

The Evolving Role of Revenue Management in the Post-Pandemic Hotel Industry: A Case Study of Japanese Resort Hotels

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Abstract

Purpose: This article examines the pandemic's impact on RM practices in Japanese resort hotels, a key tourism sector. **Design/methodology/approach:** Through semi-structured interviews with revenue managers and general managers, this study investigates key changes in the business environment, the evolution of RM strategies, and the shifting responsibilities of revenue managers. **Findings:** The pandemic accelerated several key trends. Reduced reservation lead time necessitated a shift in the perspective of revenue management from historical forecasting to real-time data analysis. Hotels increasingly prioritized direct bookings to enhance profitability and reduce reliance on OTAs. RM strategies are now closely aligned with operational realities, such as staffing shortages, to ensure service quality. The role of the revenue manager has expanded significantly, requiring a broader skill set that includes data analytics, cost management, cross-functional collaboration, and strategic decision-making. **Research limitations/implications:** Our findings underscore the increasing importance of data-driven insights in driving revenue optimisation. These findings suggest that Japanese resort hotels must embrace data-driven decision-making, flexible pricing, and technology to adapt to the dynamic post-pandemic environment. While widespread AI adoption is still developing, this strategic evolution establishes a critical foundation for its future integration, which can further optimize profitability and resource management in the dynamic post-pandemic environment. **Practical implications:** The insights gained from semi-structured interviews with three companies provide valuable guidance for many hotels while also highlighting commonalities and gaps with existing literature. **Originality/value:** By presenting the changes in revenue management during the pandemic and its future outlook, this article has outlined the future direction of revenue management.

Keywords: Revenue Management, COVID-19, Resort Hotels, Post-Pandemic, Strategic Management

Introduction

The COVID-19 pandemic, which began to spread in Japan in 2020, triggered unprecedented disruptions across the globe, with the tourism and hospitality industries being among the most severely affected. Hotels faced immense pressure from facility closures, significant

financial losses due to inelastic fixed costs, and profound uncertainty regarding future demand (Jiang and Wen, 2020). These dramatic changes in the business environment have fundamentally altered the practice of revenue management (RM). As Guillet and Chu (2021) stated, historical demand patterns have become obsolete, rendering traditional RM systems incapable of providing accurate forecasts and pricing recommendations. This paper examines the evolution of revenue management practices within Japanese resort hotels, a vital segment of the nation's tourism economy. In the post-pandemic era, many resort hotels face situations characterised by new traveller behaviours, operational constraints, and technological advancements. While many of these challenges are common to the entire hotel industry (Jiang & Wen, 2020), this study focuses specifically on resort hotels, as the impact of the pandemic was hypothesized to be more pronounced in this sector. First, the financial and operational structure of resort hotels makes them uniquely vulnerable. Due to their locations, these properties often include extensive ancillary facilities (e.g., food & beverage, spas), meaning they are more severely impacted by sharp declines in occupancy than their urban counterparts. The complexity of managing these multiple revenue streams has long been a key challenge in RM (Kimes, 2010). Second, the customer base of resort hotels is dominated by tourists, whose travel is often discretionary and was disproportionately affected by "non-essential" travel restrictions. Given the significant economic importance of both domestic and inbound tourism to the Japanese economy (Japan Tourism Agency, 2024), understanding the strategic adaptation of these key properties is of high practical and academic relevance. Building on previous research that investigated RM during the demand contraction period (Aoki and Uetake, 2021; Uetake and Aoki, 2023), this study aims to provide a contemporary analysis of the strategic shifts occurring in a period of demand recovery and transformation. Specifically, this research addresses three core questions:

1. What are the key changes in the business environment affecting Japanese resort hotels in the post-pandemic era?
2. How have revenue management policies and strategies evolved in response to these changes?
3. How have the responsibilities and required skillsets of revenue managers shifted to meet these new demands?

