THE STUDY OF REVENUE MANAGEMENT OF RETAILERS OF FAST-MOVING CONSUMER GOODS (FMCG) PRODUCTS AND HOTEL SECTORS IN NAGPUR DISTRICT

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Abstract:

One critical component of high revenue streams is revenue management, as it maximizes profitability while minimizing conflict over the limited local resources. Within the hospitality sector, revenue management strategies have been thoroughly investigated, in particular with regard to the means to compare their practice at the district level with that of Fast-Moving Consumer Goods (FMCG) retailers. This research is a comparative study of revenue management strategies adopted by FMCG retailers and hotel businesses located in the Nagpur District. The study examines pricing strategies, control of inventory management of demand and supply, demand forecasting, promotion strategies, segmentation of clients, and adoption of technology by businesses and consumers. Through the use of primary data collected from the structured questionnaires on interviews and secondary data from industry reports, the comparison presents the similarity and dissimilarity in sectoral challenges. The study mulls over two distinct dissimilar viewpoints, which include the dynamic pricing and the use of more advanced forecasting tools by hotels and more input-oriented strategies involving higher volumes, supplier agreements, and high-rate inventory turnaround in FMCG trade houses. Consequently, they try to mix both as far as relevant to suggest some strategic recommendations, where cross-sector learning could be established for revenue optimization.

Keywords: ***Revenue Management, FMCG Retailers, Hotel Industry, Pricing Strategy, Demand Forecasting, Nagpur District***

Introduction:

Revenue management is given as much value as a competitive market, where income has been tied for a long time. This may be about the pricing procedures: the predictability of demand, the controllability of inventory load, and the segmentation of markets to raise revenue. It was commercial aviation companies that first launched practices related to the development of revenue management. Today, it is one of the essentials, and there is hardly any market nowadays that is viable for survival without revenue management to handle issues such as the retail and hospitality sectors, which are pretty unstable with a quick change in demand and prices driving performance to the edge.

The food retail sector is an important part of the retail industry, together with hotels, but they are completely different in their operational functioning. FMCG retailing is high on low-margin products, but they move the stock many times faster. The trading cost, as per the market, defines price-based selling of more than hundreds of commercial value bills. They are trying to see how they can maximize the utility from the various elements in stock optimization, trade rebates, or even promotional routines drawn from a minority source. Hotels keep perishable room inventories, as lost revenue arises from unsold space capacity. Indeed, the highest revenue thresholds in these industries run dynamic pricing, followed by occupancy management and then booking online.

Objectives of the Study:

1) To analyze revenue management practices adopted by FMCG retailers in Nagpur District.
2) To examine revenue management strategies used in the hotel sector in Nagpur.
3) To compare pricing, inventory, forecasting, and promotional techniques between both sectors.
4) To identify challenges faced by both sectors.

5) To provide recommendations for improving revenue optimization.

Research Methodology:

The study adopts a descriptive and comparative research design to analyze revenue management practices of FMCG retailers and hotel sectors in Nagpur District. Primary data was collected through structured questionnaires and interviews from 100 FMCG retailers and 50 hotel managers using convenience sampling. Secondary data was obtained from journals and industry reports. Data analysis was conducted using the percentage method, comparative tables, and graphical representation to evaluate differences in pricing, forecasting, and revenue strategies.

Revenue Management of Retailers of Fast-Moving Consumer Goods (FMCG) Products and Hotel Sectors in Nagpur District:

Revenue management has become highly important to business strategy in competitive markets. This constitutes a pricing structure that sees systematic demand forecasting, inventory or capacity management, and promotional planning as very important tools in the struggle to maximize profitability. This paper is largely a comparative study on ways in which revenue management has been applied at FMCG retailers and hotel businesses in the Nagpur district in Maharashtra, a fast-growing commercial and logistics hub.

FMCG retailers do operate with a criterion of high-volume, low-margin products that frequently reach out to consumers with very high price sensitivity to competitors. These firms do their best to establish the process of revenue management through keeping an eye on fixed MRP-based pricing, supplier trade discounts, bundle offers, and festival promotions. Good inventory management and the high rate of stock turnover are tied to good sales data-based demand forecasting to maximize profitability. However, they meet challenges like thin margins, often losing out on items when they expire, and difficult credit adjustments due to intense competition.

