Revenue Optimization: Strategic Revenue Management for Hospitality Industries

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Abstract: **This study examines the revenue management strategies in the district 1 of the Province of Surigao del Sur hospitality industry by examining the perspectives of owners, employees, and customers. A generational shift is evident, with younger individuals entering the workforce and older professionals moving into leadership. Most stakeholders are college-educated, indicating a capable foundation for business success. Customers are typically young, financially able, and demand innovation and quality. Employees perceive revenue management strategies as effective due to their close involvement in daily operations. Operational efficiency and external market awareness are the most valued tactics across groups. However, perceptual gaps exist, especially regarding marketing and technology adoption, where customer expectations are not fully met. Pearson correlation analysis confirms significant relationship in how stakeholders view revenue optimization strategies. To improve outcomes, the study suggests integrating advanced technology, launching employee training programs, promoting through digital marketing, enhancing products and services, and incorporating customer feedback. It also advocates for leadership development programs to prepare younger employees for ownership roles. The research underscores the importance of aligning internal processes with customer expectations and encourages future studies on the influence of organizational structures and digital business models.**

Keywords: **Revenue management, hospitality, stakeholder perspectives.**

1. Introduction

In the highly competitive landscape of hospitality industry, revenue optimization is a critical focus for business aiming to maximize their financial performance because of this the study establish to thoroughly explore the potential alternative strategies that could be adopted to optimize revenue generation in hospitality industry. The study will focus on how hospitality establishments conduct revenue management and the corresponding effectiveness in boosting revenue. This analysis is essential in determining profitability levels as well as impacts on their operational efficiencies and competitive returns.

Several authors have discussed the growing importance of revenue optimization in the hospitality sector. Jones (2021) emphasizes that modern revenue management is increasingly dependent on advanced data analytics and artificial intelligence, which allow businesses to adjust their pricing strategies in real

time. According to his research, businesses that effectively integrate these technologies into their revenue management practices not only see an increase in profitability but also improve customer satisfaction through personalized pricing and offers. Talluri et al. (2021) concluded and examined that dynamic pricing models can be used to segment customers based on willingness to pay, offering personalized pricing in real-time.

It helps the hospitality industry to sustain its operation and continue the product and service quality; with these advantages of dynamic pricing, Edelman and Luca (2020) argued that it would lead to customer dissatisfaction and a perception of unfairness, particularly when customers feel they are being charged more than others for the same product or service. This perception can damage a company's reputation and reduce customer loyalty. The solution that the authors suggested and recommended is being transparent to all the transactions and letting the customer be aware of the charge that they will pay. For example, during the pandemic, there was a change in service charges, online modality, online booking, online promotion, and advertisement, which were other platforms that sought profits. A pricing strategy is very helpful to avoid negative perceptions by tailoring offers to specific customer needs.

In the hospitality operation of District 1 of Surigao del Sur, there is a notable gap in the implementation and adaptability of revenue optimization management strategies and technological advancement for the operation. In the report of the Provincial Tourism Office of Tandag, there was a decline in revenue optimization in their operation during and after the pandemic; on the years 2019 to 2021, the operations stopped due to the pandemic, and there are no strategies from the management to address this uncertainty. Additionally, in the years 2022 to 2023, which is the post-pandemic and normal base operation, the hospitality industry in the district declined to adopt new technological platforms and machinery that can help to fasten the operation due to the reason of lack of budget and decrease in revenue generated income.

Moreover, despite the lack of resources and strategic implementations, the hospitality industry of the district continues to operate hand in hand in the traditional way just to sustain its daily operation, but some are forced to stop and close

their establishments due to unpaid bills and small revenue returns. By assessing the scenario in the hospitality industry of the district, the researcher pursues a study to understand and contribute to this matter deeply. Finally, a revenue optimization management plan based on the findings will be proposed to optimize revenue generation in the hospitality sector, supporting attainments of better financial health and competitive advantages.

A. Statement of the Problem

This study delves into the revenue management strategies of hospitality industries, their efficiency, and the opportunity to improve them by the substantive assessment of conditions that affect revenue optimization. The following are to be addressed:

1. What is the demographic profile of the respondents in terms of:
1.1 Owner
    1.1.1 Age;
    1.1.2 Educational Background; and
    1.1.3 Years of industry experience?
1.2 Employee
    1.2.1 Age;
    1.2.2 Educational Background; and
    1.2.3 Years of industry experience?
1.3 Customer
    1.3.1 Age;
    1.3.2 Educational Background; and
    1.3.3 Monthly Income?
2. What is the extent of revenue management strategies that is currently employed in the hospitality industries in terms of:
2.1 Revenue Optimization
2.2 Operational Efficiency
2.3 Marketing and Customer Engagement
2.4 Technology Adoption and Innovation
2.5 Customer Experience and Service Quality
2.6 External Market Factors
3. Is there a significant relationship on the profile of the respondents and the extent of revenue management strategies?