In an era where sustainable business practices and technological integration are paramount, this paper seeks to illuminate the new strategic imperatives for revenue management in the Japanese resort hotel sector by examining these questions using a case study approach involving semi-structured interviews.

Literature Review

In normal times, the role of a hotel revenue manager is, in short, to achieve "revenue maximization." Kimes and Wirtz (2013) define the revenue management (RM) they practice as "applying information systems and pricing strategies to allocate the right capacity, to the right customer, at the right place, and at the right time." In essence, the objective of this method is short-term revenue maximization through the optimal allocation of resources. To achieve this goal, revenue managers are responsible for five interconnected core functions (Hayes, et al., 2011): Pricing, Demand Forecasting, Inventory Management, Distribution Channel Management, and Performance Evaluation. Maximizing Revenue Per Available Room

(RevPAR)—the product of Average Daily Rate (ADR) and Occupancy (OCC) (Bartz, 2007)—has traditionally been the most critical performance criterion.

The COVID-19 crisis, however, created an unparalleled market environment that tested this traditional model. While the core RM process was not invalidated, the importance of its components shifted significantly (Guillet & Chu, 2021). They note that the importance of upstream processes such as business analysis, pricing strategy, and demand forecasting increased, while the importance of implementation stages like inventory optimization and booking controls relatively declined. This strategic adaptation, influenced by various managerial and tactical factors (Piga et al., 2022), is closely linked to the challenge of building organizational "resilience" (Rahim et al., 2024), implying that RM's role has evolved from a mere tactical tool to a comprehensive management strategy aimed at business survival.

A longitudinal analysis by Talón-Ballesteros et al. (2023) reveals how these resilience strategies were executed. In the initial phase, hotels prioritized flexible cancellation policies and enhanced hygiene standards to maintain customer trust. This strongly suggests a strategic pivot, valuing long-term reputation and customer relationships over short-term revenue. In the Japanese context, Sawayanagi (2024) observed a "liquidity trap" phenomenon in Tokyo business hotels, where lowering ADR did not increase OCC, and highlighted efforts to find non-accommodation uses for hotel facilities.

Building upon these findings, this study examines how these trends have evolved in the post-pandemic recovery phase. While existing literature documents the pandemic-induced shift from a revenue-oriented to a profit-oriented approach (Uetake and Aoki, 2023), a theoretical framework explaining how this new approach integrates RM with overall business strategy and operational sustainability remains underdeveloped. This study, therefore, aims to fill this critical gap by providing an in-depth analysis of post-pandemic Strategic Revenue Management.

Methodology

To identify the evolving role of revenue management in Japanese resort hotels, this article adopts a qualitative, case-study approach. The primary data collection method consisted of semi-structured interviews with revenue managers and general managers at three distinct resort hotels in the Okinawa area.

- Hotel A (Mid-size 5-star luxury resort hotel)
- Hotel B (Large-size 5-star luxury resort hotel)
- Hotel C (Mid-size 4-star luxury resort hotel)

The purpose of this study is not quantitative generalization but to gain a deep and rich understanding of the processes and mechanisms of strategic change. As an exploratory study, three cases were selected based on purposeful sampling to represent different market positions (5-star and 4-star). This comparative selection allows for an initial exploration of whether strategic shifts differ by competitive context, providing rich, contextualized insights. This case study approach is particularly well-suited for answering the "how" and "why" questions posed by this research in a real-world setting (Yin, 2018).

Interviews were designed to elicit in-depth insights into the three core research topics: changes in the business environment, the evolution of RM strategies, and the changing role of the revenue manager. The semi-structured format allowed for flexibility, enabling the exploration of emergent themes while ensuring that key topics were consistently covered across all interviews. The interviews were conducted between November 2022 and October 2024 and were transcribed verbatim. The principles of qualitative content analysis guided the analytical process. The researchers repeatedly read the transcribed text to gain a comprehensive understanding. Following this, relevant segments of the text were systematically identified and coded. These codes were then grouped into categories based on similarity of content to organize the data. Finally, these categories were compared and synthesized to answer the research questions, forming the basis of the key themes presented in this study.

