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DEMAND FLUCTUATION IN OFF SEASON

Case Study of Summit Hotel, Lalitpur, Nepal

Thesis

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ABSTRACT

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Name of thesis DEMAND FLUCTUATION IN OFF SEASON Case Study of Summit Hotel, Lalitpur, Nepal		
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<p>Seasonality is known as one of the most typical features of the tourism industry, affecting positively or negatively on tourism including the hotel industry. Seasonality demands have been a major problem for the hotel industry and have had a negative impact, such as, difficulties in gaining access to capital, low returns on investment and the inefficient use of resources. The phenomenon of seasonality imposes greater risks for tourism.</p> <p>This thesis concerned with a case study of a three star hotel of Nepal named Summit Hotel. Tourism as well as agricultural sectors depends upon the season in Nepal. It has been a challenge to make a business during off season for most of the hotels. This thesis was therefore aimed to develop particular opportunities for the hotel industry to increase demand in low season. The whole research was about the impact of seasonality in this hotel. This thesis also tried to evaluate current trends of tourists' inflow on a national level, and analyze the most effective factor of seasonality. The objective of the study was to explain some new ideas for maintaining off season and service management. Moreover, this thesis recommended or suggested some new policies and plans for the development of the hotel industry. This also implied the effects in the accommodation sector during low season.</p> <p>The study observed problems and key features of seasonal effects on the hotel industry. The methodology of this work included secondary collected for the quantitative research and a qualitative case study including semi- structured interviewing, and a text analysis of the website of Summit Hotel. After the analysis of Summit Hotel, it became apparent that the hotel has good condition during 2011 and there should be some necessary of improvement services and facilities, and a website could be linked with a social network. To promote the hotel good marketing strategy is the strongest part to increase guests in off season as well as main season.</p>		
Key words Accommodation services, marketing strategy ,off season, Nepali hotels, seasonality		

ABSTRACT

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ABBREVIATIONS

ASBTDC	Arkansas Small Business and Technology Development Center
HAN	Hotel Association of Nepal
KEEP	Kathmandu Environmental Educations Project
MOTCA	Ministry of Tourism and Civil Aviation
MOCTCA	Ministry of Culture, Tourism and Civil Aviation
NIDC	Nepal industrial Development Bank
NTB	Nepal Tourism Board
NTY	Nepal Tourism Year
UNEP	United Nations Environment Programme, Beacon Press
YHA	Youth Hostel Association
YMCA	Young Men's Christian Association
YWCA	Young Women's Christian Association

1 INTRODUCTION

Tourism is an important business in the development industry all over the world, which includes several areas such as economy, accommodation, transportation, catering, recreation, and services for visitors. People want to visit new places for different purposes and wish to have good and high quality service at the destination. Accommodation is a very basic service offered at any tourist destination for staying over nights or other services. Hotels are the most recognizable element among all other in the accommodation sector. The hotel industry has bright visions for the growth of the travel and tourism industry. It has important aspects of a country's infrastructure as well as it provides the largest total employment in global terms. Hotel industries are service oriented which means an active involvement in customer services. There are many factors that affect the hotel sector. Seasonality is one factor which affects either positively or negatively. Mostly seasonality has affected a specific resort rather than other types of hotels. It is difficult to earn access capital, low return on investment and adequate utilization of resources in hotel industries due to seasonality in the aspect of economy. In the same way, seasonality has positive aspects also, such as after using tourism resources during a peak season, it can be a long rest period which can be better than continuous use. The seasonality is a major challenge for the tourism industry, so there needs to be some strategies and policies for managing seasonality.

This thesis is concerned with a case study of a three star hotel of Nepal named Summit Hotel. Tourism as well as agricultural sectors depends upon the season in Nepal. It has been a challenge to make a business during off season for all hotels. This thesis is therefore aiming to develop particular opportunities for the hotel industry to increase the demand in low season, and to know seasonal patterns, the effects by seasonality factors in overall. The whole research was about the impact of seasonality on this hotel, this thesis also tries to evaluate current trends of tourists' inflow on a national level and analyze the most affected factors of seasonality.

The researcher does not have sufficient time for very in- depth investigations. That is why this thesis focused on specific hotel of Nepal rather than all accommodation sectors, here the researcher is going to study about the effect of off season on Summit Hotel. The main

aim is not to focus on the economics part or capital returns of the hotel. It will be focusing on the effect of seasonality in number of visitors during the off season, and the employment situation for the whole season. The secondary data will be taken from the reservation department to analyze the target group regarding seasonal patterns and seasonality factors for the hotel. The research will be limited in form of secondary data, semi- structured interview and text analysis. The information will be chosen from the marketing department about promotional methods for off season.

The theoretical framework of this thesis consists of seasonality where it will explain about factors, effects and managing strategies of seasonality in tourism. More details of the accommodation sector will be discussed in the third chapter, which includes different types of accommodation, more detail about hotels and effects of seasonality on the accommodation sector. The present situation of the hotel industry in Nepal and seasonal pattern in the tourism industry will be discussed after the details of accommodation. Lastly, different research tools will be applied for analyzing the seasonality in New Summit Hotel. It could be given clear picture about seasonality and its effect from this thesis.

2 SEASONALITY IN TOURISM

Seasonality is one of the main defining characteristics of global tourism. The concept of seasonality can have several differing definitions and, on the other hand, many definitions have similarities with each other. In this chapter, the main terms are to be discussed about seasonality and describe its various definitions. The second sub chapter will discuss seasonality demand, causes, impact and measure of seasonality in tourism. Natural factors are not the only components of seasonality in off season, this will be discussed in another sub chapter, and management strategies of seasonality will be under the last sub heading for this chapter.

Seasonality is an important factor in the tourism industry. Economically, ecologically and socially it can have many negative influences on a destination because of seasonality, but at the same time it may provide a time for both the environment and the host communities to recover from the stress of the peak season (Weidner 2006, 4). The term seasonality refers to the intra year fluctuations of a given variable or indicator to the extent that such fluctuation is a reasonable effect and may be either indirectly or entirely unobservable. Any variable that demonstrates a fairly predictable and regular intra year pattern of fluctuation is said to exhibit a seasonal tendency. (Berstein 1998, 15.)

Seasonality introduces a number of issues that require special attention and strategies which affect the number of tourists coming to the business region and adding to the viability of the business region. For example, seasonality may place great pressure on tourism enterprises for employees even though there is well organized business, appropriate staff and enterprises located in the most popular area. (Lee, Bergin & Graeme 2008, 1.)

Seasonality means changes in business, employment or buying patterns which occurs predictably at given times of the years. On a business site, seasonality is defined as seasonal fluctuation in economic or business activity which occurs again and again regularly during a year as a result of changes in climate, holidays and vacations (Dictionary of Finance and Investment Terms 2011). Seasonality indicates the subject matter of fluctuations of demand or supply in the tourism industry which are effected due

to weather conditions, public and school holidays. (Cooper, Fyall, Gilbert & Wanhill 2005, 279.)

Seasonality is one of the most distinctive features of tourism and it is a most typical characteristic of tourism on a global basis after the movement of people on a temporary basis. Seasonality can also be defined as temporal imbalance in the phenomenon of tourism, which may be expressed in terms of dimensions of such elements as numbers of visitors, expenditure of visitors, traffic on highways and other forms of transportation, employment and admissions to attractions. Seasonality notes two basic origins of the phenomenon that is natural and institutional. Natural seasonal variation is the result of regular variation in climatic increases according to distance from the equator. Institutional seasonality is the result of human decisions and is much more widespread and less predictable than natural seasonality. It is the outcome of a combination of religious, worship, holidays or pilgrimages and industrial holidays are good examples of institutional seasonal variation in demand for tourism services. (Baum & Lundtrot 2001, 1.)

2.1 Seasonality of demand

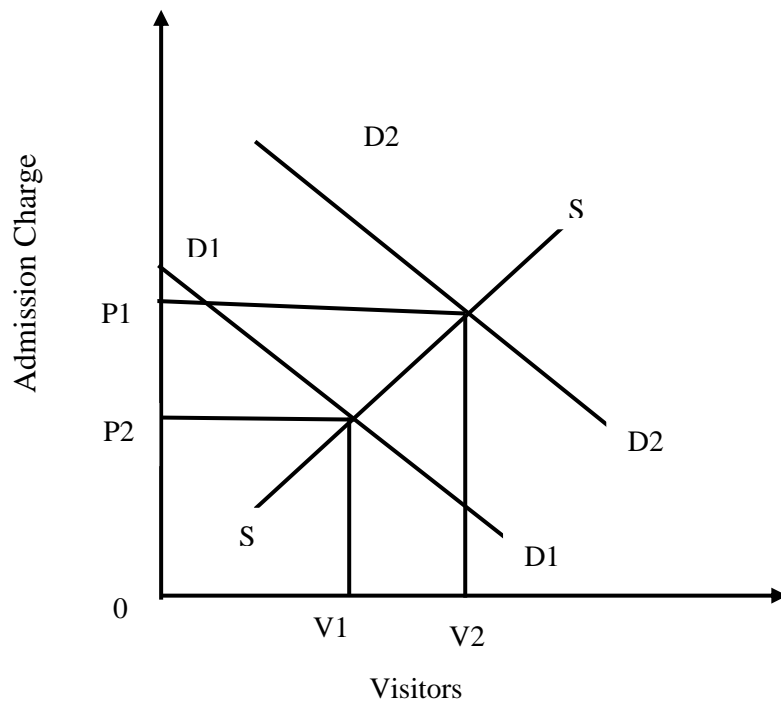
Seasonality is one of the most important features of tourism and impacts on many prospects of the tourism industry. A seasonal tourism demand forecast is essential for the preparation of effective marketing strategies and tourism policies for both private and public sectors. Nowadays seasonality is one of the most significant tourism research areas. Seasonality is important for tourism demand time series, modeling and forecasting seasonal tourism demand. (Shen, Li & Song 2009, 694-695.) Climate, the natural environment and personal safety are the three primary factors in destination choice, therefore climate change is predicted based on these factors. Climate is also a principle driver of seasonality in demand that is described as one of the most challenging features of the tourism industry. (Cooper et al. 2005, 293.)

A destination that is essentially attractive because of its beaches and hot summers have a high seasonal demand. The same applies to the demand for holidays at a ski resort that has snow for only a part of the year. It is not possible to accumulate the product like a hotel room that is unsold on a particular night, an unsold seat on a flight or an unsold theatre

ticket, all have an economic value of zero. Seasonality demand therefore causes main problems for the tourism industry. It can result in seasonal employment for employees or overloading by some destinations and business at times of peak activity to compensate for low demand in off- season which leads to overcrowding, overbooking, high prices and ultimately to customer dissatisfaction and a worsening of the reputation. A response to seasonality to reduce it is necessary in order to create or shift the demand to the shoulder or to other months through setting the price differential or through the introduction of all year round facilities.

Substantially there are different levels in demand for the tourism product on different days of the same week, depending on the precise business or activity involved. For example, a hotel often practice differences in room bookings at weekends compared with weekdays where a hotel is able to accommodate business people during weeks at high prices and best only reasonable occupancy at weekends through special offers. The tourism demand can be developed into formal and often complex models, such as, different business activities, festivals, games or exhibitions which cause cycles in the tourism movement. (Cooper et al. 2005, 114-115.)

Seasonality becomes an issue for the tourism industry. It also affects tourist attractions, tourist products and the visitor experience which cannot be stored. It makes high demand on a fixed number of days per annum when capacity is likely to be reached or exceeded. This means that the attraction has too much capacity most of the time of the year. If a product is more storable, the level of investment is as a result more than what would be required. Here is one example regarding an attraction that is affected by seasonality.



GRAPH 1. Seasonal demand (adapted from Cooper et al. 2005, 331.)

Graph 1 indicates the pricing policy of the tourism industry which is affected by seasonality. The Horizontal axis shows changing prices ($P1$ and $P2$) during peak and off season and visitors ($V1$ and $V2$) in the vertical axis. SS is the supply schedule that represents the increment cost of expanding visitors numbers. $D1D1$ is off season demand, and $D2D2$ is demand for the visitor experience in the peak season. The Market requires a policy of seasonal price differentiation where it is charging $P2$ in main season and $P1$ in off season. It shows higher price in main season and lower charge in off season. Most of the tourism attraction managers are opposed to seasonal pricing because it simply responds to customers' perceived value of money. Because of the price policy visitors feel that they need to pay high charges during main season, and at the same way they would not be able to visit during off season so it creates perception problems. Nowadays, attraction operators or tourism operators offer different types of packages or additional product benefits, like entrance free to different types of sites, free sauna in the hotel industry for reducing these types of problems. In the same way, it can be a fixed charge for admission charge in main and off season, and there could be different charges for variable cost. This is another way for managing price policy during seasonality. (Cooper, et al. 2005, 330-331.)

2.2 Causes of seasonality

The main causes of seasonality may be divided into two basic kinds of factors which are largely concerned with demand variations throughout the year: 'natural' and 'institutionalized seasonality'.

Natural seasonality refers to regular temporal variations in natural phenomena, particularly those associated with climate and the true season of the year. Differences in temperature, sunlight or rainfall are common variables which are influenced and directed by this type of seasonality. It is important to differentiate natural seasonality from the daily variations of the weather since natural seasonality follows regular and recurring patterns. While the natural seasons have traditionally been considered as permanent features, the climate change is making these less certain and less predictable (Butler 2001, 6.). The Tourism business and the destinations at which they operate are directly affected by climate variability and change. Climate defines the length and quality of tourism seasons and plays a major role in the destination choice. The climate affects a wide range of environmental resources that are serious to tourism like snow depth, biodiversity and stocks of fresh water which influences various facets of the tourism operation. (Cooper, et al. 2005, 288.)

The second form of seasonality is caused by human actions and policies. Human activities can be seen as a result of different factors, like culture, religion or society affecting patterns of demand variations. Typical examples of institutionalized seasonality are legislated school, industrial, public or religious holidays. While some of these factors are connected to climate conditions, and others arise from long traditions and old patterns of preferences. Public holidays thus appear the most common form of institutionalized seasonality. School and industrial holidays are often the most determining factors influencing patterns of demand. The often seen fact of influence of vacationers in summer times has its origin in the tradition of long school holidays in the summer, giving a time to families and spend their vacation together. (Butler 2001, 6.)