B. Null Hypothesis

The hypothesis below was drawn out from the study to help the researcher explore relationship between variables.

1. There is no significant relationship on the profile of the respondents and the extent of revenue management strategies

2. Methodology

This study adopted a quantitative descriptive research design to systematically examine the revenue management strategies employed in the hospitality industry. The design is ideal for capturing numerical data, ensuring a structured and systematic approach to analyzing key variables and identifying significant patterns or relationships. By focusing on measurable data, the research aims to understand the revenue strategies used by hospitality establishments and how they correlate with different factors within the industry. The study's respondents included

owners, employees, and customers from hospitality businesses in the first district of Surigao del Sur. The researcher employed a complete enumeration technique for the owners to ensure comprehensive representation, while stratified proportional random sampling was used for employees to reflect the diversity of their roles. For customers, convenience sampling was applied to ensure practical data collection from accessible respondents.

The research instrument was a researcher-designed questionnaire, validated through face content validation to ensure that the questions effectively measured the intended constructs. To establish the instrument's reliability and clarity, pilot testing was conducted, ensuring the questionnaire was unbiased, clear, and efficient. Data collection followed a systematic procedure, with surveys administered face-to-face. Ethical considerations, including informed consent, confidentiality, and adherence to health protocols, were strictly observed. The data analysis utilized frequency distribution and percentage to present respondents' demographic profiles and their use of revenue management strategies. Additionally, weighted means based on a Likert scale were calculated to assess respondents' perceptions, with scores ranging from "Strongly Disagree" to "Strongly Agree." Finally, Pearson's Product-Moment Correlation was employed to explore the strength of the relationships between different variables, offering a robust method to measure the linear association between revenue strategies and demographic factors.

3. Results and Discussion

This data set illustrates the striking differences in age and education in the owner, employee, and customer demographics that correlate with one's career, attuning to broader shifts in the employment ecosystem. Most business owners, constituting 56% of the sample, are in the 46 to 55 age range, and employees are older and not as experienced, comprising 45% in the 26 to 35 age range. The age distribution reveals that the largest proportion of customers are young adults, and 36% fall within the 15–25 age bracket. This means that more than 65% of customers are from the millennial and Gen Z population. This indicates that entrepreneurial ventures tend to be undertaken later in life if the individual has amassed substantial work experience along with financial resources. Savickas's Career Construction Theory, (2020). In regard to the educational background, observing that 65% of business owners and 53% of employees hold a bachelor's degree with the same attainment as the customer also confirms the youthful and educated nature of the market, with 65% of them being college degree holders. This supports the argument that advanced education, particularly undergraduate degrees, enables increased access to entrepreneurial opportunities along with higher positions being sought, supporting Human Capital Theory Becker (2020), which states that career productivity and earnings increase are achieved through education.

In terms of experience, the majority of owners (56%) have spent 11 to 15 years in the field, and 45% of staff are within the first five years of their career. These findings reinforce how professional maturity and expertise precede business

Table 1
Demographic profile of the respondents

Category	Subcategory	Owner Freq.	Owner %	Employee Freq.	Employee %	Overall Freq.	Overall %	Customer Freq.	Customer %
Age	15–25	0	0%	0	0%	0	0%	12	8%
	26–35	0	0%	18	9%	24	8%	47	30%
	36–45	0	0%	93	44%	117	39%	20	13%
	46–55	48	56%	19	9%	67	23%	9	6%
	56–65	28	33%	10	5%	38	13%	14	9%
	66 and above	10	10%	1	1%	11	4%	2	1%
	Total	**86**	**100%**	**211**	**100%**	**297**	**100%**	**156**	**100%**
Educational Level	Elementary	0	0%	9	5%	9	3%	6	4%
	High School	27	31%	86	41%	113	38%	43	28%
	Collage	56	65%	112	53%	168	57%	102	65%
	Master	2	2%	3	1%	5	2%	2	1%
	Doctorate	1	1%	1	0%	2	1%	3	2%
	Total	**86**	**100%**	**211**	**100%**	**297**	**100%**	**156**	**100%**
Industry Experience	1-5yrs.	4	5%	95	45%	99	33%		
	6-10yrs.	8	9%	57	27%	65	22%		
	11-15yrs	48	56%	39	18%	85	29%		
	16yrs. And above	26	30%	20	10%	46	15%		
	Total	**86**	**100%**	**211**	**100%**	**297**	**100%**		
Monthly Income	5,001-6,000							18	12%
	6,001-7,000							56	38%
	7,001-8,000							22	14%
	9,001-10,000							19	12%
	10,001 and above							3	2%
	Total							**156**	**100%**

ownership. This aligns with Gonzales's research from 2023, where they've noted the value of learning over time for fostering entrepreneurial skills. The collected evidence suggests there is a path with age, level of education, duration actively spent in the field, and seniority transitioning from employee to owner.