Interview Survey

This section provides a detailed insight gathered from the semi-structured interviews with revenue managers at three resort hotels in Okinawa. Each case will be presented to highlight the specific challenges, strategies, and innovations implemented in response to the post-pandemic environment.

Hotel A

Hotel management during the COVID-19 pandemic prioritized maintaining service quality and brand reputation over short-term revenue.

1. Changing the priority: During the pandemic, maintaining customer satisfaction (reputation) became the top priority over revenue, preparing for an early transition to the recovery phase.
2. Introduction of new metrics: The Guest Satisfaction Index (GSI), which measures customer satisfaction, was introduced as a new key metric, replacing traditional financial indicators such as RevPAR (Revenue Per Available Room).
3. Focus on loyalty members: Efforts concentrated on acquiring visiting guests as loyalty members. For existing members, loyalty was strengthened by providing even more attentive service during check-in, restaurant visits, and other interactions.

The role of the revenue manager changed as follows.

1. Shift from “revenue focus” to “profit orientation”:

Following the pandemic, the objective of revenue management changed from the traditional “revenue focus” (maximizing revenue metrics like RevPAR) to a “profit orientation.”

2. Integration of staffing and cost management:

Rather than simply adjusting prices to boost revenue, deeper consideration was given to costs like labor shortages and personnel expenses.

3. Profit-based decision making:

Discussions now constantly weigh whether keeping staff active without subsidies or furloughing staff to receive government aid yields higher profitability for the hotel,

determining operational viability. This signifies revenue managers collaborating with sales and HR departments to adopt a more business-oriented perspective.

Moreover, to align fluctuating demand with hotel capacity, the communication skills and coordination role of revenue managers became critically important.

1. Capacity-based adjustments: To prevent service quality deterioration due to labor shortages, revenue managers set occupancy caps to avoid exceeding the hotel's capacity. They also controlled ADR (Average Daily Rate) accordingly.
2. Coordination across departments: Revenue Managers were required to make agile adjustments to pricing and occupancy strategies in coordination with operational conditions on the ground (e.g., F&B departments), such as deciding weekly whether to open or close restaurants.
3. Reputation management: Maintaining customer satisfaction (reputation) took priority over revenue. Revenue managers needed to ensure pricing and occupancy decisions did not compromise reputation metrics.

Hotel B

The role of the revenue manager changed as follows.

1. Fundamental shift in distribution strategy toward “members and direct bookings”:
To counteract the loss of demand caused by the pandemic, the revenue manager focused on strengthening the hotel's direct customer touchpoints rather than relying on external OTAs and travel agencies. During the period of vanished demand, the revenue manager concentrated on direct bookings and approaches to members (loyalty members).
2. Increased importance of “balance management” to maintain the required profit:
Post-COVID, while ADR rose significantly, costs (labor, cleaning, supplies, utilities, etc.) also increased. The revenue manager strongly focused not only on “maximizing revenue” but also on “securing profit margins.” They also assumed responsibility for managing the balance between service quality and costs to justify and sustain higher rates.
3. Digitalization and involvement in organizational structure:
With the advancement of digital booking channels, revenue managers have also become involved in organizational restructuring. To support strategies prioritizing loyalty members, they have participated in reorganizing structures, such as establishing dedicated loyalty teams within the company.

To align fluctuating demand with hotel capacity, the communication skills and coordination role of revenue managers became critically important. Against the backdrop of post-COVID cost increases and a high-price strategy, their role in collaborating with operations and departments to manage the balance for maintaining profit margins has become critical.