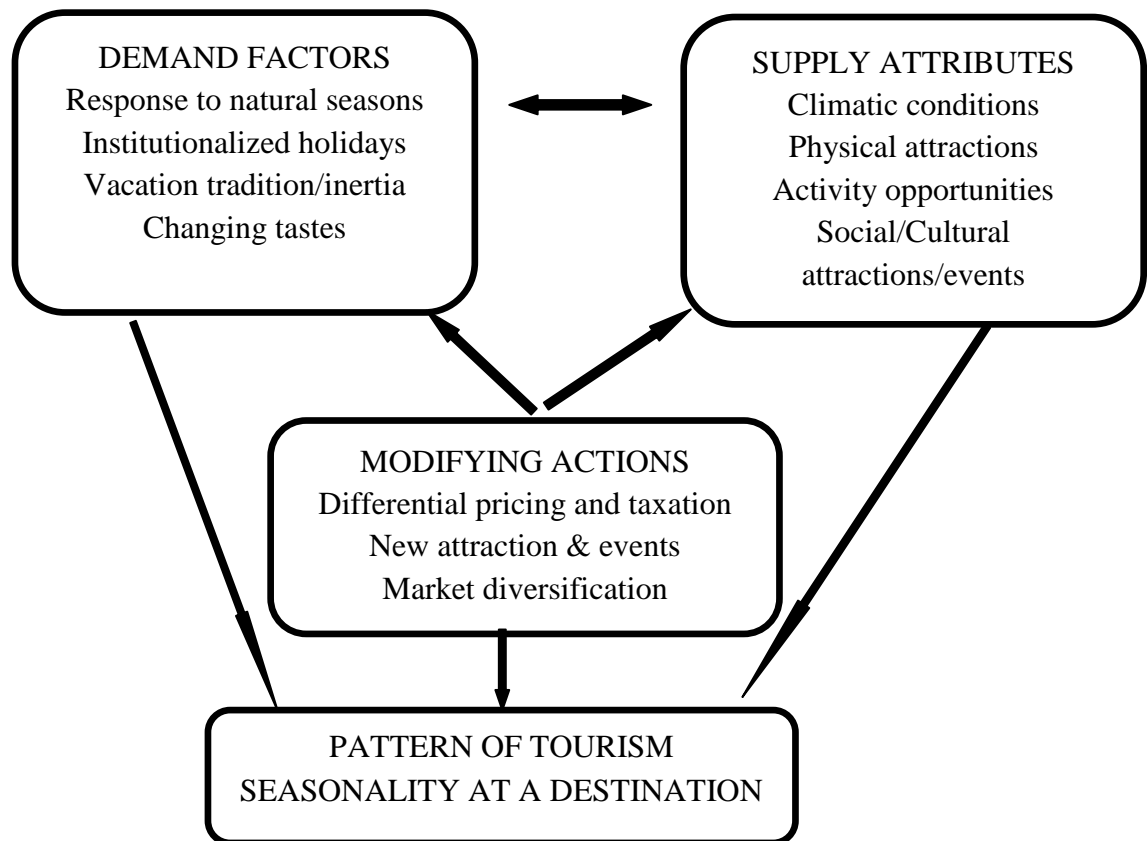
The other factors which effect institutionalized seasonality in tourism apart from legislated holiday are social pressure or fashion. In many societies prerequisite elite frequently divide their year into specific 'seasons' during each of the certain locations. Taking water at spas, a season for hunting and fishing on country estates are examples of social pressure. In the

same way, Butler (2001, 6) also explains about a fourth form of seasonality in tourism which is related to climatic factors but reflecting the changing patterns of recreational and tourist activity. Nowadays the sporting attributes of some activities are replacing the social aspects in terms of importance to most participants and particularly spectators. The combination of climatic and physical requirements that is snow and hills along with the necessary infrastructure for such activities has considered the appearance of distinct seasonal variations in tourism. (Butler 2001, 6.)

The fifth form of institutionalized seasonality tourism is related with inertia or tradition. People take holidays during peak seasons because it is like a continuous pattern or tradition which seems like a good reason even if it is no longer necessary for example, after children have left school. The traditional holiday months are often best for weather, specific activities and events and may retain traditional dates and when transportation or other services may not be available because of the traditional season. (Butler 2001, 6-7.)

The patterns of seasonality in a particular destination results from the interaction of both, natural and institutionalized factors of seasonality together with the attempts of the industry to modify demand variations. According to Butler and Mao (1996) there are four different patterns for occurring seasonality. Single peak seasonality is the most common one and characterized by a single clearly specifiable and comparatively fixed time span of peak demand, for example, in some Mediterranean destinations where summer peak traffic may be more than ten times the winter traffic. Two- peak seasonality occurs where there are two seasons, most commonly a major summer one and a minor winter one which reflecting two seasons of attractiveness in the destination region for example , in mountain regions, which attract both summer tourists and winter sports fanciers. Non-peak seasonality where there is no time span of peak demand that can be identified. This occurs mostly in urban destinations such as Singapore and Hong Kong. Dynamic seasonality characterized by a single or multiple time spans of demands that are not fixed. (Weidner 2006, 5; Butler 2001, 8-9.)

The following graph provides a summarizing overview of the influences of patterns of seasonality.



GRAPH 2. Influences on patterns of seasonality (adapted from Butler 2001, 15)

Graph 2 shows influences on seasonality patterns. Temporal variations in natural phenomena also affect destinations. The destination is the location of the suppliers of the tourism industry for example, the climate can determine the types of tourist attraction within a destination. In the same way cultural, religious, ethnic and social activities in a destination influence the type and number of visitors (Lee et al. 2008, 10 - 11). When the pattern of seasonality is opposed to modification the result becomes dynamic. While changes in both the natural and institutional factor there is also a change in the individual destination in seasonality. Thus Central Highlands of Scotland which has summer-dominated seasonality began to change with the establishment of winter sports in the Spey and Dee Valleys in the 1960s. Now this area displays as a two-peak pattern of seasonality. When the attractiveness of a destination has changed then the pattern of demand is generating for supply attributes. (Butler 2001, 7-8.)

2.3 Impact of seasonality

The seasonality can affect both the tourism industry and other sectors. As research data shows negative impact of seasonality is emphasized over the positive but there is also a positive aspect regarding seasonality. Seasonality in tourism has several focal points which include the relationship of seasonality to demand and visitation, particular destination which is only focusing on seasonality, the effect of seasonality on employment and the financial well-being of tourism that has an impact on destination areas, policy implications. (Butler 2001, 10.)

The seasonal pattern cannot be uncontrolled so there is some amount of negative effects. The impact of seasonal demand variation is one of the dominant policies and operational concerns of tourism which interests both the public and private sectors. There are few destinations where the demand is not variable according to clearly defined seasonal patterns. Seasonality affects the supply- side behavior in tourism, including marketing (packaging, distribution, pricing), the labour market (nature and quality of employment, skills availability, sustainability of employment), business finance (cash flow, pricing, attracting investment), stakeholder management (supplier, intermediaries) and all aspects of operations and the demand of the tourist. (Baum et al. 2001, 1; Lee et al. 2008, 4.)

Seasonal employment is considered as a problem for those workers who are on the seasonal labor market for different reasons where the employer offers only temporary work. It is difficult for a tourism employer to hire them as full time employees and hold them at a destination with seasonal patterns because of seasonal market labor which lead to off season unemployment or voluntary migration in the search for fresh work. (Ball 1988, 505.) The job demand has been decreased in an off peak season and employment rate also decreased compared to the peak-season's level. So, potential workers are probably leaving a destination to look for fixed job which may cause the population of employees at the location to become smaller and because of that the level of payment at a specific job position will increase during a peak season. (Butler 2001, 11; Chung 2009, 86.)

The tourism operators may be out of control because of seasonality but this is not always the case. The low return of capital is also another problem in seasonality. Tourism resources always run a risk of underutilization because of the imbalance of revenue for the

whole year. It is of great effect in physical facilities compared to other service providers. Accommodation and food services are most significantly affected by a temporal decrease of demand when facilities spend a fixed cost during the off season. For example, if tangible products are not sold for a month then it needs to keep in storage room for the next month whereas there is a need to rent or sell hotel rooms, flight tickets or festival tickets in a fixed time because their economic value would be zero. (Butler 2001,10; Lee et al. 2008 12; Chung 2009,87.)

The impacts of seasonality have increasingly had socio-environmental consequences such as environmental problems like pollution, sewage disposal problem, noises or crime during the peak season. It also affects the residents' traditional or cultural social activities because of imbalance in tourism. Crime is one of the major problems for tourism but it is unclear whether the high rate of crime is during the peak season. (Chung 2009, 88.)

The researcher has said that seasonality has both advantages and disadvantages. Seasonal patterns cannot be eliminated but they can be reduced. The positive seasonality is in focus from the viewpoints of sociology and ecology. All tourism resources are used during the peak season, so off season might be a long rest period for some resources. Off season gives the chance for social and ecological recovery. For example hiking is done in dry season and it could erode a road more severely in a wet season. In the same way off season allows, the local residents of a destination to have a normal life and provide them a time for preparing for peak season, or some individuals can enjoy travel in the off peak season after overcrowding in the peak season. (Chung 2009, 9.)

2.4 Measure of seasonality

There is no particular theory on measuring tourism seasonality. There are four main things which affect seasonality. Firstly, climate plays a major role in the context of seasonality where few visitors are interested in visiting cold and foggy places in the off season. Secondly, institutional patterns also play important roles like school holidays, industrial holiday and calendar holidays (Easter, Christmas, Dashami and Tihar in Nepal. Thirdly, a destination has also influenced the shape of the seasonality curve that is why some skiing

resorts have both a winter and summer season. Fourthly, marketing including special events like different packages or offer also affect the season. (Lundtorp 2001, 23.)

There are many reasons for measuring seasonality. One of the most important things for seasonality is the economic implication. Seasonal pricing means high level prices in main season and discount rates in main season. It can analyze the possibilities and the impacts of season expansion that are able to measure central characteristics of seasonality. The implication of seasonality is taken for tourism forecasting to test the stability or instability of seasonality.

There is a strong desire for seasonal extension in the tourism industry specifically in hotels. During the peak season overcapacity is a factor which may change the economic structure of the hotel business. When one hotel is running, at the beginning there are minimum expenses for staff, heating, light or other variable cost but in monthly cost there is a weighty cost for fixed costs like depreciation and interest. During the winter time there are high costs for variable cost because of the high capacity of heating. So, for the hotel it does not pay at all to open up in the period for mid- October to mid-March, and many hotels in summer holiday destinations are closed during the winter. The earning in the period (May-October) must be able to compensate the lack of income for the rest of the year. (Lundtorp 2001, 24-25.)

The measurement of seasonality in any subject is achieved through a time series which is recorded numerically. A time series usually consists of four components. Trend is the first component which is gradually increased or decreased over time. For example, the international tourist arrivals in India were increasing steadily over the years from being on a low level in 1951. Cyclic movement is the second component which represents fluctuations of greater or lesser regularity regarding trends. Seasonal movement is the third one, and represents the fluctuations in the series which occur at regular times, not exceeding a year. For example, the international tourist arrivals are usually the highest during December and the lowest during May in India. The last component is the random component, the fluctuations which are not governed by any law or regularity and are purely haphazard are referred to as random components. There are several techniques for the estimation of each of the above components from a time series. (Geography and Tourism 2012)

Seasonality can be measured in different ways, Firstly it is necessary to decide the category of figure. Generally, it can be measured in the number of visitors, and other units can be number of arrivals or departures, the number of overnight stays, or the length of stay or the expenditure of the visitors. The few simple measures for seasonality is the find a formula to describe the distribution of visitors during the observed period. Measures can be done with the help of the Gini coefficient and seasonality indicator. It also measures for stability of seasonality to give a measure for the variation of seasonality during certain length of time. These both methods of measurement show a great stability attention and dispersion. The coefficient of variation is used as a measure for monthly stability where it is proved that some months show greater stability because of this application tool. So this measurement tool is useful for empirical data (Lundtorp 2001, 25-47; Weinder 2006, 5.)

2.5 Off- season is no season

There are many factors of seasonality that affect the whole industry. As has already been explained, the causes are natural and institutional seasonality. Climate variation is not the only cause for seasonality, but institutional conditions are also main reasons for the effect on the time of holiday. The school-holidays and public holidays play a vital role in seasonality. The seasonality in tourism is not just only for holiday makers who wish to spend the vacation in the midsummer but there are other people also who travel for different purposes. (Lundtorp 2001, 89.) Butler defined five main reasons for seasonality, such as, regular temporal variations in natural phenomena, climate, and true season of the year; human decision factors; social pressure and fashion; sporting season; inertia and tradition. (Butler 2001, 6-7.)

In the case of holidaymaker it is divided in to two factors: push and pull, for the cause of seasonality. Under push factors there are Institutional (school, industrial holidays), calendar (Easter and public holidays), inertia and tradition, social pressure or fashion, access (transportation cost and time), and the pull factor includes climate and sporting reasons, like hunting, fishing, golfing, skiing and events. It means when holiday-markers have holidays and cheap prices they wish to visit different places, but if there are some sport events it may attract them to participate without holidays. The tourism industry and the local community usually observe seasonality as a problem where all industry feel it

needs a longer season to gain enough profit to meet the capital cost meaning interest and repayments, but it may also cause problems for finding skilled workers in the time with the demand. High unemployment is one of main problems for the local community in off season because of the competition for labour in peak season, and most workers are not interested to be engaged in traditional jobs such as agriculture. (Lundtorp 2001, 90.)

Bronholm, Denmark can be a typical example of a tourist destination in a peripheral region in Northern Europe. The case study of Bornholm, Denmark has also found that the cause of seasonality is not only nature. It is case study of people visiting a holiday destination in different seasons with different preferences. People visit Bornholm in all three seasons to experience the nature, landscape and atmosphere of the Island. In the main season most of holidaymakers are visitors and business travelers and people visiting friends and relatives mainly in off seasons. So it shows that there are different target groups for different seasons. But there is no major difference between average length of stays. (Lundtorp 2001, 90.)

