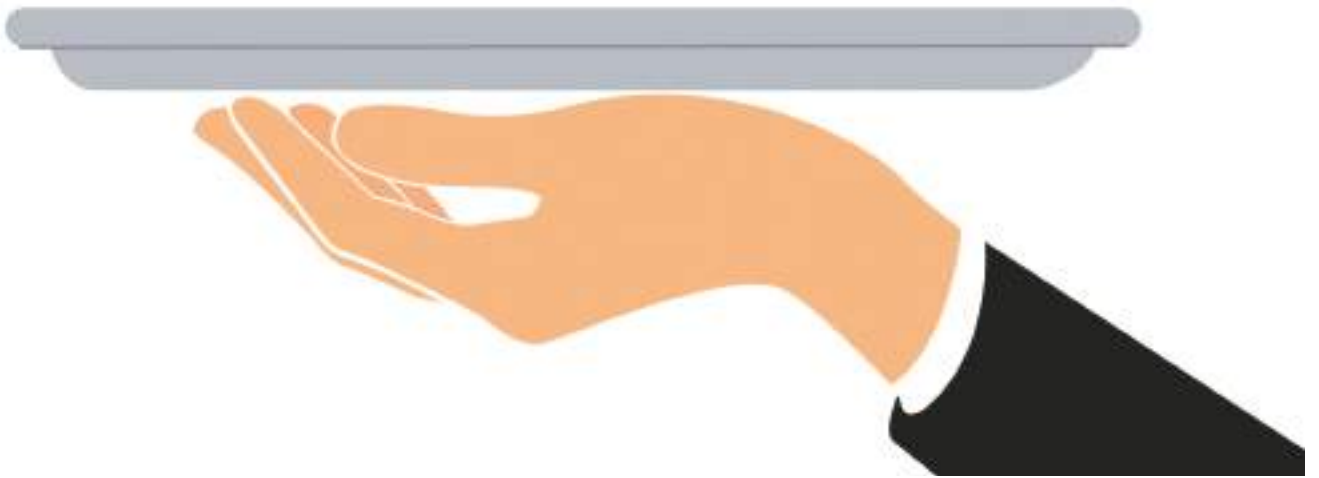


# Paths to Profitability



Hotels are using a combination of revenue strategies that are auguring well for their bottom line in an ever-changing dynamic environment.

By Bindu Gopal Rao



**D**ynamic pricing, market segmentation, channel management, inventory control, and ancillary monetisation are not mere jargons but a way for hoteliers to ensure that the revenue streams remain steady to sustain the business. Experts weigh in.

## Channel Management

Channel management plays a pivotal role in maximising profitability by shifting the focus from mere occupancy volume to channel yield optimisation. By strategically prioritising direct booking channels, hotels can effectively reduce their reliance on high-acquisition-cost platforms, ensuring a greater share of the top-line revenue is retained.

“Furthermore, real-time inventory and rate synchronisation across all distribution touchpoints eliminate rate disparities and overbookings. This meticulous control maintains rate integrity and guarantees that higher-yielding distribution channels remain available to capture business during peak demand periods,” says Vikas Chona, Director of Sales and Marketing, Sheraton

*“Inventory control ensures we maximise RevPAR by optimising occupancy and rate. Strategies such as LOS controls and channel management enhance topline revenue and bottom-line profitability.”*

- Saif Siddiqui

Chennai Resort & Spa.

Optimising the distribution mix requires an aggressive, multi-tiered direct growth strategy that enhances the hotel’s digital ecosystem to compete effectively with third-party platforms.

Vikrant Dhingra, Cluster Director of Revenue at Hilton and Hilton Garden Inn Bengaluru Embassy Manyata Business Park and Hilton & Hilton Garden Inn Bengaluru Embassy Tech Village, adds, “It is very important to have a balanced channel mix to maximise room revenue on all fronts. Whether it’s a hotel’s website, online travel agencies, or bookings through a global distribution system for business travellers, each channel is important. A good mix across all channels helps a hotel be digitally present online. It also helps guests become repeat customers from a particular channel, which is a key criterion for online booking conversions.”

Online travel agencies (OTAs) remain a vital part of the business mix—complete withdrawal isn’t realistic. However, reducing dependency is a priority. The



Vikas Chona, Director of Sales and Marketing, Sheraton Chennai Resort & Spa



Vikrant Dhingra, Cluster Director of Revenue at Hilton and Hilton Garden Inn Bengaluru Embassy Manyata Business Park and Hilton & Hilton Garden Inn Bengaluru Embassy Tech Village



Gurmeet Singh, Assistant Vice President, The Signature Club Resort by Brigade Hospitality



Reshma Godbole, Director of Sales and Marketing, Le Meridien Mahabaleshwar Resort & Spa

approach centres on rate parity across all channels while directing real value toward loyal guests.

**Dynamic Pricing**

Demand forecasting plays a big role in dynamic pricing as hotels track booking patterns from previous years, lead time of enquiries, and the types of events coming in, from weddings and corporate off-sites to social gatherings, to predict how a particular month or weekend will perform.

Gurmeet Singh, Assistant Vice President, The Signature Club Resort by Brigade Hospitality, Brigade Hospitality Services Limited, says, “For us at Brigade Hospitality, dynamic pricing is not just a hotel room concept; it works equally well for clubs and convention spaces. Our convention centres and banquet venues see huge swings in demand through the year: wedding season, corporate event season, and festive periods versus regular weekdays. By adjusting our rates based on these patterns, we can capture better value during peak dates and keep occupancy healthy during slower periods by offering more competitive packages. This helps us protect margins without leaving revenue on the table.”