Contrastingly, the hotel industry concerns inventory perishability, where unsold capacities are worth lost revenue. In more specific examples, hotels use dynamic pricing, frequent seasonal rate adjustment, and occupancy management by using advanced optimization techniques and forecasting tools that are also advanced. ADR and RevPAR are units of RO. This paper aims to explore differences between hotel and airline firms, in particular relating to pricing flexibility, the extent to which technology is used, and variations in demand behaviors, such that it is sufficient to improve revenue optimization strategy in the two sectors.

Analysis and Interpretation of Data:

Table 1: Pricing Strategy Adopted

Pricing Strategy	FMCG Retailers (n=100)	Percentage (%)	Hotels (n=50)	Percentage (%)
Fixed Pricing (MRP)	82	82%	5	10%
Discount-Based Pricing	76	76%	18	36%
Dynamic Pricing	12	12%	41	82%
Seasonal Pricing	48	48%	38	76%
Bundle/Package Offers	69	69%	32	64%

Table 2: Inventory / Capacity Management Practices

Practice	FMCG Retailers (n=100)	Percentage (%)	Hotels (n=50)	Percentage (%)
High Turnover Focus	88	88%	15	30%
Just-in-Time Approach	61	61%	10	20%

Manual Monitoring	54	54%	6	12%
Software-Based Monitoring	46	46%	39	78%
Overbooking Strategy	—	—	28	56%

Table 3: Demand Forecasting Methods

Forecasting Method	FMCG Retailers (n=100)	Percentage (%)	Hotels (n=50)	Percentage (%)
Historical Sales Data	91	91%	36	72%
Seasonal Trend Analysis	73	73%	41	82%
Data Analytics Software	18	18%	34	68%
Supplier/Market Input	67	67%	20	40%
Event-Based Forecasting	25	25%	38	76%

Table 4: Promotional Strategies Used

Promotional Technique	FMCG Retailers (n=100)	Percentage (%)	Hotels (n=50)	Percentage (%)
In-Store Displays	84	84%	12	24%
Loyalty Programs	58	58%	33	66%
Trade Schemes	72	72%	8	16%
Online Promotions	29	29%	44	88%
Festival Offers	77	77%	35	70%

Table 5: Major Challenges in Revenue Management

Challenges	FMCG Retailers (n=100)	Percentage (%)	Hotels (n=50)	Percentage (%)
Thin Profit Margins	86	86%	19	38%
Expiry/Wastage	64	64%	—	—
Intense Competition	79	79%	34	68%
High Fixed Costs	28	28%	43	86%
Demand Fluctuation	49	49%	42	84%
Credit Recovery Issues	71	71%	9	18%

Findings of the Study:

The data indicates that 82% of FMCG stores have a fixed MRP-based pricing system, while only 10% of the hotels are enjoying fixed pricing. In contrast, 82% of hotels have adopted dynamic pricing, while only 12% of FMCG retailers execute dynamic pricing. Moreover, seasonal pricing practices are seen in 76% of hotels and 48% of FMCG retailers. They even offer a bundle or package deal, and 69% of FMCG and 64% of hotels have practices in those offered packages. Even 80% of FMCG retailers do not have the flexibility in doing their pricing as compared to the health exemplars. This was dictated by a strict set of rules and regulations regarding MRP, along with extremely competitive market pricing pressure. In the hotel industry, this flexibility is confirmed in dynamic pricing interspersed with seasonal pricing for more advanced revenue optimization.

Most FMCG retailers had a focus on high inventory turnovers (at 88 percent), with just around 30 percent for hotels. Hotels have embraced software applications over the past decade, which allows them to undertake real inventory monitoring equivalent to 78%, while only 46% of FMCG retail shops do. Additionally, 56 percent of hotels use overbooking strategies, which are irrelevant to the FMCG industry. Revenue management in FMCG often pivots around managing a physical stock while significantly moving up inventories quickly. Also, being light on perishable furniture inventories, hotel plus technology, and strategic management of capacities leans more toward occupancy and revenue rise than FMCG does.

Historical sales data stands out when adopted in both FMCG and hotels (with 91% and 72%, respectively). In FMCG retailing, however, only 18% use data analytics software, contrasting with 68% in hotels. Besides, event-based forecasting constitutes a lower percentage (25%) in FMCG retail compared to that (76%) in hotels.