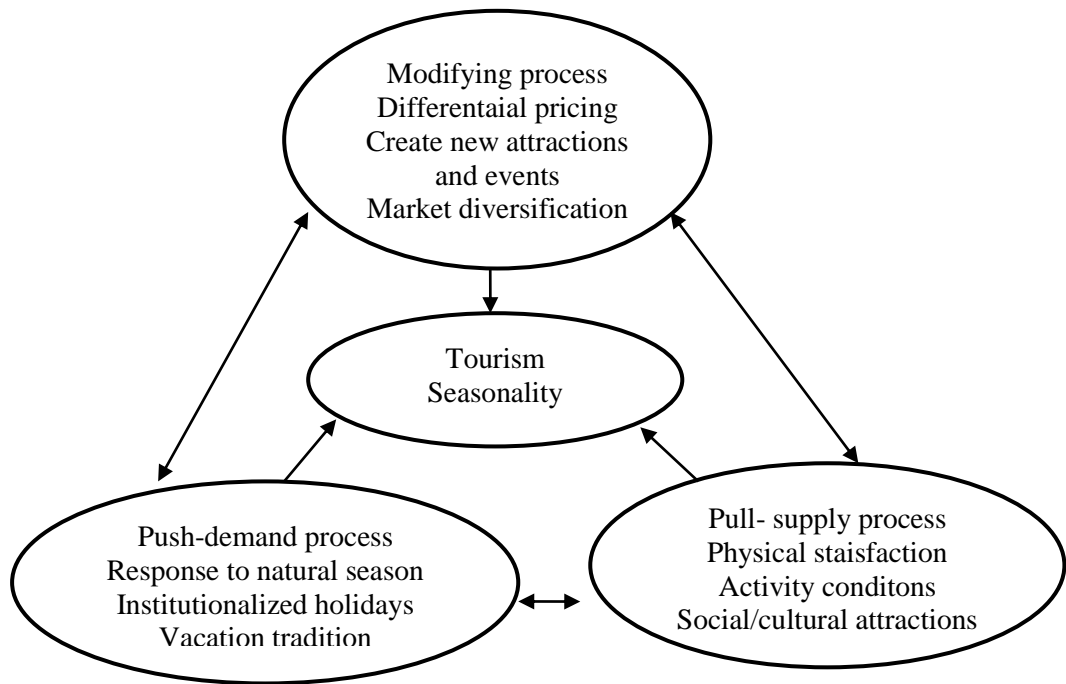
In the optional cases, tourism has subjected to the natural disasters such as hurricanes, tsunamis and earthquakes for example, Hurricane Katrina on the north central Gulf Coast of the USA in 2005, the tsunami in December 2004 off the coast of Indonesia and earthquakes in Taiwan (1999) and San Francisco (1989). These directly affect the tourist destination's of infrastructure, such as, transportation, communication, electricity, water and waste disposal system. It could immediately damage the tourism superstructure consisting of accommodation and recreation facilities. The impact that events may have on customer demand which is dependent upon a wide diversity of factors, concentration of event, frequency of event, or event, occurs in peak or off season. Mostly developing countries may find it difficult to recover quickly because of economic diversity or resources to fund such recovery storages. Sometimes tourists may have to face different problems when the government wishes to hide the actual damage in particular destination to make the quickly return in order to maintain their operations. (Cooper et al.2005, 279.)

According to Cooper et al. (2005, 280), some destinations may have a low rate of tourist because of that the travel risks can vary during peak and off season. Some unfortunate countries seem to suffer from both natural and man- made risks where these countries' name in the media increases the risk perceptions of potential travelers. Indonesia is a

destination that has been subjected to major natural disasters and terrorist attacks during these early years of the twenty first century. People cannot stop the natural disaster but all countries are still trying to reduce the man- made risk to ensure a safe and secure travel for the tourist. In Nepal, there is also natural and man -made risks but the government and Nepalese tourism associations are strongly concentrated on reducing travel risks. Thus, in fact, seasonality is not actually a problem. Mostly there are lots of offers of products and services to different types of visitors during different seasons, and it does not mean that more activities and attractions will mean more visitors in the shoulder and off season.

2.6 Management strategies

Seasonality is related with the patterns of stable and well-established patterns rather than irregular ones. There is predictability associated with seasonality which makes a possibility for managers to predict many of its impacts and to implement strategies in the case of any negative effects. The demand procedures depend on the nature of facilities offered either during winter or summer. Management strategies should focus on a number of key areas, such as, facilities, employment, costs and the environment. The best strategy can be selected based on a number of dimensions of the supply side dynamics. Butler (2001, 13) discusses and presents management strategies as differential pricing and taxation, new attractions and events, market diversification, where event and festivals can be included in the product and market diversification and structural and environmental responses are usually the first step facilitated by the state. The Butler 2001 management strategies can be seen in graph 3. (Murphy 2008, 95.)



GRAPH 3. Management strategy for seasonality (adapted from Murphy 2008, 95)

Graph 3 shows the original push and pull features that have been marked as demand and supply process, and their impact on seasonality have been joined by the modifying process of resort management. It is also shown that there are mainly three strategies according to Butler, but Christine Lee (2008, 14) emphasizes four main strategies for addressing seasonality impacts, which are: differential pricing, diversified attraction, market diversification and facilitation by the state.

The first strategy is pricing decisions. It is an important issue that to consider whether use single prices or different prices for the same product. A single or similar price is easily understood by both seller and customer but it reduces the chance of the marketer developing adversarial relationship with customers. There are different methods for pricing, where differential pricing is one method for pricing. It means charging different prices to different buyers for the same quality and quantity of product. Hayes & Miller (2011, 99), define differentiating pricing as charging different price to different guests for same room and facilities. For example, a hotel may charge different prices like 50 €, 100€, 125€, per night for different guests, if they wish to pay the same amount then differentiating pricing is applied for that hotel. The market must be comprised of multiple segments with different price susceptible for effective differential pricing. There are several ways for

differential pricing, such as negotiated pricing, secondary market pricing, periodic discounting and random discounting. (Pride, Hughes & Kapoor 2008, 386; Chung 2009, 88; Mihammed 2007-2012.)

Differential pricing is one way of managing seasonality. Under this, seasonal or promotional pricing, for example discount or free offers for increasing length to stay, high prices to decrease overcrowding in peak season, rising concede. It can make a group booking offering for example, the retired people which may help to increase visitation in low season. A another strategy for managing seasonality is financial planning and budgeting to manage fluctuating operational costs (employees and other resources) based on cyclical trends where it can control fluctuating seasonal costs. Lundtorp (2001, 24-25) discussed about closure of business in off peak season for reduction of operational costs like heating and other variable cost. (Lee et al. 2008, 14.)

The second strategy is diversified attraction for management of seasonality. The attraction is a prime resort and highly seasonal, like skiing resort, then the resort needs to develop alternative attractions for substitution in the high season. These can be either outdoor activities like golf, hiking, mountain biking and nature watching, or new indoor activities like festivals, conferences or workshops. The purpose is to increase the high season into its surrounding shoulder seasons and possibly into a four season situation. (Murphy 2008, 96.)

In the same way, according to Lee et al (2008, 14), diversified attraction means changing the product mix where the introduction or development of festivals and events for the increment of visitations in low periods. The local environment can be developed for accessing restricted natural attractions and facilities or structural development, for example, public transport and public amenities which may increase visitation in low season. It can offer complementary services or themed offers for example by combing tourist facilities with local facilities, like coffee shops facilities in motels for expanding the operational season which may reduce seasonal closures. There is also another option like diversifying into a niche product or service areas, for example identifying and matching seasonal motivation with product / service or local attraction which may help to attract a different market and increase business in low season. (Lee et al. 2008, 14.)

Market diversification, the third strategy is the period when new products are developed to meet existing market needs or when the product is modified to meet new market opportunities to address changing market conditions (ASBTDC 2011). The resort will be opening itself up to different markets in different seasons (multi segment approach) in developing different products. This market segment may be able to use and appreciate the same types of facilities that are used for high season visitors, but because of visitors' own distinctive needs the resort needs to accommodate. The tour operator or travel agents are also one of the strongest part marketing, so taking support from them for selling product/service can increase business in low season and increase market incursion. (Murphy 2008, 96; Lee et al. 2008, 15.)

Facilitation by the state is the fourth strategy for management of seasonality. All the sectors are mostly influenced by government rules and policies. There needs to be made provision of business support services, like marketing, financial planning for solving cash flow and other financial problems. The Government can increase the labour market and to encourage labour force for flexibility example relax regulations on work visas for seasonal work or training incentive for fulfilling seasonal workers. (Lee et al. 2008, 15.)

Nowadays, most visitors, especially of young ages, are interested in adventure travel so they would like to travel for adventure activities. It may take lots of investment for starting adventure activities in particular places so if there is provision of loans or subsidies by the government to develop products or local services then there will be an improvement in the business or destination. If there is provision for tax concession for example fuel price, then it encourages travel to remote areas. The local community also has power to attract the visitors so it needs to support the local community during off season to reduce trade for local the businesses. Some of these causes may be due to an attitude and fixed perceptions about the tourism marketplace. If there is a better understanding of market segmentation and the motivations of tourists, then it might mean the development of a product or marketing approach which can encourage greater visitation during low season. Different kinds of causes are the key points for strategy development for manager and tourism agencies at the moment. (Lee et al. 2008, 15.)

3 ACCOMMODATION SERVICES

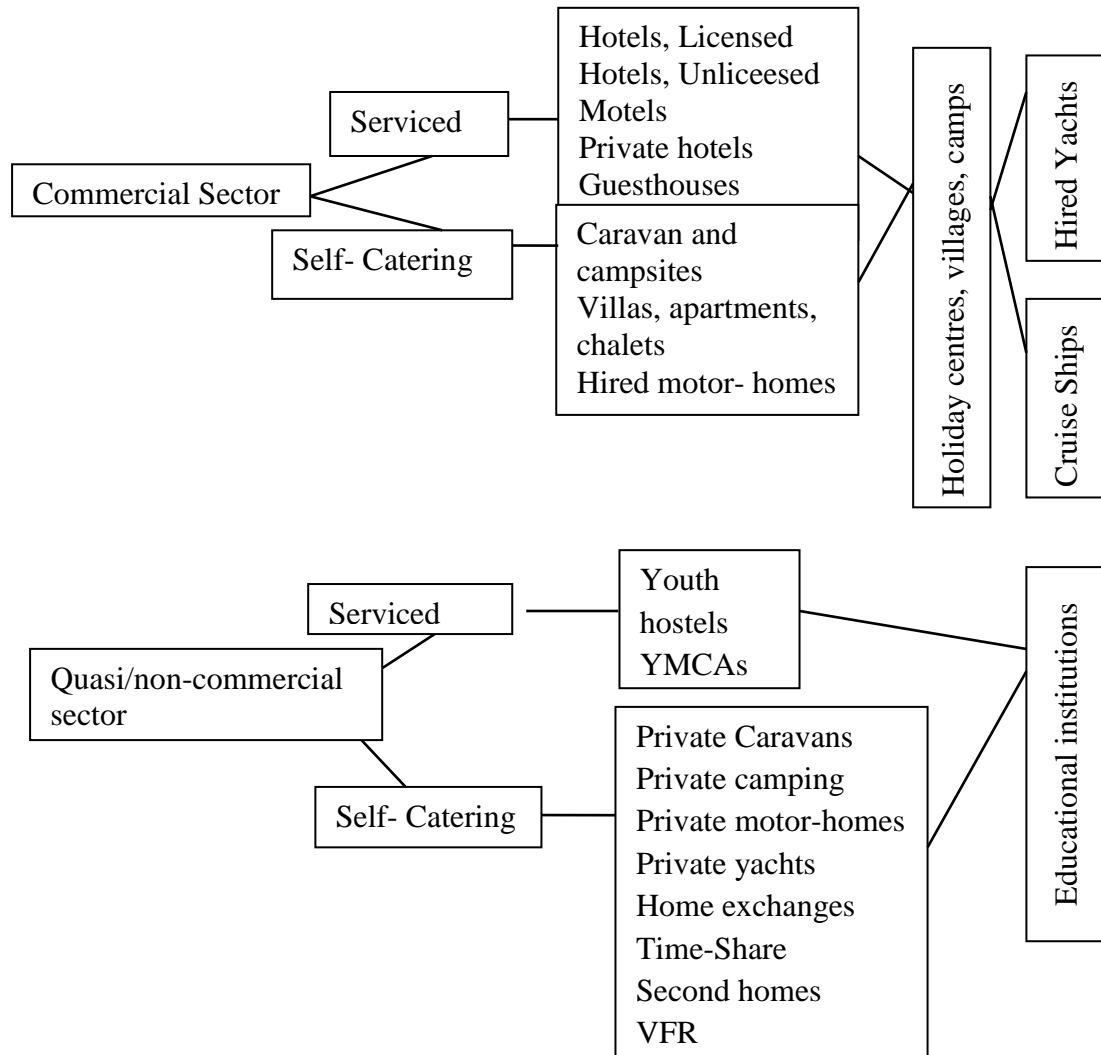
The accommodation sector is the largest sector of the tourism industry and is the most important one not only for overnight accommodation during the tourists' journey or stay at a destination but it also repeatedly characterizes the most significant element of the total expenditure. This chapter will discuss on accommodation services for tourism. The following sub chapter will introduce various types of accommodation sectors, accommodation as a product for tourism and effects of seasonality in this sector.

Accommodation can be very basic, and functional, or in extremely luxurious and opulent for visitors who visit their own country or another country for different purposes. It provides a support service for the wider motivation that has brought the visitor to the destination, whether for business or leisure purposes. It is a necessary component in the development of tourism within any destination that seeks to serve visitors other than day-tippers. The quality and range of accommodation available with both reflect and influence the range of visitors to a location. (Cooper et al. 2005, 343.)

3.1 The accommodation sector

The accommodation sector is just one part of the hospitality industry which can be studied from three different perspectives. It is most frequently measured descriptively in scope and scale in the case of tourism system perspective. The accommodation sector consists of widely differing forms of sleeping and hospitality facilities. The accommodation sector is a fundamental part of the tourism economy and a vital component of the tourism experience. It can be conveniently categorized as either serviced or self catering. These are not incontrovertible categories, as some forms of accommodation are, such as holiday camps or educational institutions or offers serviced, self- service or self catering facilities. An alternative means of categorising accommodation is by markets. The main distinction is between the business and leisure market, which will often define both the location of accommodation and the services provided. Hotels may be categorized by location such as resort based hotel, city centre hotels, airport hotel and rural hotels which attract different markets and face different challenges related to their locations. It is

also important for the domestic and international markets to have different accommodation providers. These all categories can be seen in graph 4. (Sharpley 2006, 58-60.)



GRAPH 4. The structure of tourist accommodation (adapted from Holloway & Taylor, 2006, 272)

Graph 4 shows a momentary guide of accommodation that tourist may use. In 1945 the accommodation sector was characterized as a sector in the tourism industry. The non-serviced type's accommodation has been rapidly developed after 1945. Yet the distinction between serviced and non-serviced accommodation is confusing with the growth of apartment hotels which allow self-catering but also have arrangements so that guests can enjoy food and beverage services. However, it can be divided in two sectors- service and non-service accommodation sector which will be considered here. (Stephen 2009, 265.)

Staff is appointed for services such as cleaning, meals, bars and room service but it takes a charge for those services also. The service accommodation can be said to be a commercial sector. The commercial sector can also be divided into service and self-service (Middleton, Fyall & Morgon 2009, 365.). Under service also hotel is a most recognizable element which is discussed subsequently.