The income data corroborates from the customer is highest as 44% of the customers earn above ₱10,000 monthly, which positions them within the emerging middle class to the upper class. This aligns with recent consumer research by Lopez and Javier (2023) suggesting that provided the education, millennials are using their financial resources, which shapes consumption patterns in Southeast Asia. These businesses should concentrate on building value, personalized service, purposeful branding, and social responsibility to foster loyalty and business growth.

The group of respondents: Owner, Employee, and Customer has the same positive observation about the implementation of strategic revenue management, the result shows the grand mean of 4.243 reflects a generally positive approach, classified under the "Strongly Agree" means observed and implemented regularly. This alignment between owners and employees suggests strong internal confidence in the company's strategic direction and operational delivery. Emphasizing that employees provided the highest mean score across all indicators (4.397), followed closely by owners (4.309), as they knew that the policies and regulations for a standard operation were being meet and implemented, while customers gave the lowest overall mean (4.025) as they observed in their stay some lacking and need improvements. These results reflected the different drives of the respondents in the indicators mentioned, which employees consistently awarded the highest scores, with External Market Factors (4.459) being the most favorably rated. This implies employees perceive the organization as adaptive and well-positioned in its competitive environment. Similarly, both employees and owners equally valued Technology Adoption and Innovation at 4.381, indicating internal consensus on the organization's technological progressiveness. These findings align with Japer's (2019) emphasis on innovation as a key driver of competitive advantage, which requires development in peak demand season. The customers provided the lowest scores across all indicators, most notably on Marketing and Customer Engagement (3.937), Operational Efficiency (3.962), and Revenue Optimization (4.026). These figures reveal customer dissatisfaction or at least a less favorable experience with the organization's outward-facing operations as reinforces the service quality gap. This idea is supported by Matviienko (2019), who emphasizes that the service stream supports sustainable business practices by balancing service distribution over time in all areas of the management.

The correlation analysis results indicate that there is no significant relationship between the demographic variables Age, Educational Attainment, and Experience and the key areas of hotel performance. These areas include Revenue Optimization, Operational Efficiency, Marketing and Customer Engagement, Technology Adoption and Innovation, Customer Experience and Service Quality, and External Market Factors. In each case, the P-values are greater than the 0.05 threshold, resulting in a failure to reject the null hypothesis. The correlation coefficients (r) are also close to zero, suggesting a weak or negligible association between these demographic factors and performance outcomes.

Table 2
Extent of revenue management strategies that is currently employed to hospitality industry

Indicators	Owner Mean	Owner Adj. Rating	Employee Mean	Employee Adj. Rating	Customer Mean	Customer Adj. Rating	Grand Mean	Overall Adj. Rating
Revenue Optimization	4.28	Agree	4.36	Strongly Agree	4.03	Agree	4.22	Strongly Agree
Operational Efficiency	4.38	Strongly Agree	4.39	Strongly Agree	3.96	Agree	4.25	Strongly Agree
Marketing and Customer Engagement	4.11	Agree	4.42	Strongly Agree	3.94	Agree	4.15	Strongly Agree
Technology Adoption and Innovation	4.36	Strongly Agree	4.38	Strongly Agree	3.98	Agree	4.24	Strongly Agree
Customer Experience & Service Quality	4.31	Strongly Agree	4.37	Strongly Agree	4.08	Agree	4.25	Strongly Agree
External Market Factors	4.41	Strongly Agree	4.46	Strongly Agree	4.16	Agree	4.34	Strongly Agree
Overall Mean	**4.31**	**Strongly Agree**	**4.40**	**Strongly Agree**	**4.03**	**Agree**	**4.24**	**Strongly Agree**

Table 3
Significant relationship of profile and extent of revenue management strategies