1. Consideration of cost management:
While ADR has significantly increased, costs such as labor, cleaning, supplies, and utilities have also risen. Revenue managers take these cost factors into account and, in collaboration with

other departments, pursue the optimal balance between profitability and costs to address the challenge of profits not increasing as expected, not just focusing on sales revenue.

2. High Price Maintenance:

To maintain service quality commensurate with high room rates (ADR), revenue managers play a role in ensuring the justification of pricing while incorporating information on on-site operational conditions and resources (staff, supplies, etc.).

Hotel C

During the COVID-19 pandemic, the hotel occupancy rate dropped by approximately 20%. The proportion of reservations made through OTAs decreased, while the proportion of direct bookings increased. Reservations made through the hotel's own website incur no commission fees, making them preferable for the hotel. The website was designed to be advantageous for customers as well. With revenue declining during the pandemic, their focus changed towards increasing sales through the hotel's own website—the channel with the highest profitability—to improve profitability even slightly.

Revenue managers now play a more strategic and multifaceted role, balancing revenue, costs, and service quality while monitoring competitors weekly amid declining demand and rising costs.

1. Implementing competitive pricing strategies to secure occupancy:

With demand significantly declining, the policy revenue managers adopted was “lower prices to secure occupancy”. They checked competitors' pricing trends weekly and implemented price strategies to capture demand accordingly. When occupancy lagged, they lowered rates slightly to attract sales volume, using rate-checking tools for granular control.

2. Leading the shift in distribution channels (booking pathways):

The longstanding structure reliant on travel agencies collapsed, prompting revenue managers to spearhead a shift toward internet channels. Strengthening direct bookings to increase the proportion of bookings from the hotel's own website, they implemented strategies offering member discounts and exclusive web-only plans.

3. Involvement in cost and operational control:

To address staff shortages and deteriorating business conditions, revenue managers impacted not only ADR but also hotel operational structures. For example, they set upper limits on occupancy rates. As staffing shortages worsened, they shifted to a strategy of securing RevPAR by limiting occupancy to around 90%. They were also involved in adjusting the scale of restaurant operations. By reducing restaurant operations based on guest numbers and switching to operating only a few restaurants, they aimed to reduce costs.

Findings

The analysis of the interviews revealed several interconnected themes that align with the research questions. These findings illustrate a clear evolution in revenue management practices, driven by changed market circumstances and new operational realities. These interconnected themes are summarized in Figure 1.