Hotels are undoubtedly the most significant and visible sub-sector of the accommodation sector. Hotels are the commercial organization that provides lodging and usually meals and other services for travelers and other paying guests. Hotels are classified according to all inclusive full-service resorts that provide to vacationer, and small limited service hotels that provide to transient business travelers. Hotels can be ranged from lower star ratings to higher. Lower star rating does not mean that the hotel has a lack of standard. A popular three star hotel does not have large conference facilities which are usually found in five star hotels. So, hotels are classified according to facilities, services and structure (Cooper et al. 2005, 345-346).

Hotels are not simply rooms, food and beverage services but also business-oriented for continuously changing customers. There are some countries like Iceland and Estonia where there have been rapid growing of hotels into fast growing health resort market. Nowadays, small hotels like one to three star hotels have financial difficulties due to cash – flow problems and high competition with other high qualified hotels. There are two basic types of hotels existing today: voluntary chain associations, which have limited marketing activities for members with low fees and shorter member contracts. The another one is franchised products which have large integrated hotel chains, with complex purchasing facilities but with higher fees for members where participating companies often have 10 to 15 year contract. (Stephen 2009, 266- 267.)

The fundamental characteristic of the hotel industry is the difference between independent hotels and chain hotels. The important theme is the structure of the hotel industry both domestically and internationally. Independent hotels may be linked with individuality, and chain hotels involve greater standardization, potentially contributing to the process globalization. It is noted that the major international hotel chains, the global supply of accommodation is mostly dominated by American and European business. The structure or ownership of hotel chains is more complex than might be imagined. The hotel chain does

not necessarily own all or even any of its properties and commonly, larger hotel chains are characterized by a combination of ownership or operational structures. These may also reflect the cooperate strategy adopted by the organization. (Sharpley 2006, 60-61.)

Bed and breakfast enterprises are not significantly different, although the former require fewer controls in order to operate. Guest houses include simple to luxurious apartments, where bed and breakfast provide room and breakfast the following morning. In the same way, Inns are establishments where travelers can prepare foods and drinks themselves. Travelers may stay without prior reservation. They are small size and do not have all the luxuries star hotels provide but are yet considered very homely. Farmhouse accommodation is a central component for the growing tourism movement. It is similar to afforded by bed and breakfast where the visitors get a working farm environment and are able to participate in agriculture working routines. Small, independent operators across the sub sector face significant competition from the growing budget hotel sector. (Cooper et al. 2005, 348-349; Bizymoms hotel 2010)

Self-catering accommodation is an important and mixed component of the lodging sector within tourism. It is a combination of accommodation with additional recreational areas and the facility to prepare food and a personal basis. Under this accommodation, apartment form is a major element which is available in many Mediterranean resorts, that includes individual cottages and gites. Self-catering holiday accommodation may be rented as part of a vacation package directly through the owner. It is a major component in the tourism industries of some countries and specific destinations. It is common for local residents' home for self-service accommodation. There are many other sub sectors in accommodation which establish different services for tourists, such as self-catering accommodation including campus apartments, cottages, camping and caravan sites, medical facility accommodation, cruises liners and ferries, train and aircraft, visiting friends and relatives. (Cooper et al 2005, 349-351.)

Non-serviced means that the sleeping accommodation is provided on a rental basis, normally for a unit comprising several beds (Middleton et al. 2009, 364). The non – serviced sector has also been a growing in market recent years. Educational institutions like hostel for school or campus are included in the serviced or self-catering sector. Youth hostels are an important, growing and little researched sector of the tourist market. Young

people have a tendency to utilize low cost end of bed and breakfast. Youth Hostel Association (YHA), Young Men's Christian Association (YMCA) and Young Women's Christian Association (YWCA) are some examples of youth accommodation. In the same way, time share is a form of period constrained to one or two weeks a year which is self-catering, holiday home ownership that provide additional benefits to owners. Many time share properties also provide additional services and facilities including food service and sport or recreation. (Cooper et al. 2005, 350.)

3.2 Accommodation as a product

People like to spend good times with family and friend in various tourist places across the world. As a result, the tourism industry all over the world also affects the increase in hotel and accommodation services. The accommodation is not normally a part of the trip motivation on the destination's attraction. Travelers search for convenient, comfortable and efficient rooms primarily. In the case of travelling for holiday and leisure purposes, accommodation plays a very different role in tourism. Leisure visitors are likely to spend many hours in different accommodation services when the weather is poor. Accommodation also plays an important role in the overall economic contribution which tourism makes at a local and national level. It is difficult to generalize about the proportion of the total tourist expenditure that is allocated to accommodation, because this varies greatly according to the market, accommodation type and nature. (Middleton et al. 2009, 366; Cooper et al. 2005, 344.)

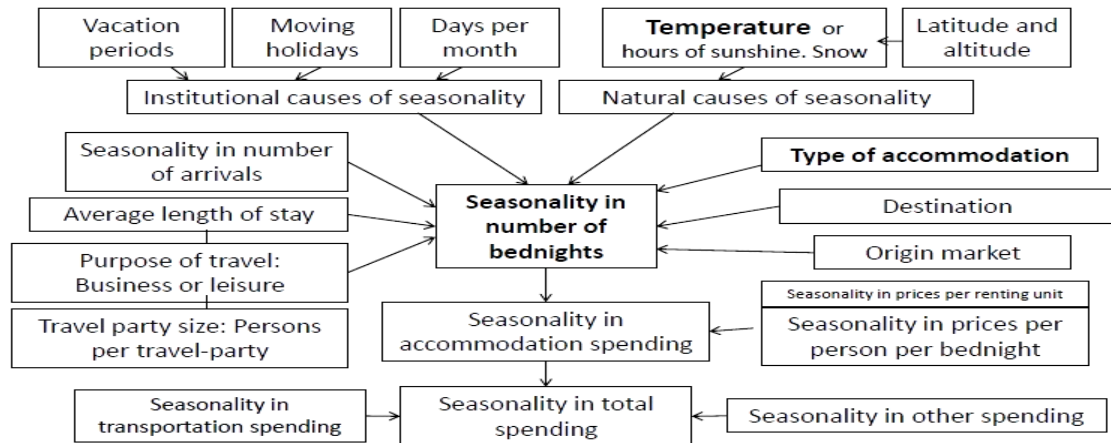
All forms of accommodation face similar management challenges and issues even though each will vary according to the nature of the accommodation. The first issue is the economic issue where the accommodation sector tends to have high fixed costs relative to variable costs. That is why hotels need to fill the occupancy levels to meet both those fixed and the variable cost. The setting of room rates and yield management are two factors which can determine occupancy and profitability. The demand for accommodation is influenced by the location of the premises, the fixity of premises and seasonality related to occupancy levels. Quality issues also come together with economy issues. Quality is important in accommodation because most customers wish the best quality in returns. As for most sectors of the travel and tourism industry, technological advances are having a

significant impact on operations. Internet bookings have had a positive impact on the demand. The accommodation sector has become more aware of environmental issues for both efficiency and ethical reasons. The international hotels environment initiative is a good example of a sector- wide programme. (Sharpley 2006, 60-63.)

Accommodation as a product for the tourism industry, has been increasingly globalized and competitive, and become a major trend for development of brands designed to meet the needs of different market segments. It has been a rapid growth in the budget hotel sector, with major hotel chains that attract the budget conscious travelers. Accommodation has been conceived by some researchers as a product. It describes the principal factors which can impact on the way the product is constructed. For example, large luxury hotels will accentuate facilities, services and image to certain market segments whereas economy hotels just focus on price as the key determinant of the product formulation. The variety of accommodation types means that there is a scope for the accommodation sector to adapt and develop its product base to meet changing consumer needs. (Stephen 2009, 261; Sharpley 2006, 60-63.)

3.3 Seasonality in the accommodation sector

Seasonality brings negative economic effects during the off seasons for accommodation but it can make large revenue in the peak season to last all year. Mostly seasonality will be affected in specific resorts and the tourist provision (Nordmannm 2011, slide 3). Seasonality in the tourist accommodation sector was less pronounced for establishments operated as a hotel than for other types of establishment (European commission 2011).The effect of seasonality on accommodation sector can be seen in graph5 below:



GRAPH 5. Seasonality in the accommodation sector (adapted from Marcussen 2011, slide 5)

Many accommodations are affected by location, weather, school holiday or works, attractions, festival holiday, financial, economic climate, social or fashionable and media influence as is shown in the above graph. Consequences of seasonality are seasonal employment, boom bust economic cycle, over or under utilization of resources, and dependence on tourism. Many hotels suffer from seasonality on a weekly basis and weekends attract short breaks where prices are significantly lower on a weekend to attract customers. The location influences the level of seasonality, where seaside located hotels has fluctuated the demand more than city based business because of weather, habit and school holidays. (Nordmannm 2011, slides 4, 5& 22.)

According to guests' experiences which had been published in Market Metrix, customers are affected by the busy summer period where there is additional pressure on staff and facilities. There is difficulty in the service maintaining level when new employees are added during peak seasons. Hotel brings higher satisfaction to guests in November, January and February because of traditionally slower periods for hotels. They are happy and get full of services and facilities at a low price. August is the peak season for luxury business travel and the slowest month for luxury leisure travel. Services and activities that attract customers and appropriation targeted promotion are some examples of reducing the negative impact of seasonality toward a smoothing demand. (Market Metrix Hospitality Index 2006)

4 HOTEL INDUSTRIES IN NEPAL

The following chapter will start with the history, development and present performance of tourism in Nepal which will be followed by the role of the hotel industry and impact of seasonality on tourism in Nepal. The final subchapter will present the commissioner of this thesis, Summit Hotel.

4.1 Present performance of tourism

Nepal is well known as the main tourist destination of tourism development due to its natural beauty, unique cultural heritage and numerous special tourist destinations. Nepalese people welcome all new visitors coming from various places even if they are from the enemy side. If any visitor visits to their door who request or demand for food and shelter, the Nepalese people will accept their request as their own family member to come in to their house and try to give them good and luxurious services as well as they can. So in Nepal the role and growth of tourism is continuing from previous ancient times. In ancient times the tourism was taken as welcoming the god and goddess cultural service and non-beneficial service. As the time, passed the way of welcoming visitors changed as a tourism business sector. Nowadays it is taken as an industrial sector which is leading in incoming per capital of the country. For this reason, Nepalese have established various kinds of hotels, resorts, guest houses, restaurants etc, these are also established for identifications of Nepalese culture, tradition, arts and galleries and historical and geographical condition.

The tourism industry is the fastest emerging sector and is becoming powerful on the international business area. Tourism is a trade if providing travel, accommodation, food, entertainment for the people who are in travel or tours for different purposes. This is the main source for economic growth globally. It is an expandable industry for the whole world that main source of foreign exchange, important for developing in trade. According to The Tourism Society of Britain, tourism is the temporary short- term movement of people to destinations, outside the places where they normally live and work and their activities during the stay at these destinations includes movement for all purposes, as well as day visit or excursions. (Holloway & Taylor 2006, 5.)

Tourism is one of the most important industries in Nepal. It plays a large role in the economic activity of Nepal. Tourism is a major source of foreign exchange earnings, especially since Mount Everest was first climbed by Sir Edmund Hillary and Tensing Sherpa in 1983 which attracted foreigners to Nepal. Mountaineering, hiking, rafting, canoeing and hang gliding are of considerable interest for foreigners. (Tourism sector analysis in Nepal 2008, 25.) The hotel industry, tour operator, training of tourist guides are the main sector for this industry. The government established the Nepal Industrial Development Bank (NIDC) to provide loans to construct hotels for private sectors in the first hand. Loans have been provided about 90% in Kathmandu so 60 % accommodation facilities are inside the Kathmandu valley. Accommodation facilities are also constructed outside the Kathmandu valley like Pokhara, Chitwan National Park and Everest National Park. The competition was high in Kathmandu so hotel beds are sold at low prices so hotels earned less income during that period. (Bista 2009, 198-199.)

According to a SWOT analysis done by the Ministry of Culture, Tourism and Civil Aviation (MOTCA) 2009, Nepal is rich in natural resources, cultural diversity and religious sites, and has a number of destination for mountaineers and trekkers and other adventure tourism such as rafting, aerial, terrestrial and aquatic sports, and these are the strengths for Nepalese tourism. Tourism is Nepal's dominant service export. The services provided by small restaurants, guest houses and taxis are of poor quality. Travel and tours have failed to provide attractive and incentive packages to travelers from India and China compared to competing destinations. In the same way, there is no direct air connection to Europe and very few international flights having connections to Kathmandu. Under opportunities, if there are inter-sectorial linkages and community based tourism then there might be a possibility of developing the tourism branch. It needs to have country stability, safety and security, political stability, improving tourism and transportation infrastructure and service as well as new tourism themes like healthcare and educational tourism, business and conference tourism. Environmental scarcity in high traffic areas, increasing criminal activities, global economic crisis, competition for land between tourists and local needs damage the image of the destination because of over growth, and these are the threats for tourism in Nepal. (Chitrakar 2009, slides 28-29.)

The tourism sector helps in meeting poverty reduction with high multiplier and positive spill-over effects for Nepal. Three Year Interim Plan (2007-2009) formulated new plans

and policies for tourism infrastructure development, such as, creating awareness about tourism: developing skills and expanding tourism activities; improving standards of tourism services and undertaking international promotion and marketing. Tourism Vision 2020 (May 2009) valued tourism as the major contributor to a sustainable Nepalese economy, which have been developed as an attractive, safe, exciting and unique destination through conservation and promotion, leading to equitable distribution of tourism benefits and greater harmony in society. The tourism vision 2020 also visualized two goals like increase annual international tourist arrivals to Nepal to two million by 2020, and augment economic opportunities and increase employment in tourism sector to one million. (Chitrakar 2009, slides 3-15.)

In the tourism business, tourists purchase goods and services directly from the poor or enterprises employing the poor which creates opportunities for micro, small and medium-sized enterprises in which the poor can participate. International and domestic tourism need to improve the rural areas of a country that may not have benefited from other types of economic development. The tourism industry employs a high proportion of women and creates micro enterprise opportunities for them. It promotes women's mobility and provides opportunities for social networking. Tourism can create financial resources for conservation of the natural environment and advances awareness about environmental conservation and promotes waste management, recycling and biodiversity conservation. There is also negative externalities as a result of pollution, overcrowding and reduction of natural resources if there is uncontrolled tourism. Tourism contributes to the socio-economic development of least developed countries through foreign exchange earnings and the creation of job opportunities. It reduces the burden on government budgets through the implementation of public- private initiatives. Information technologies play an important role in integrating tourism enterprises into global tourism markets. (Chitrakar 2009, slides 3-15.)