Variable Test		r	P-value	Decision	Conclusion
Revenue Optimization	Age	0.029	0.632	Failed to reject the null Hypothesis	Not Significant
	Educ. Attn.	0.051	0.378	Failed to reject the null Hypothesis	Not Significant
	Experience	0.027	0.647	Failed to reject the null Hypothesis	Not Significant
Operational Efficiency	Age	0.029	0.619	Failed to reject the null Hypothesis	Not Significant
	Educ. Attn.	0.050	0.387	Failed to reject the null Hypothesis	Not Significant
	Experience	0.001	0.986	Failed to reject the null Hypothesis	Not Significant
Marketing and Customer Engagement	Age	0.014	0.811	Failed to reject the null Hypothesis	Not Significant
	Educ. Attn.	0.009	0.883	Failed to reject the null Hypothesis	Not Significant
	Experience	0.020	0.733	Failed to reject the null Hypothesis	Not Significant
Technology Adoption and Innovation	Age	0.043	0.457	Failed to reject the null Hypothesis	Not Significant
	Educ. Attn.	0.004	0.950	Failed to reject the null Hypothesis	Not Significant
	Experience	0.015	0.797	Failed to reject the null Hypothesis	Not Significant
Customer Experience and Service Quality	Age	0.056	0.340	Failed to reject the null Hypothesis	Not Significant
	Educ. Attn.	0.028	0.637	Failed to reject the null Hypothesis	Not Significant
	Experience	0.060	0.300	Failed to reject the null Hypothesis	Not Significant
External Market Factor	Age	0.040	0.494	Failed to reject the null Hypothesis	Not Significant
	Educ. Attn.	0.019	0.747	Failed to reject the null Hypothesis	Not Significant
	Experience	0.039	0.507	Failed to reject the null Hypothesis	Not Significant

These findings align with the conclusions of several recent studies. For instance, Santos and Rivera (2021) emphasized that demographic characteristics such as age and education level have limited influence on operational and strategic hotel performance. Similarly, Liu et al. (2022) argued that competencies, digital adaptability, and organizational support are far more predictive of success in modern hospitality management than static demographic attributes. The consistency of non-significant results across all tested variables reinforces the idea that effective hotel performance is shaped more by systemic and behavioral factors than by individual demographic profiles.

In light of these insights, hotel managers and policymakers should prioritize investments in skills development, technology training, and innovation strategies rather than focusing on demographic criteria during recruitment or evaluation. According to Chen and Delgado (2023), a performance-driven culture that nurtures employee potential regardless of background can lead to more sustainable and inclusive growth in the hospitality sector. Therefore, shifting the focus from who employees are to what they can do is essential for achieving long-term organizational success.

4. Conclusion

In conclusion, the study highlights the dynamics of revenue management within the hospitality sector of District 1, Surigao del Sur. The demographic profiles reveal a generational leadership transition, with experienced owners and a younger, educated workforce supporting daily operations. Customers,

largely composed of financially capable millennials and Gen Z individuals, hold high expectations for innovation and service quality. These insights align with Savickas's (2020) Career Construction Theory, which emphasizes the significance of work experience and education in shaping professional trajectories. The demographic realities affirm the importance of leveraging human capital, consistent with Becker's (2020) Human Capital Theory, in driving strategic decisions and operational resilience in hospitality.

The research also uncovered a general consensus among owners and employees regarding the effective implementation of revenue optimization strategies, particularly in areas like operational efficiency and technology adoption. However, a perceptual gap emerged between internal stakeholders and customers, especially in marketing and engagement practices. Jaber (2019) supports this finding by emphasizing that while internal systems may be robust, outward-facing operations must also meet customer expectations to maintain competitive advantage. This mismatch points to a critical need for enhanced transparency, improved digital marketing, and alignment between internal practices and customer-facing strategies, echoing Edelman and Luca's (2020) warning on perceived pricing fairness and customer trust.

Finally, statistical analysis revealed no significant correlation between demographic characteristics and perceptions of revenue strategies, indicating that strategic behavior is more deeply rooted in organizational systems than individual attributes. This aligns with the findings of Santos and Rivera (2021) and Liu et al. (2022), who assert that performance in

hospitality hinges more on systemic competencies and technological adaptability than on age, education, or experience. As such, it is recommended that hospitality operators prioritize investments in technology integration, skills development, and customer-centric innovation. As Chen and Delgado (2023) emphasized, cultivating a performance driven, inclusive culture can unlock long-term sustainability and growth across the sector.

5. Recommendations

Based on the findings, it is recommended that hospitality establishments in District 1 of Surigao del Sur enhance their technological capabilities and digital marketing strategies to better meet customer expectations. As the data suggests, customers, mainly young professionals, seek innovation, responsiveness, and convenience in service delivery. Therefore, businesses should invest in online booking systems, targeted digital promotions, and customer feedback platforms. These improvements not only enhance customer experience but also ensure competitiveness in an increasingly digital market.

Furthermore, hospitality managers should implement continuous employee development programs focusing on revenue management, customer engagement, and technological adaptation. Training initiatives will equip staff with the skills necessary to align with evolving market demands, especially as employee involvement has been identified as a key driver of operational efficiency. Additionally, leadership development programs should be established to prepare younger employees for future ownership and managerial roles.

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