This event-based forecasting in hotels is attributed to the use of advanced as well as venturing forecasting techniques for deriving fluctuating demand patterns based on tourism, business travel, and local events. Such kinds of patterns are seen as event-based by hoteliers. Fluctuations are usually not the same for all days of the year, but FMCGs mainly apply traditional forecasting methods and rely on demand patterns based on suppliers. FMCG retailers usually devote themselves more to in-store displays (84%) and trade schemes (72%) than to internet promotion; most of the hotels rely on promotions through the website itself (88%). However, there is little similarity, with both producing loyalty programs (58% FMCG, 66% hotels).

On the one hand, guest houses have usually utilized digital marketing tools to target guests and commercial transactions because they want to scale up and survive. The margin erosion percentage is typically significant among FMCG retail associates (86%), whereas it is 86% among hotels, where costs are fixed. When viewed in a percentage context, already burdensome demand fluctuations (84% for hotels) make FMCG retail demand (49%) seem more like a breeze by comparison. Recovery constraints on the fund affect FMCG trading houses more (71%) than those found in hotels (18%).

Typically, nobody has been able to do much other than take as a granted fact about the margin pressure and not worry overmuch about it. The strict ban makes the future obscure to most people; similarly, no one will notice the pressures exerted by margin erosion in retailers. This is an epic issue in the industry, with margin pressure making it hard for retailers to get over this uncertainty. Most companies would regard this as a nothing thing for an extremely serious issue.

Discussion:

Customarily, the FMCG sale lies in one lane, while on the other side, everything you can think of in terms of hotels is at stake. All through the research, the difference is spelled out pertaining to revenue management practices. These differences mainly relate to the nature of the items sold in FMCG and hotel companies and the types of operational structures, because they incorporate volatility in demand. The most basic characteristics of FMCG retailers are the scale of sales and profitability of a fixed MRP-based dependency over differential trading discounts and supplier schemes, because that is how product stock gulping down requires many FMCG retailers. But on a different note, the hotel industries are oriented toward dynamic pricing, seasonal rate fluctuation, and upsell rates. It seemed to move more in line with modern & flexible ways of revenue optimization.

Hotels overbook their perishable room inventories using software-based systems to maximize occupancy. Fast inventory turnover is the best way to minimize holding costs and minimize losses on expiry under FMCG. There is no question of very low margins and credit problems in relation to FMCG, as hotels always seem to have relatively high levels of volatile demand and fixed costs. Hotels get into new-age revenue practices due to advances in technology, which enable steady cash flow and stable demand for FMCG. Media for promotion changes as FMCG is more store-based and hotels are into virtual and digital marketing strategies, like all other content. Demand, just like FM, fluctuates and is tourism- and event-based. Events are expected to affect both FMCG companies due to high demand and cash flow stability, and the same is experienced for hotels too, although in different proportions, as overbookings are done in hotels to maximize the occupancy, and the planning is entirely software-based.

Conclusion:

Prevalent operations in the FMCG and hotel sectors of Nagpur District demonstrate that there is no difference when it comes to engaging in revenue practices, but there is in how flexibly the pricing is done, how fast the demand varies, and how much need there is for technology in the running of these operations. Although both sectors are eager to harvest maximum revenue, their targets differ due to the products and services they offer. Most FMCG retailers operate business with set fixed MRPs with limited flexibility, using trade sale discounts, promotional schemes, and high inventory turnover to maximize profit. They employ a high sales-volume approach to revenue management, operationally effective. Demand has been relatively stable in FMCG, whereas traders face erratic profit margins, intense competition, loss from expiry, and credit recovery issues. On the contrary, the hotel industry harbors a lively trend through technology in creating revenue. Hotels avail themselves of dynamic pricing, seasonal rate adjustments, utilization of rooms that perish, and some optimized management techniques. Forecasting tools are reliant on swiftly capturing perishable room stocks and creating high demand. This industry is quite demand-driven and office-risked due to its flexible pricing strategies and highly digitalized marketing channels. Observing individual providers in each method, quite a dissimilarity fully lies in the adoption of dynamic pricing, but with a common ground between the trends—the usage of technology in driving their revenue. Both sectors sometimes experience high demand and an unexpected fall in demand that might be satisfied because of their operational nature. Finally, it is seen from the discussion that the hotel industry has a greater maturity value in revenue management systems as compared to FMCG retailers, as the latter maintains a consistent cash flow and demand management. Learning across sectors can possibly be there, but it becomes more relevant in technology adoption and data-driven decision-making. Having a better revenue management system is vital both for improving profits by generating higher revenue and for sustaining competition in both sectors, local to the Nagpur district.

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