Nepal Tourism year 2011 was the best year for tourism in Nepal. According to Nepal Tourism Board (NTB), there were 719,547 visitors in 2011, including travelling over land. Tourist through air increased 21 percent compared to last year. Most of the visitors visited from neighboring India and China, however, the number is lower than the anticipated million visitor mark, this is the highest ever in Nepal which has been made possible by the recent peace process in the country. According to the immigration office, Tribhuvan

international Airport, the growth rate has increased from last year; visitors arriving from the European market were 22.8 percent, Australia 8.6 percent, Canada 27.8 percent and USA 7.7 percent. The sustained growth in visitor arrivals promises well for the country's economy, especially for the tourism sector and also more possibility in employment opportunities and development of tourism infrastructure in the country. (Himalaya 2012)

4.2 Role and growth of the hotel industry in Nepal

The hotel industry plays a vital role in increasing the financial status by providing lots of attractive services to its customers, i.e. tourists. It has promoted various kinds of services for increasing the tourism business in Nepal. It has bought different kinds of programs to make its customers satisfied. Primary services promote by modern hotels today are neat and clean accommodations, world class food and beverage including famous hard and soft drinks with a diversity taste of snacks, eastern and western quality environment in the hotel area, well-educated staffs with high qualification , international standard training etc.

It also introduces the national traditional, cultural, ethic, history, geography and traditional arts and crafts. For these, lots of service perfect planning is needed and implies various types of programmers. For example, to provide tourists with comfort transportations with modern equipments, providing different types of tour and travel packages with assimilation of tourist guide. To have a competitive market strategy it has to apply modernization and globalization technological efforts to attract the tourist so hotels receive better feedback from the its customers, and they are certain to visit again as tourists at the same place. Only these things are not enough, also entertainment programs to entertain its customers just as trekking package, rafting , fishing , paragliding, bungee jumping, showing cultural programs, visiting historical places, showing nature beauty, showing creative and creation things and products of local public and many more other are needed.

The hotel industry also helps to introduce the diversity of the natural climate which is the gift of nature, natural habitats, historical places which is property of the ancient people, geographical phenomena of country, etc worldwide. The hotel industry of Nepal plays a great role for the advertisement of the national treasury to globally, such as, national heritages, world famous national parks and all the life living in it, identifications of lots of

rare animals, birds, plants. It forms the backbone for diplomatic, political and economic relations with many countries with probabilities to enter foreign business and foreign products with cheap prices and low rate taxes. It also introduces foreign effort in developments of the country.

The hotel industry has substantial growth potential in those nations and regions that are just beginning to develop their economies and improve their performances. The total output of the hotel industry is closely tied to the variable associated with economic development. These variables include the basic infrastructure and levels of gross domestic output, employment and education of the workforce. The hospitality industry also produces a multiplier effect, whereby money spent by hotel guest travels through a community generating further revenue. The hotel industry is also one of the major sources of foreign exchange earnings in tourism. It may also help for job creation as it is labour intensive industry. It creates employment opportunities and added gross domestic output. (UNEP 2011, 14-15)

According to Hotel Association of Nepal (HAN) business in the hotel industry has grown by nearly 15% in the current fiscal year as compared to previous years. The hotel industry is considered to have the highest local private sector investment in Nepal with a recorded investment of around Rs. 100 billion. HAN has under its umbrella, eight five- star, three four- star, twelve three- star, 22 two- star and 18 one- star hotels and 165 non- star, four allied and 33 resorts. There are 307 hotels including 42 outside the valley which have 22,661 rooms with 34, 958 beds in the country. The hotel industry accommodates all the people so the chance of earning the foreign currency is higher in hotels. (Adventure Travel & News from Himalayas, 2010)

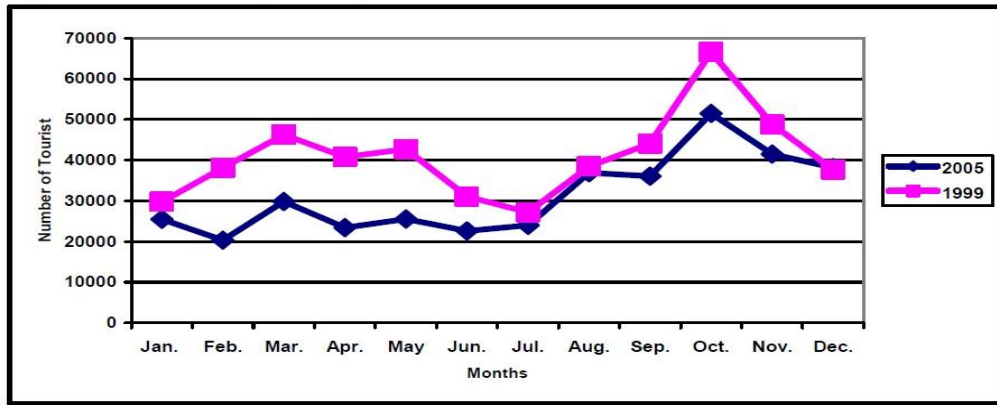
The tourism sector is growing very rapidly and Nepal has wonderful potential for tourism development because of its unique natural and cultural heritage. It can develop the accommodation sector by developing linkages between tourism and tourism related other sector. In Nepal, hospitality is also known as the act of generously providing care and kindness to whomever is in need. There is a slogan called 'Atithi Devo Bhava' meaning guest is God. It has been an industry of vast dimensions and ultimately supports economic growth and social development in order to promote the hotel industry in Nepal. The tourism and hotel industry is a most appreciated and income generated industry among all

which could help to bring foreign currencies and help to promote Nepal as a tourist destination throughout the world and it creates richness in hospitality.

4.3 Seasonality of tourism in Nepal

Tourists visiting Nepal prefer dry season from October to November in most destinations. The weather is mild, clean air, the countryside is lush and green and visibility is perfect in monsoon. The second best period to visit in Nepal is February until April and December to January is not recommended for travelling in Nepal but most travelers from India are in this month also. Big festivals are in October so it is also the best time to visit Nepal. May and early June are mostly too much hot and dusty and in mid-June to September the weather is unclear because of mountains in cloud and rain and roads in mud. So it can be said that most of the months are quite unpleasant for travelling. (Tourism sector analysis in Nepal, 2008, 39).This has important implications for the efficiency of tourism operations and the establishment of full time employment. As hot and dusty cities of India's great place and eventually to the sweltering heat of Beijing and other Chinese cities, Nepal's cooler summer weather needs to be communicated to key target segments for changing the overall pattern of challenges. This type of marketing strategy is very important strategy for maintaining seasonal pattern. (Travers 2004, 23.)

Climate is a vital resource to all normal human activities and especially for biodiversity, agriculture and tourism segments equally. Tourist destinations and tourist generating countries can significantly affect the tourist comfort and their travel decision because of the changing climate and weather patterns. (KEEP- Kathmandu Environmental Educations Project, 2011, 5.)The graph below explains the seasonality of tourism. (Bista 2009, 54.)



GRAPH 6. Number of tourists by months in 1999 and 2005 (Adapted from Bista 2009, 54.)

Graph 6 shows, the total numbers of tourist visited during the 1999 and 2005, published on Culture, Tourism and Civil Aviation 2006. Nepal enjoys a long tourism season. June and July are the off seasons because of rainy time in Nepal. But seasonal variability is not so high according to the above graph. The total tourist arrivals during the six peak months is 62 % in 2005. The number of tourists has increased since then, but decreased during a long period of Maoist movement. In 2007, it re-stated to attract more tourists in Nepal. It reached 516, 000 tourists with \$ 205 million foreign exchange. About 100,000 people were directly employed in providing tourism services while 125,000 were indirectly involved. (Chitrakar 2009, slide 4.)

4.4 Summit Hotel

The Summit Hotel is a very special Nepali style hotel with western comfort. It was founded in 1978, by a group of Dutchmen who had-and still have a great affinity for the country, its mountains, people, history and culture. Terraces are set in spacious flower gardens and give views north across the Kathmandu valley to the Shivapuri ridgeline and the snow clad Himalayan range beyond. It is located between the world-famous Durbar Squares and Kathmandu and Patan. The summit is the ideal place for those spending time in and around the Kathmandu Valley.

A wide range of accommodation is offered, from the self-contained apartments in ‘Summit Towers’ and the luxurious ‘Himalaya View Wing Rooms’, to the original Garden Wing Rooms and the good value budget accommodation available in Holland House. It has famous bar and restaurant, beautiful gardens and terraces, an outdoor pool, beauty salon, business center, conference and meeting facilities, room services, wireless internet and telephones in all rooms. A pleasant seasonal climate with sunshine almost throughout the year offers attractions reaching from high alpine or village treks, excellent river running on some of Nepal’s great rivers, elephants, one horned rhino and tiger in the lowland jungle area of Nepal. Even the summer monsoon from mid- June to September offers beautiful light, low lying cloud formations and colorful festivals. In all seasons the summit is known for its quiet atmosphere, lush garden, personal service and eye for detail.

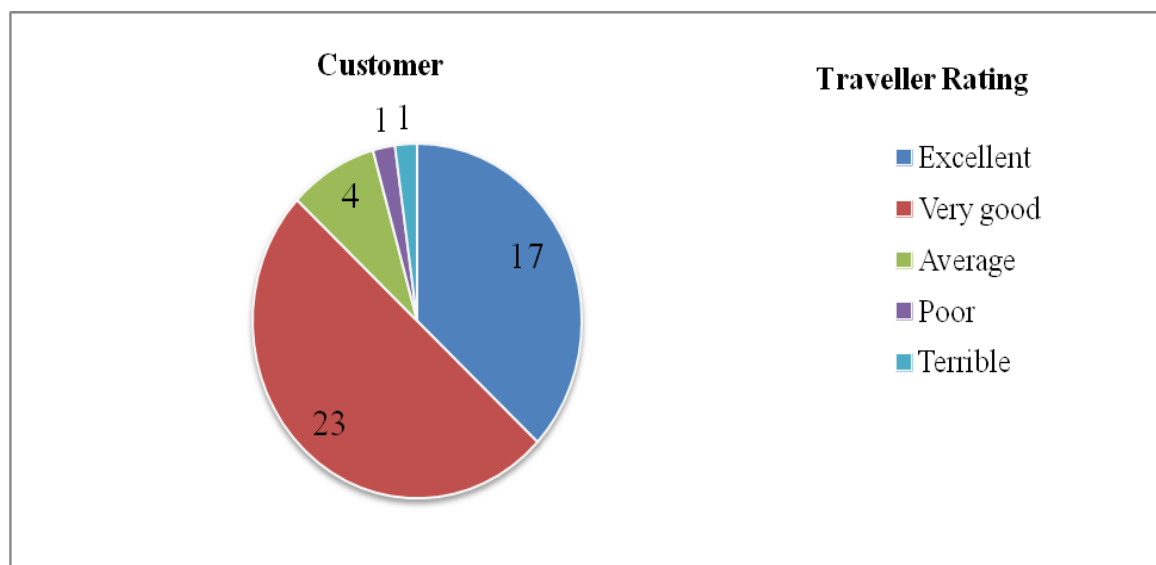
The group of Dutchmen and small group of Nepalese built 36 Garden Wing rooms and in 1990 the Himalayan View Wings. Some of the Nepali who are together with the owner is still working in Summit Hotel. The hotel offers 81 rooms and employs around 150 Nepalese employees currently. A Nepalese and an English managing director are currently in charge of the daily management. They are supported by a Dutch Board of Directors and eight shareholder families. The friendliness of the people of Nepal makes a great impression on nearly all visitors. The employees from Kathmandu valley Newars, hill dwelling Gurungs, Rais, and Limbus. Tamangs, high land Sherpa and low land Tharus, a wonderful mix of mother tongues and characters from all over Nepal. (Summit Hotel 2012)

One of the objectives of developing the Summit Hotel was to reciprocate the hospitality by offering the Nepalese an interesting job by developing their talents and earning a living. The hotel has economically grown on a profitable basis which has been reinvested in improvements and extensions of the hotel. The hotel has already been implemented for social programs and development. The Dolf Noordijk Foundation was established to provide schooling fund to the children of the Summit Hotel employees. This hotel was founded by trekkers and mountaineers who came to Nepal for the culture, the purity of nature and the beautiful Himalayas. So caring for the environment is considered a basic value of the hotel. (Summit Hotel 2012)

Summit Hotel has also enlarged in the field of Trekking. Summit Nepal Trekking have built up desirable reputation with agents and private clients based on efficient, friendly and

professional approach in handling a complete range of in-country services for all types of client. It has provided the logistical back-up to major international film projects, field support to scientific survey teams and full trek services for Charity fund raising holidays. Summit Nepal Trekking's field staff and guides are amongst the most knowledgeable and skilled in the business, many years of experience and the best equipment available with quality and safety trekking journey. It believes that the Summit Hotel and Summit Nepal Trekking combination is unbeatable, offering the best of Nepali hospitality and the services of Nepal's leading adventure Holiday Company. (Summit Hotel 2012)

Online booking for the hotel is generally done in one of two ways, by booking through the hotel's own website or through an independent booking agency or fare service agency like Priceline. There are three big sites named Expedia, Trip Advisor and Travelocity which offer long lists of special deals and virtual tours or photos of available rooms, trustful customer review and ranks according to the AAA rating system. AAA rating system is an American version which is focuses on a consumer's perspective on accommodation .The customer reviews of Summit hotel which have been posted in Trip Advisor 2012, is an excellent source of balanced user reviews of hotels around the world. Due to this review hotels can maintain the quality as well as solve hotel's problem that customers complain about. In the date of 15th March 2012, there are 46 reviews in the site of trip advisor and reviews up to March 2012 which is shown in the Pie chart below:



GRAPH 7. Customer review of Summit Hotel (adapted from Trip Advisor 2012)

The above Pie chart describes the chart of customer reviews. Traveller rating is rated in five different categories where dark blue is denoted for excellent, red for very good, green for average, purple for poor and light blue for terrible. It is reviewed with total 42 customers where family reviews -6, couple reviews - 6, business reviews- 18, solo travel reviews -10 and friends reviews-7. From the above pie chart 23 customers feel that accommodation services and facilities are very good, 17 said excellent, 4 said average, 1 said poor and 1 said terrible hotel. A very good rate has been rated according to location, natural beauty, pleasant rooms, and Nepali cuisine. Most of the customers like healthy and delicious food in peaceful environment. Two travellers of family, three travelers of couple's reviews, eleven travelers of business, seven of solo travel and two travellers from friends think Summit Hotel is very good. According to these reviews, business traveller likes it more than other travelers. Although one traveller from friends review thinks that Summit Hotel has charged high rates and there is no good facilities compared to what they paid. In the same way family travellers also complained it was an expensive hotel. The quality of rooms and services are poor but high price for all facilities.

According to the analysis of customers reviews Summit Hotel is very good for business and family travelers. Most of guests came visiting for adventure travel and tour so they want to stay in a peaceful environment. Peaceful location, friendly and helpful staff, lovely garden, fantastic view of the mountains and relaxed atmosphere are some of the qualities of Summit Hotel.