Key Changes in the Business Environment

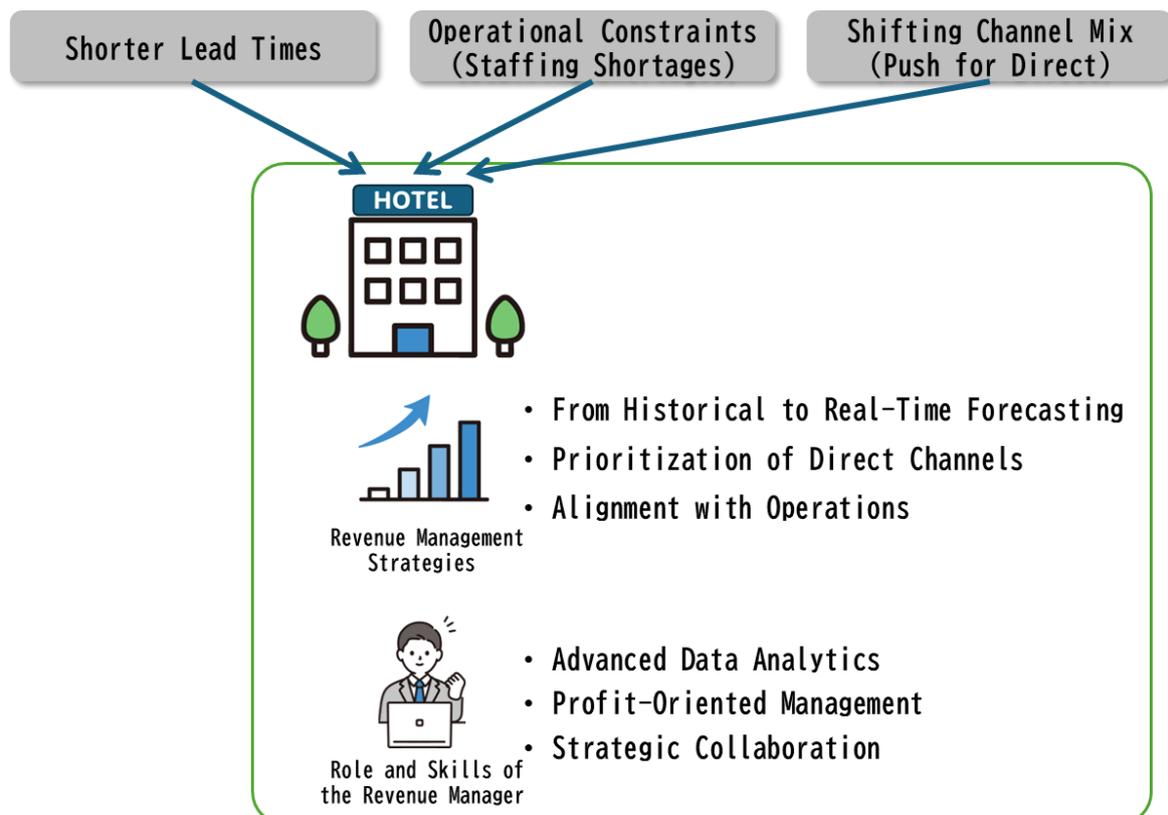


Figure 1: Changes in Revenue Management

Key Changes in the Business Environment

A consistent finding across all properties was the dramatic shortening of reservation lead times. Increased uncertainty in travel planning has led guests to book much closer to their stay dates compared to the pre-pandemic era. Furthermore, the composition of distribution channels has shifted. While OTAs and traditional travel agents remain relevant, their relative importance has declined. All revenue managers interviewed reported a strategic push to increase direct bookings to build stronger customer relationships and improve profitability.

Evolution of Revenue Management Strategies

In response to the volatile environment, RM strategies have become more agile and data-driven. Key evolutions include:

- **From Historical to Real-Time Forecasting:** Managers have shifted from relying on past booking patterns to analyzing real-time data, including website traffic, search trends, flight booking data, and competitor pricing.
- **Prioritization of Direct Channels:** Hotels are actively investing in their websites, loyalty programs, and direct marketing efforts. This involves offering exclusive perks, personalized communication, and a seamless booking experience to capture and retain valuable customers.
- **Alignment with Operations:** With persistent staffing shortages, RM is no longer an isolated function. Pricing and inventory decisions are now made in close collaboration with operations to ensure that service quality can be maintained. For example, room availability may be capped not by physical capacity, but by the capacity of

housekeeping or F&B staff, a practice that directly links revenue strategy to operational reality.

The Shifting Role and Skills of the Revenue Manager

The expected role of the revenue manager has expanded significantly. It is no longer confined to pricing and inventory control but has evolved into a more strategic, cross-functional position. The requisite skillset has broadened to include:

- **Advanced Data Analytics:** The ability to interpret complex, real-time datasets and utilize business intelligence (BI) tools is now essential.
- **Profit-Oriented Management:** A deep understanding of cost behavior (including fixed and variable) is crucial for making decisions that optimize GOPPAR (Gross Operating Profit Per Available Room), not just RevPAR.
- **Strategic Collaboration:** Revenue managers have to work closely with marketing, sales, and operations to ensure a cohesive commercial strategy. They are increasingly involved in strategic decision-making that impacts the entire business.

Discussion and Implications

The findings of this study indicate that while the core purpose of revenue management remains, its practice and strategic importance have been elevated in the post-pandemic era. This evolution from a traditional, revenue-focused model to a modern, strategic-focused one is synthesized in Table 1.