Dynamic pricing allows hotels to align room rates with actual market demand. Instead of working with fixed pricing, they continuously evaluate how the market is moving and adjust rates accordingly. Demand can change quickly due to factors such as weddings, festivals, major city events, conferences, or even changes in travel patterns, and pricing reflects that.

“When demand is strong and availability is limited, we can command higher rates and maximise revenue opportunities. During softer periods, we may adopt a more competitive pricing approach to maintain occupancy and market share. The idea is not simply to increase or decrease rates, but to ensure that the hotel is priced appropriately for the demand that exists



Le Meridien Mahabaleshwar Resort and Spa



Signature Club Resort - Room



Room Interior, The Bheemili Resort

at that point in time. For us, dynamic pricing is about finding the right balance between occupancy and rate while ensuring that we are not leaving revenue opportunities on the table,” says Ashish Rana, Revenue Manager, Taj Lakefront, Bhopal.

**Ancillary Monetisation**

Ancillary monetisation presents a compelling opportunity for hospitality businesses to expand revenue beyond their core offerings, like rooms, venues, and food & beverage experiences. By tapping into additional services, hotels can increase total revenue per guest while improving profitability, without a proportional rise in fixed costs.

“Services such as spa, recreation, and laundry are among the most effective drivers of incremental revenue. These offerings require minimal additional investment yet deliver high-margin returns, making them one of the fastest ways to boost overall profitability. The contribution may not be significant, though the additional 5%-6% revenue cannot be ignored. If we go by our numbers, we have seen approximately 39% growth in our

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- Reshma Godbole

ancillary revenue,” says Reshma Godbole, Director of Sales and Marketing, Le Meridien Mahabaleshwar Resort & Spa.

Ancillary revenue also plays a strategic role in maintaining strong average daily rates (ADR). Rather than competing on discounts, hotels can preserve rate integrity by shifting the guest focus toward value-added experiences. Offering thoughtfully priced add-ons enhances perceived value, allowing properties to meet guest expectations without eroding base room rates.

“Additionally, these services pave the way for curated bundled offers and stay packages, enriching the overall guest experience while strengthening both revenue streams and brand reputation. Popular ancillary contributors include room upgrades, F&B enhancements (such as upgrading from EP/CP plans to meal-inclusive packages or lounge access), transportation, spa treatments, and laundry services,” adds Godbole.

Success in ancillary revenue ultimately depends on relevance and timing. Aligning the right products with guest needs and presenting them at the right moment in the customer journey significantly increases conversion rates and drives sustainable revenue growth.

**Inventory Control**

Inventory control is one of the most powerful revenue management tools in hospitality, because hotel rooms are a perishable asset. If a night goes unsold, the revenue opportunity is gone forever. Optimal inventory control helps hotels to allocate rooms to the most profitable market segments and booking channels while achieving maximum occupancy. Thus, hotels can keep up their rates, give fewer discounts, and maximise average daily rate (ADR) and revenue per available room (RevPAR) by managing inventory in their rooms effectively during busy periods.

“Accurate forecasting and real-time inventory management also allow hotels, like The Bheemili Resort, to rapidly respond



Ashish Rana, Revenue Manager, Taj Lakefront, Bhopal



Lakshmi Sridhar, General Manager, Novotel Visakhapatnam Varun Beach and The Bheemili Resort, managed by Accor



Saif Siddiqui, Hotel Manager, The Ritz-Carlton, Bangalore



Nidhi Berry, Commercial Director, Four Seasons Hotel Bengaluru

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The Ritz Carlton Bangalore

to market shifts, ensuring that inventory is always positioned to capture the highest possible revenue. Length-of-stay (LOS) controls help to optimise occupancy across peak periods by encouraging longer stays, reducing room-night gaps and increasing total revenue per guest. Strategic overbooking, based on historical cancellation and no-show trends, helps to reduce the revenue loss from vacant rooms and to ensure the occupancy levels are optimal,” says Lakshmi Sridhar, General Manager, Novotel Visakhapatnam Varun Beach and The Bheemili Resort, managed by Accor.

Inventory control directly drives and maximises revenue by ensuring that the right room types are sold to the right guests at the right price and time.

“By managing availability based on market demand, we can avoid selling high-value inventory at lower rates too early, further allowing us to displace lower-paying business in favour of guests willing to pay higher rates during periods of high demand. The core controlling strategy helps in yielding inventory, thereby pushing demand toward higher-priced room categories, ultimately improving average rate and overall profitability. In essence, effective inventory control ensures we maximise RevPAR by optimising both occupancy and rate. Strategies such as LOS controls, overbooking, and channel management directly enhance both topline revenue and bottom-line profitability,” adds Saif Siddiqui, Hotel Manager, The Ritz-Carlton, Bangalore.

### Market Segmentation

Market segmentation helps hotels group guests into different clusters based on booking patterns and price sensitivity to drive hospitality revenue that ensures the best value from each booking.

Nidhi Berry, Commercial Director, Four Seasons Hotel Bengaluru, says, “For us at Four Seasons Bengaluru, chasing raw occupancy is a race to the bottom. In the ultra-luxury segment, true revenue management is about relentless yield maximisation, not just filling rooms. We treat segmentation as an art of precision rather than a numbers game. We are aggressively shifting our mix toward high-net-worth transient travellers, elite corporate board-level accounts, and bespoke social groups. By curating hyper-personalised experiences for these distinct pillars, we protect our Four Seasons brand equity while confidently pushing ADR boundaries. It’s about securing the right guest, at the right high-yield rate, at the absolute right moment.”