5 RESEARCH METHODOLOGY

Research methodology is a systematic of solving a problem and studying about how research is to be carried out. It is also defined as the study of methods by which knowledge is gained and it gives the work plan of research (Rajeskar 2006, 2) .This chapter will help with an introduction of research methods to show and give details for the use of methods. Different research methods will be examined in another sub chapter. Furthermore, research reliability and validity of the research as well as data collection and design of this thesis are identified. To find out the type of visitor in off season in the hotel is the first goal of this research. The second goal is to examine the main factor affected by seasonality, for example, the opinions of the respondents. Thirdly, the level of promotion and data update on the website are examined through a text analysis for the launch a new product or improving existing products during off seasons.

5.1 Research approach

Research is one of way of gathering information which is used for better decisions. It can be logical and systematic search for new and useful information on a particular topic. It involves the investigation and observation of finding solution in the case of scientific and social matters over objective and systematic analysis. The information can be collected from different sources like books, experiences, human beings, journals, nature and so on. Research can be done with study, experiment, observation, analysis, comparison and reasoning. This sub chapter will explain about the methods of research for the Summit Hotel.

All the methods which are used during research study are terms of research methods. It helps to collect samples, data and find solutions to problems. There are two approaches for conducting a research; qualitative and quantitative research method. Quantitative research method is collection and analysis of numerical data and statistics. It is concerned with how much and how many and on a larger scale of research than qualitative research. It has a numerical basis to test a hypothesis or a simplification. This method is usually used on small number of people where the aim is not to generalize too broadly. It can be

categorized into descriptive, correlational, causal-comparative and experimental research. Descriptive research involves collecting data for hypotheses test or answer questions relating the current status of the subject of the study. Correlational research is research to determine whether and to what degree a relationship exists between two or more quantifiable variables that expressed by correlation coefficient, which is a number between .00 and 1.00. Causal – comparative research establishes the cause – effect relationship, compares the relationship but the cause is not manipulated such as gender. Experimental research begins the cause effect relationship and does the comparison but the cause is handled where the cause, independent variable makes the difference and the effect, dependent variable is dependent on the independent variable. (Ouyang 2012.) Among all these quantitative research methods, descriptive research has been used for the survey. Secondary data has been taken from the hotel through the reservation department. It had research about how many total tourists, what type of tourist and for what purposes visitors came during different months.

The research method qualitative research is a potential method to use in different regions or situations and is a theoretical way of collecting and analyzing data. It comprises of an investigation that systematically uses a predefined set of procedures and seeks answers to a question. This research strives to understand a given research problem or topic from the viewpoints of the local population. The qualitative researchers study things in their natural setting, attempting to make sense of or to interpret a phenomenon in terms of the meanings people ascribe to them. Qualitative research is anticipated to enter the deeper significance that the subject of the research assigns to the topic being researched. An interpretive, naturalistic approach is involved in this research with subject matter, and gives priority to how the data contribute to important research questions or existing information. (Ritchie & Lewis 2003, 1-3.)

The qualitative research is people's personal involvement in the accurate place and the accurate situation in proper placed to explain and describe their own experiences, feelings and the conditions of happening, freely. Qualitative data collection can be attained in many ways of sources like overall or detailed interviews, main theme interviews, and different kinds of focus groups, different observations, and projective methods. There are many aims of different qualitative researchers to deeper understanding human behavior and to find out the reasons for this behavior which makes trends to force the researcher's interest

on a situation. This research method finds the way of decision making not only how, what, where, when. These are the smaller but more important and more useful samples which are more often needed than the common large random samples. Mostly in qualitative research, interviews have open-ended questions and the data is rich and often much more related to the subject. (Veal 2006, 193-195.)

Qualitative research is growing more and more in different research process nowadays because of more reliable methods for collecting a small scale of samples. It is more flexible and gives a better understanding of targeted people or groups. There is also a negative thing because using time for in-depth interviews takes more time than quantitative research where the respondents fill a simple questionnaire. In a tourism research qualitative research is most common or reliable to find out the real empirical observation rather than the traditional methodologies and theories. This research method observes the familiar data, subject and the research context. (Veal 2006, 196-203.)

The ways for gathering information, text analysis and in depth interview with the hotel's staff for the empirical part of the research. The qualitative research method was chosen to compose textual descriptions of how people and business in general experience the problem of seasonality in the hotel industry. For instance, methods in qualitative research are more flexible and semi structured, which is used in this particular research which are implemented in the form of a case study.

Case study as a method of qualitative research is the study of complex issues or objects and adds strength about already known topics from previous research. Case studies emphasize detailed contextual analysis of a limited number of events or condition and their relationships. Subject matter of seasonality in hotel can analysis with case study of Summit hotel. Yin (2003, 3), defines the case study research as an empirical inquiry that investigates a contemporary phenomenon within its real life context, when the boundaries between phenomenon and context are not clearly evident, and in which multiple sources of evidence are used. Case study researches as only one or a few case examined rather than findings that are generally or universally representative. It presents general proposals relating to theory and policy issues and to possibilities which can clarify the behavior of particular organizations (Veal 2006, 108.)

The first research method under this thesis is interview. Interview is the most common method to collect data in qualitative research which have the central themes of the subject. There are different ways for interviewing, unstructured interviews are dependent on what the interviewee says about the subject. In this kind of interview the interviewee can speak freely about the topic. Semi-structured interviews are somehow structured before doing the interview and the interviewer asks about the different topics. In this method the interviewee can freely talk about the subject or topic which interviewer asks about. Structured interview is as similar or close as quantitative research method. In this method the interviewer asks the open-ended and close-ended questions and the interviewer gives the options to the interviewee and the interviewer chooses the answer. (Veal 2006, 231-254.)

Semi-structure interviewing was chosen due to the established relationships with the interviewees, the flexibility and possibility to add new questions through the interview. Interviews were conducted with open-closed questions during the working hours, notes taken and analyzed. As the interviews were semi-structured, the question order and content varied, depending on the department of an interviewee, such as marketing, reservation and human resources department. The interview key questions are shown in Appendix 2

The second research method for this thesis is text analysis, which is one of the most used approaches for tourism research. The term 'text' is used for pictures, posters, recorded music, film and television and not just printed material. The analysis of text can be novels and other literature, mass media coverage, film, material culture. Pictures and videos are analysis from hotel's website and brochures during the analysis for the research. The limitation of analyzing text for this thesis are brochures and the website of Summit Hotel which helps to promote the hotel. Tourism research not only involves written text but also maps, landscapes, paintings, films, townscapes, TV programmes, brochures and so on. Social research significantly consists of interpreting text, through various mainly qualitative techniques, to identify the expansive structures which give rise to and sustain although temporarily which give tourist site. (Veal 2006, 203) Seasonality viewpoint, font, pictures, marketing strategies, layout, colors are going to be analyzed from the website of the Hotel.

5.3 Validity and reliability

Validity and reliability refer to the quality of the data collected as well as to the suitability of the research methodology applied in a research plan. Reliability and validity of arrangement is important reflections for researchers in their investigations. The goal of achieving dimension validity and reliability can be accomplished partly by quality item writing and reporting reliability data across studies.

Validity is the degree to which the data collected truly reveals the phenomenon being studied. Validity is the extent to which the test is measured to that what it claims to measure. A measure is valid if it measures what it is supposed to measure, and does so cleanly without accidentally including other factors. Violations of instrument validity severely impact the function and functioning of a testing instrument. Reliability is the degree to which research findings would be the same if the research was to be repeated at a later date or with a different sample of subjects. It involves the consistency, or reproducibility of test scores that the degree to which one can expect relatively constant aberration scores of individuals across testing situations on the same or parallel, testing instruments. (Veal 2006, 112; Thanasegaran 2009, 35-38.)

Several efforts have been undertaken to ensure the validity and reliability in the research of this thesis. The researcher needs to be very careful in defining the aim and purpose of this thesis as well as in justifying the topic's importance. The large number of simple close - ended questions might help to keep the danger of this aspect relatively small.

5.4 Data collection and design

In this research, secondary and primary information are required to discover the topic of seasonality in the case of an accommodation service industry in relation to the analysis of types of seasonality and product development for the off season. Generally the number of data sources and data techniques includes the use of documentary evidence, secondary data analysis, in-depth interview, questionnaire surveys, observation and participant observation. (Veal 2006, 112). The research design is case study type in this thesis, so data, information and facts used are both primary and secondary. This thesis is accompanied by

primary as well secondary data. Secondary information was taken from Nepal tourism Board, Hotel Association of Nepal, related documents from the Ministry of Tourism, Department of tourism, National Planning Commission, research and report written by Nepali author for different international Universities for required information and data. Various bulletins, tourism books, media sources like newspapers, the internet, hotel's brochure and website are also consulted.

The primary data and information is collected through mailing. The primary information is collected from the hotel. The research question in this thesis to be answered through primary data collection addresses interviewing with management team by telephone and also an interview was done with the Marketing assistant of Shangri-la Hotel where the writer had work placement in the same hotel. The research questions concerned the hotel and seasonality, the effect of seasonality, quality management for promoting off seasons and internal information of the hotel. In the same way, the information about the total number of visitor during the peak, shoulder and off season were collected with the help of table lists and types of tourists like holidaymaker and business travel and twelve different months, were written. To make it clearer about the hotel situation, an analysis of the website of the hotel, a brochure of the hotel that was collected through the scanning the brochure from Nepal, was done.

Data and information have been analyzed with descriptive methods under quantitative method by applying statistical tools and percentages. Approaches of analysis are both of a quantitative and qualitative type. Adequate efforts have been made for gathering information from various relevant sources and fields.

6 DATA ANALYSIS AND INTERPRETATION

The data and information obtained from the field have been methodically reviewed to avoid problems and uncertainties. The following chapter is concerned with the presentation of the findings from the primary and secondary research. The secondary data is shown with the help of tables and graphs. Simple percentage has been used for analysis. In the same way, qualitative information has been gathered through in-depth interviews with a management team and through an analysis of a text on the hotel's website and brochure. Only relevant information has been included in the focusing on the objectives of the study.

6.1 Analysis of data collected

The secondary data has been collected from Summit Hotel to analyze about the impact of seasonality though rooms occupied during the year. The occupancy rate of five star hotels for 2011 has been collected from one newspaper which is also analyzed in this sub chapter.

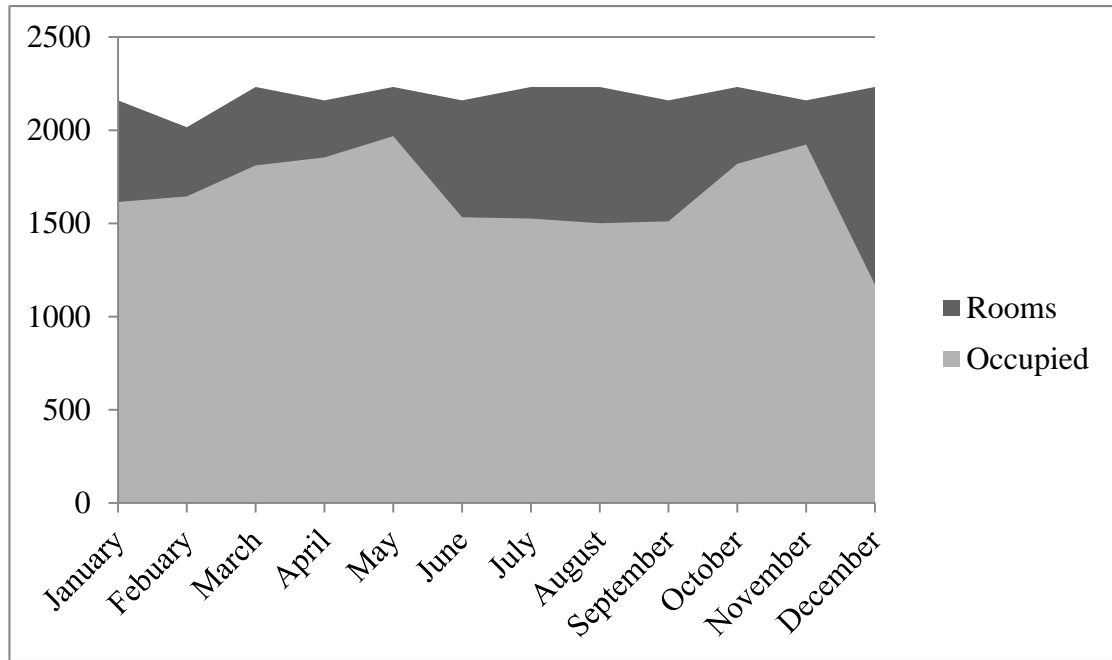
6.1.1 Total number of rooms occupied

The room rate is calculated on total rooms available per month multiplied by 30 days. For example, in January, the rooms available were 72 for one day, and for one month the total rooms available is $(72*30)$ 2160 rooms. Occupancy rates are important to real estate investors of every sector to provide an indication of predicted cash flows. For example, about a 200 room hotel with 150 rooms occupied would have a 75% occupancy rate. It means that a hotel can make 25% more booking for fully occupied. The condition for the hotel sector is good when all the rooms are fully occupied. The available rooms, occupied and the occupancy rate for whole months 2011 of Summit Hotel are shown below.

TABLE 1.Total number of rooms occupied (Appendix 1)

Months	Rooms	Occupied	Occupancy Rate(%)
January	2160	1615	70,09
February	2016	1645	79,21
March	2232	1811	78,85
April	2160	1854	83,40
May	2232	1968	85,07
June	2160	1533	70,58
July	2232	1526	67,97
August	2232	1501	65,48
September	2160	1511	71,81
October	2232	1820	78,99
November	2160	1923	86,02
December	2232	1171	53,86

It can be concluded from table 1, that during the month of January, only 72 rooms are accessible per day and one room was not used during that month. The total amount of room available in Summit Hotel is 73 rooms. In January total rooms available were 2160 where 1615 were occupied and the occupancy rate was 70,09 %. January and July are the off-season months for the Summit Hotel. It is because there is no special occasion or big festival after Christmas and New Year. Compared to the occupancy rate of July, 67,97%, more guests were visiting during January. It is off- season so the occupancy rate became lower than during other months. From the above table, it shows clearly that the highest amount of rooms occupied were 1923 rooms in November during the whole year 2011. The month of April has the second highest room occupancy rate with 1854 rooms. To make it clearer about total room occupancy see graph as follows:



GRAPH 8. Total number of rooms occupied

In the graph 8, the dark black color indicates the total amount of rooms available during 2011, and the light black indicates rooms occupied of Summit Hotel. Summit Hotel can offer a total 2190 (73×30) rooms per month but the hotel was not able to use all rooms during the whole year but it was fully booked in peak season. The largest gap between total rooms and occupied rooms is shown in the months June, July and August, it means fewer customers had booked the rooms. The lowest gap is shown during the May and November months. According to reservation staff it was overbooked during those months and guests had to be transferred to another hotel several times.