Table 1

The Evolution from Traditional to Strategic Revenue Management

	Traditional RM (Pre-Pandemic)	Strategic RM (Post-Pandemic)
Objective	RevPAR Maximization	Profit Maximization & Sustainability
Data Source	Historical Data	Real-Time Data Analysis
Key Strategy	Tactical Pricing & Inventory Control	Alignment with Operations
Scope	Siloed Function	Cross-Functional Integration
Manager Role	Specialist	Strategic Leader & Collaborator

The shift from a purely revenue-focused role to a profit- and strategy-focused one, as noted by Uetake and Aoki (2023), has not only continued but also accelerated. The modern revenue manager is a strategic leader who leverages data to navigate uncertainty and align commercial objectives with operational capabilities.

Furthermore, a comparative analysis of the cases reveals how these strategic shifts emerge differently depending on the hotel's market position. While RM approaches of all properties moved towards a profit-oriented and operationally-aligned, pricing strategies diverged significantly. Hotels A and B, as 5-star luxury properties, emphasize maintaining brand integrity and service quality, justifying their high price rate strategy even at the risk of lower

occupancy. They focused on long-term value creation for less price-sensitive customers. In contrast, Hotel C, a 4-star property facing a more competitive market segment, adopted an aggressive pricing strategy to secure sales volume, checking competitors' room rates weekly to capture immediate demand. This difference in response suggests that while the fundamental principles of post-pandemic RM are universal, their tactical application is highly contingent on the specific competitive context and brand identity of each property. However, Hotel C's approach aligns with the profit-oriented shift; for mid-scale properties, securing base occupancy through competitive pricing is often a prerequisite for driving higher-margin direct bookings. To succeed in this new environment, they must:

1. **Embrace Data-Driven Decision-Making:** Move beyond historical data and invest in technology and talent that can harness real-time market intelligence.
2. **Implement Flexible and Dynamic Strategies:** Adopt flexible pricing models and channel management strategies that can adapt quickly to changing market conditions.
3. **Foster Cross-Functional Integration:** Break down silos between revenue management, marketing, sales, and operations to create a unified commercial strategy focused on long-term profitability and guest satisfaction.

These strategic imperatives not only enhance profitability but also pave the way for a more sustainable and technologically integrated future. While this article did not find widespread implementation of advanced AI systems, the findings reveal a critical "pre-AI" strategic evolution. The shift from relying on historical data to analyzing real-time data is a fundamental prerequisite for any meaningful adoption of AI. This cultural and technological groundwork is essential before AI can be effectively leveraged for more sophisticated tasks. For instance, once this foundation is established, real-time data analysis and AI-driven demand forecasting can help prevent over-staffing and food waste, directly contributing to the sustainable operation of hotels.

Furthermore, the findings directly link to the concept of sustainable business beyond technology. The alignment of RM with operational realities, such as capping occupancy to match staffing levels, is a clear move towards operational sustainability, preventing employee burnout and preserving service quality. This demonstrates that strategic revenue management is becoming an integral part of responsible and sustainable hotel governance.

Conclusion

This article examined the evolving role of the revenue manager in Japanese resort hotels following the COVID-19 pandemic. Through a case study of three properties in Okinawa, we identified key changes in the business environment, a corresponding evolution in RM strategies, and a significant expansion of the revenue manager's role. The pandemic has acted as a catalyst, accelerating the shift towards a more strategic, data-driven, and integrated approach to revenue management.

This research contributes to the understanding of post-pandemic hospitality management by providing a contemporary snapshot of RM practices in a key resort market. A limitation of this study is its focus on a single geographic region. Future research could expand this analysis to other areas in Japan or conduct a quantitative survey to validate these qualitative findings on

a larger scale. As the hotel industry continues to evolve, ongoing research will be crucial to help hotels adapt and thrive in a changing world.

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