6.1.2 Occupancy rate in different seasons

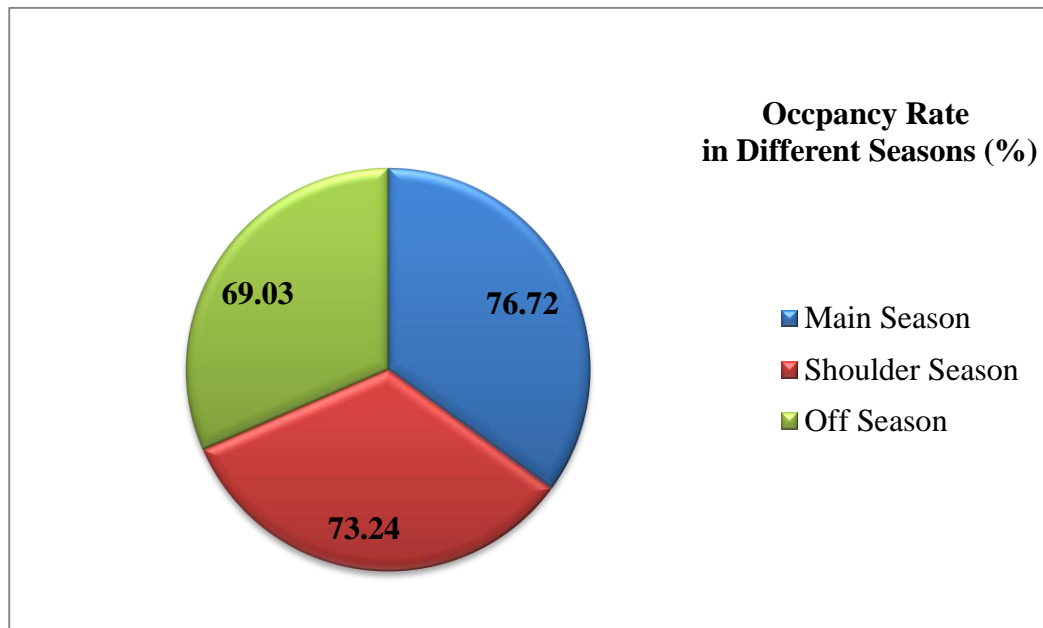
Seasons are the categories according to information given by from Summit Hotel. There are three seasons for Hotel, Peak, and Shoulder and off season. February, March, April, October, November and December are Peak seasons, May, June, August and September are Shoulder seasons and January and July are the off seasons for the Hotel. The occupancy rate in different seasons is the average occupancy rate of main, shoulder and off seasons which is shown table 2.

TABLE 2. Occupancy rate in different season

Season	Occupancy Rate (%)	Occupancy Rate by Season (%)
Main Season		
February	79,21	
March	78,85	
April	83,40	
October	78,99	
November	86,02	
December	53,86	
	Total	76,72
Shoulder Season		
May	85,07	
June	70,58	
August	65,48	
September	71,81	
	Total	73,24
Off Season		
January	70,09	
July	67,97	
	Total	69,03

It can be concluded from table 2 that February to April and October to December were said to be the main season of seasonality in Summit Hotel with 76,72% who came for expedition and trekking, vacations and business purpose. 73,24% rooms are occupied in shoulder period that all types of guests had booked. Business clients are the main guest in off season with 69,03%, different types of activity like conference, meeting, exhibitions and general business had been done by business clients.

Graph 9 can also make clear about the occupancy rate for different seasons. The blue color expresses the main season, red is for shoulder season and green for off season. There is around 3% occupancy rate difference during main and shoulder season, which means it is not so different. But there is almost a, 10% difference between main and off season, it can be big different occupancy rate for the Summit Hotel. The occupancy rate for the main season is higher than 75%, so it can be said that the hotel utilized more rooms and increased the economic growth of Summit Hotel.



GRAPH 9. Occupancy rate in different seasons

The hotel occupancy data recorded over time for a large sample of hotels provides a detailed, consistent and continuous means for measuring and monitoring seasonality in the hotel and tourist industry. Rooms and bed occupancy time series for individual hotels are a sensitive barometer of seasonal demand measured against the index of a fixed supply of bed spaces in the short term. In the case of occupancy, time series are to be used to measure and monitor the nature and intensity of seasonality in individual hotels, the effects of seasonality need to be divided from the other general and specific components of hotel occupancy performance. (Jeffrey & Barden 2001, 119.)

6.1.3 Occupancy rate of tourists during visit Nepal 2011

According to the Hotel Association Nepal (HAN), the actual annual bed occupancy is likely to be below twenty five percent, with considerable implications in terms of operating efficiency of the country's bed stock and inability to re- invest. The extent and renovating of rooms increased the occupancy rate during Visit Nepal 2011. Here are some data of room occupancy rate of five star hotels in 2011.

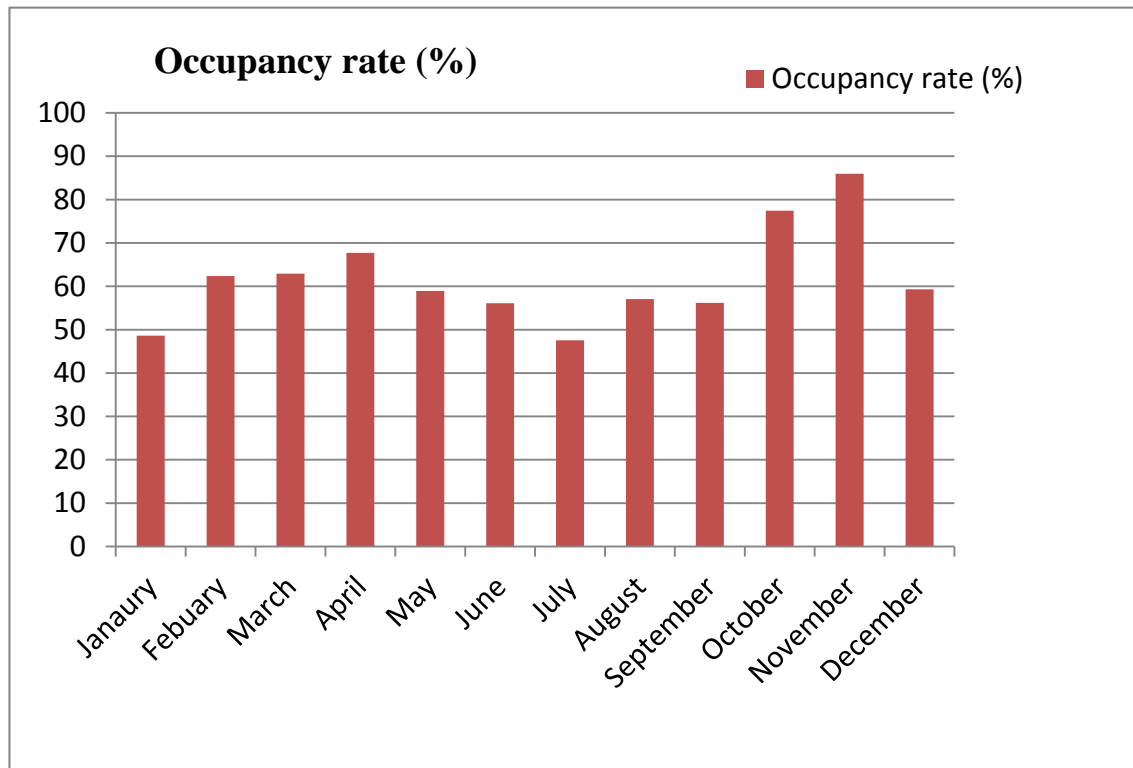
TABLE 3. Room occupancy rate (adapted from Sangam 2012.)

Months	Rooms	Occupied	Occupancy rate (%)
January	54,498	26,504	48.63
February	49,224	30,702	62.37
March	54,498	34,301	62.94
April	54,740	35,723	67.73
May	54,498	32,120	58.94
June	52,740	29,593	56.11
July	54,498	25,927	47.57
August	52,740	29,927	57.08
September	54,740	31,105	56.19
October	54,498	29,632	77.43
November	52,740	42,197	85.96
December	54,498	32,328	59.3
Total	641,670	395,459	61.63

The table shows the hotels recording the highest occupancy in November, followed by October, April, March and February. According to Nepal Tourism Year – 2011 (NTY 2011), five star hotels in Nepal’s capital Kathmandu and Pokhara city accomplished a 61.63 percent occupancy rate. According to Shangri- La Hotel, Nepal it collected high revenue with over 96 percent and similarly Hotel de’l Annapurna and Hotel Soaltee had the highest revenues in November. In the same way, two Pokhara- based five star properties registered a meager 38.27 percent occupancy in 2011. 103,295 nights rooms available in the hotels and 39,534 rooms have been sold last year according to the statistics. (Sangam 2012)

Apart from star hotels, the number of other tourist hotels, lodges and resorts has also reached 686. The numbers of bed in star hotels have increased to 9,125 with an addition of 244 beds. Summit Hotel is also included in this category. Other than star hotels, the number of beds increased to 20,217 with an addition of 1,093 beds. (Himalayan news services, 2011)

The occupancy rate can be shown in graph which describes the occupancy rate in percentage for each month.



GRAPH 10. Room occupancy rate

Generally there are two peak tourist seasons in Nepal, March- April in the spring and October -November in the autumn. According to the above graph the five star properties saw 62.94 %, 67.73%, 85.96 %, 77.43 % room occupancy in March, April, November and October, respectively. The lowest occupancy was recorded in January with 48.63%. It can be seen from the above graph that the tourism year of 2011 was the best year for the hotel industry so far. During the off season also the occupancy rate was better than the previous year's, it means that more rooms were occupied than last year. The income rate earned by the hotel was not so high and satisfactory and compared to the occupancy rate because of the market trend in Nepal, but more tourists had visited during the tourism year 2011.

According to analysis of the occupancy rate Summit Hotel and Tourism year 2011, there are positive expectations to develop the hotel industry in Nepal. An increase in occupancy rate means an increase in tourists and utilization of resources of Nepal.

6.2 Analysis of the management interview

The interview was conducted during the working hours, notes taken and analyzed. As the interviews were semi-structured, questions were order and asked to the management team. The interview key questions are shown in Appendix 2. The result of the semi-structured interviews discovered interesting facts about organization policy toward seasonality in the Summit Hotel.

Responding to the first theme which is about the concept of the hotel, target group and company's goal, the interviewee said that:

Summit hotel is a very special Nepali style hotel with western comfort. It is one of old and three star hotel in Lalitpur. Lalitpur district is well known for historical places, cultural heritage. Hotel creates a positive impression in Lalitpur district. NGOs and INGOs offices are around the hotel so the concept of opening this hotel to give qualities services and facilities and support on community development and non-profit organizations. The target groups for hotel are guest from INGOs and NGOs, business, expedition and trekking and vacations.

The second theme is about the factor of seasonality and low demand period, the interviewee emphasized that:

There are many factors that affect to the Hotel by seasonality; climate, political situations, and strike are the main factor for seasonality in Hotel. During the strike, it took a long time to reach from airport to Hotel so guest cancelled the booking at same day which effected on hotel. January and July are the off season for Hotel. Off season doesn't mean there is not any booking in day, few rooms are booked during the off season but it is low compared to other time.

The next theme about guest during the off season period and activities, the interviewee emphasized that:

Business client are the main guest for the Hotel. They came for attending different seminar, conferences, business event organized inside the hotel and other venue.

Responding to the fourth theme about product development or quality management of existing product, Interviewee responded that:

Hotel offer seasonal tariffs for the month of June- July and December-February. It helped for increasing in guest but not much as expectation. We are planning to make new product package in future.

For the fifth theme about causes for off season, the interviewee emphasized that,

Nature seasonality is not just only one that effect for hotel, public holiday, service and facilities given by government and political situation also other causes that affect the hotel.

The last theme was about impact of seasonality and according to the interviewee:

There is less positive impact than negative. Most it effect in off season. The operating cost and other cost remain same like main and shoulder and low income from guest. It is one case that Hotel might be gone in loss. Seasonality carries strong difficulties for business and can even endanger the hotel's survival. Hence, sustainable months from November until March are a necessary prerequisite for future business considerations.

It became apparent after interview that Summit Hotel is one of the oldest and most cultural hotels in Nepal. It is also affect by seasonality. It believed that tourism industry is developing in different parts of Nepal so if the government will be stable and enforce durable laws and rules, it could be more beneficial for hotels as well.

In a separate discussion with the Human resources manager of Summit Hotel, marketing assistant of Shangri-La Hotel, Kathmandu, Nepal and Paradise Inn, Nagarkot, Nepal when I was doing my internship. The theme was basic, about hotel and seasonality, on marketing strategy and reservation system. According to them, related to reservation, there are two ways of reserving: direct online booking and through an agent. From hotel's point of view, the hotel gets high income when guests booked in rooms through online services otherwise if guests booked a room through a travel agent they took a commission from the guest. The guest paid the same amount and because of the mediator the hotel got a low income. The prices varied according to guests. For regular travel agents and other groups, there is a special rate which is lower than other. The British and American guest rate is higher than some European countries' rates. The price and rate are determined according to market and mobility of a second party, like an agent and INGO. In the case of marketing, advertising is one key for marketing where special events and other hotel related news are published in newspapers, on other magazines like ECS. Regarding to personal selling, appointments have been taken with the concerned party by marketing for the sale of a product or promoting new package to the person directly meet with the other party and offer a reasonable rate. Special packages with discount and food festival had been organized during the off season.

6.3 Text analysis

Business expertise plays an important role when administrators make strategic and optional decision. Hotel effectiveness and customer satisfaction can be improved through accurate and timely competitor and customer intelligence. Hoteliers have more benefit and expenses of installing information technology (IT) which extract meaningful patterns and build predicative customer relationship models from numeric data. Text documents consist of corporate documents, web pages, newsgroup posting where process starts with a keyword search in text collections. (Cathy 2010, 66-68.)

Currently a website provides people with a suitable way to do online booking and shopping. People feel more comfortable to book rooms online. The webpage is very important when users access the site for the first time. If it is not properly designed, a customer may leave the site after viewing the main page without browsing other parts of the site. Normally, a website can be analyzed in two based- content based analysis and decision analysis. Content-based analysis is analysis in terms of both text and layout that output corresponds to the trust assessment level of the website. Decision analysis can be analysis through trust criteria and recommendations for improving the web site. (Soiraya, Mingkhwan & Haruechaiyasak 2008, 90-91.)

According to Sharpened Productions (2003-2012), a website needs to be simple and good, as well as the pages should be well organized with a top- down design so that people can easily browse to where they want to go on the site. A website needs to develop for multiple browsers on multiple platforms to make sure everything appears uniformly. Regarding this thesis, it is going to analyze a website for obtaining customer intelligence. According to Cathy (2010, 67) customer intelligence can be received by analyzing the personal home page, customer comment cards and qualitative survey data. So there is mostly focus on the hotel's personal home page. From a seasonality point of view, font, pictures, and marketing strategy are going to analyzed from the website of the Summit Hotel.

6.3.1 Seasonality point of view

Nowadays, every business has made a homepage to promote their business. A hotel's webpage is a most important way for promoting through ecommerce. It is easy for the customer to get information about the hotel, rooms, traffic, services and facilities and online reservation. The hotel webpage is also important in the case of seasonal demand. The hotel has seasonal price during the off season which makes it attractive to customer. In the same way, under the introduction of Summit Hotel, it is mentioned temperate seasonal climate and the hotel is known for a quiet atmosphere, lush garden in all seasons. It means the hotel is willing to provide all the facilities and services during peak season as well as during off season.

6.3.2 Layout

One important aspect of layout is track of sizes of a web page. The most successful commercial websites limit the width and height of the webpages so the most important contents of the webpage lies within the top 600*600 viewable without scrolling.

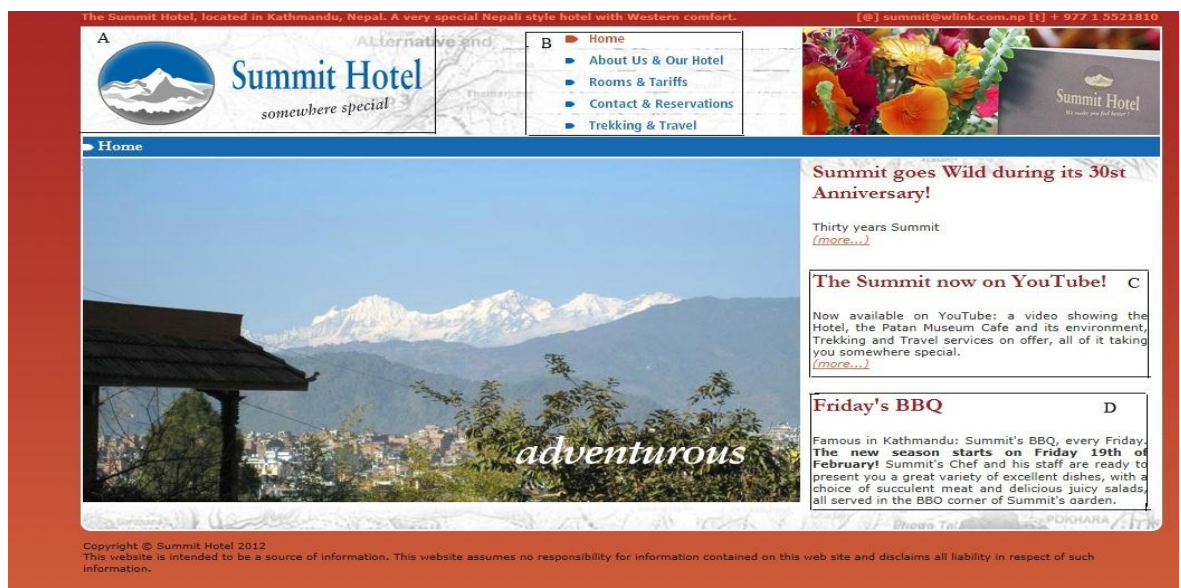
Headings are written in bold size and other texts are written in smaller size. Arial font face is selected for a professional look and visitors can read the contents easily. In some pages there is no combination of heading and text font size. The text needs to be in bold faced, a larger font size, set between small vertical lines or combination of these. In the same way, the choice of colors may reflect one's personal taste. According to Grantastic designs (1997-2006), color text should be familiar to the visitor, that is, blue text usually indicates an unvisited link and purple and maroon text indicates a visited link. The colors selected are red, black and blue color on the website which seems like a safe and eye pleasing color. There are no various colors which denote different seasons. So if customer needs to see the tariff there is red color outside and inside detail information about whole tariff. It would be nicer if there would be another color when enter for detail information. It could be a sure way for getting the attention of the customers.

Images are used immediately to create a picture in the visitor's mind. It is visual language which creates image quicker than text. If the picture is clear and related to phenomenon

there is no need of text to explain. There are plenty of pictures in different places. Inside the home it has five different animated pictures named friendly, adventurous, spacious, comfortable, inspiring which are for the viewer. Almost all images are of good quality and clear, and the viewer can understand about the related topic by viewing pictures, some are big enough and some are of smaller size. The pictures inside home are big enough and clear and indicate different season activities like summer, winter, monsoon and spring. The sizes of the images are: 639*379, 456*299 and 153*105 on the hotels' website. Some pictures are of good quality but the image inside does not seem real. For example inside the staff, the picture does not seem real. In the same way, there is not specific picture for grouping rooms but it has mentioned types of rooms with buildings nevertheless.

According to Soiraya et al. (2008, 91), layout can be collected and labeled example pages from web sites as trust and untrust for the experiments. Websites can be categorized in to three parts, such as, trust web sited with high-quality content and layout, candidate trust websites with high- quality layout and content and untrust website with low- quality content and layout which are described as follows:

Every company wishes to design high quality content and layout in their webpage. The most trustable things with high quality are shown in Graph 11.



GRAPH11. Trust website with high- quality content and layout (adapted from Summit Hotel)

The graph11 shows the main page of the website which has high-quality content and layout. Template design and layout design are state of the art. Four blocks (A, B, C, D) are in the appropriate position. Each block has trust e-commerce word. In block A, there is the hotel's logo which is most trustful by visitors. In block B, the words 'home', 'about us and our hotel', 'rooms & tariffs', 'contact us and reservation' and 'trekking & travel represent' trustworthiness to customers. The excellent information about hotel and daily updating in block C and D provide customer service and recommendations that increase customer confidence even more. The layout of the font is divided into two parts, there is all the information in the white part but it shows blank red in another part. The informative part can be enlarged for quality maintain.

Candidate trust websites with high quality layout and content is the second category of the website. The concept from previous websites is used for content and quality analysis. The title 'About Us and Our Hotel', it categorized into six sub titles where 'about summit hotel', 'when and where', 'community development programme', 'our staff', 'environment', 'excellent cuisine' are included with high quality layout and content. In the same way, rooms and tariffs are also given a professional layout with good contents. Trekking and travel tried to give more information about Summit Nepal Trekking, services and facilities and contact information. Under contact information there is low quality regard mailing. It seems complicated to send the mail to the trekking agency because there is not any specific email address. The rates of rooms are specifying VAT and services charges which are trustful contents to the visitor.

The third part of the website is an untrust website with low quality content and layout. In some cases it is hard to trust the information from the website because of updating. The layout for the room & tariffs is in high quality content. The picture seems, as if has been taken in a different season. Blocks A, B, C have pictures for different rooms available in Summit hotel. There is just the picture of building rather than the rooms, which shows untrust about the information about the rooms. In the same way, the prices which are shown in tariffs is not fixed in practical, there might be taken different rates according to visitors. Blocks D and E are denoted for poor layout in tariff. The layout for tariffs is small and visitor has to scroll to see block E. It should be sufficient, the tariff box should be big and not necessary to scroll for a full page. In the case of contact and reservation there is

poor quality of email addressing for inquiry, so if the customer wishes to send an email it might take longer time.

Rooms & Tariffs

Himalaya View Wing Rooms



20 five star rooms at the front, with superb views of Kathmandu city and the Himalaya beyond. [\(more...\)](#)

Summit Tower rooms



5 south facing rooms with cable TV, built above the private Summit Tower courtyard. [\(more...\)](#)

Garden Wing Rooms



30 three star rooms overlooking the spacious garden and the swimming pool. [\(more...\)](#)

Holland House Rooms



10 rooms. Ideal for expeditions, school or student groups, and those on a modest budget. [\(more...\)](#)

Apartments



8 de-luxe apartments for long staying guests. [\(more...\)](#)

Tariffs



For tariffs, click here ... [\(more...\)](#)

Tariffs

Tariffs effective from 1 January 2012
All prices are subject to 10% service charge and 13% Government Tax

Himalaya View Wing Rooms

Double	Single
EUR 110	EUR 100

Garden Wing and Summit Tower Rooms

Double	Single
EUR 80	EUR 70

Holland House Rooms

Double	Single
EUR 30	EUR 25

Summit Apartments
Upon request

Restaurant
a la carte

Fixed menu

Breakfast:	7,- EUR
Lunch:	8,- EUR
Dinner:	9,- EUR

GRAPH 12. Candidate untrust websites with low- quality layout and content. (adapted from Summit Hotel)

The layout of the website is almost high quality. The page sizes are smaller which gives small fonts and pictures but it is good in the case for loading faster. There is no possibility for faster internet access so small pages are good in this case. Some improvement is required in some slides, for example some slides have just text and lots of free space. If the font size could be larger that problem could be avoided. In the same way, there is lots of free space in all slides at the bottom so there are lots of options for updating news and informative news.

6.3.3 Marketing strategy analysis

The hospitality industry is highly competitive, and the effectiveness of marketing is a major factor of a hotel's instant business success and long term survival. It is better to involve with the planning and implementation of marketing efforts as an important part of overall managerial responsibility. The Summit Hotel is a 3 star and independent hotel so it is important to have a good marketing strategy. Marketing strategies are the result for market analysis. A market analysis enables the entrepreneur to establish pricing, distribution, and promotional strategies so that the company becomes profitable within a competitive environment. The online market is one of the biggest markets for free and easy web search. Search, finding and retrieving document is used by everyone who uses the internet. Marketing through the Internet is an important part in business marketing strategy, that a universally perceived fact and hard to be ignored.

A website is one part of online marketing which gives a company its profile and help in updating all the information. Nowadays, customers wish to get information and book rooms in short time, so a website is one way for online marketing a particular hotel. There are different social networking website like Facebook, Twitter, B2B marketing, Youtube, Google Plus, Pinterest and blogs where people can interact with one another and build relationships. In the case of different companies or products join those sites, people can interact with the company and product. On the Summit hotel website, online marketing and video marketing strategies have been used for promoting the hotel. The hotel has opened an account on Facebook but it has not been updating anything for long time. It would be better if Facebook would be linked with the hotel's website where there is a blank place. The webpage is simple and easily understandable by the viewer but it can become more attractive with a new design and by updating hotel news of Nepal, adding brochures and an online feedback section. There are different activities and events during the year. It could be written special offers during the off season where visitors wish to book the rooms in off season

7 CONCLUSIONS AND SUGGESTIONS

Tourism demand and tourism supply are interrelated subject in the tourism industry where there is necessary that the visitors complete the supply and demand function. The central aspects of demand which must affect the tourism field, include the type of tourism e.g. individual or mass, where they may come from, the purpose of their visit and how long they will stay at the destination. So, briefly we can explain as follows. The type of tourism is one of the key factors in determining the level of impact tourist will have on the resident population.

Seasonality is a subject which has been frequently discussed in the literature of tourism, but hardly analyzed in detail. It represents a problem to maximizing the efficient operation of tourism facilities and infrastructure. Seasonality can be natural or institutional. There is no scientific theory but the climate plays a major role in seasonality. People wish to go to a water resort during summer, and only a few want to visit a cold and foggy destination in the off-season. The timing of meeting, conference, and events are organized in geographical area, so there is no matter of peak and off season for those activities. Seasonality of demand seems to be the major problem for the hotel industry that impacts negatively, like difficulties in gaining access to capital, low returns on investment or the inefficient use of resources. The issue of seasonal demand variations and potential of the concept of product development have to be seen in the light of the fragmented structure of the tourism industry. The phenomenon of seasonality imposes great risk for the tourism industry as for the whole industry, so it can be maintained through modifying the process, differentiating pricing and creating new attractions and events.

Tourism is one of the most important industries in Nepal. It is identified as the backbone of national economy in Nepal. Tourism is a major source of foreign exchange earnings. The SWOT analysis of MOTCA 2009, explained about Strengths, Weaknesses, Opportunities, and Threats for the tourism industry in Nepal Thus, it need to improve the supply of services from the transport, financial, recreation, healthcare utilities and security services sectors for developing the tourism sector. Nepal Tourism Year 2011 (once is not enough) is the second biggest tourism promotion movement after Visit Nepal Year 1998. It is not the end of national campaigns to promote tourism but it is start for much more such

campaigns. Millions of tourists had been visiting during 2011. This has given a fresh hope to the common people and the tourism entrepreneurs about the future movements. The hotel sector which is one of the stakeholder of the tourism industry, plays an important role in providing quality accommodation to a large number of tourists visiting Nepal. Summit Hotel is also one of leading three star hotels inside Kathmandu Valley which is special for its Nepali style Hotel with western comfort.

Seasonality affects overall the sector of Nepal. The peak seasons are February- April and October- December period when the weather is most pleasant and best for trekking. January – July is the low season due to the annual monsoon that has been affected total tourism operations. So changing this overall pattern is a key challenge for the tourism industry. It is one of the marketing strategies to promote cooler summer weather for increasing the number of visitors. After the analysis of Summit Hotel through secondary data, interview, text analysis and discussion it became apparent that the hotel has good condition during 2011 and there should be some necessary of improvement services and facilities. To promote the hotel good marketing strategy is the strongest part to increase guests in off season as well as main season.

In the case of seasonality reduction, there are certain promotional and pricing needs to measure for attracting tourists during the off season. As has already mentioned regarding management strategy in the theoretical part of this thesis, there are different ways for reducing the seasonality. So a hotel needs to apply these ways to attract the visitor. All such prices discounts or incentives have to be quoted in advance for the packaged tours. Tourists will take a tour in off season when there are sufficient incentives. For example, discounted pricing may attract those tourists who could not have enough money for the holiday. So this is one way to have more tourists during the off season.

Special promotional and advertising operations are carried out for increasing off season sales. Most of the tourism producers depend heavily on intermediaries for selling. However, during off season it would be a good idea for the hotel to adopt direct selling or personal selling and advertisement. The hotel already have seasonal price for off season. The hotel can try special offers also, like if one family booked in off season there will breakfast free or something free during the occupied time. The hotel could also promote itself to domestic visitors. It could make the same packages for international and domestic

tourists with reasonable prices that can offered by local people. Fully room occupied is not just one source of income but the hotel can organize different events, concerts and festival events that domestic tourists will also attract and use resources of hotel.

According to the customer review almost all visitors are satisfied with the hotel services but they had complained about prices. This is just a problem for Summit hotel, but also for other hotels in Nepal. High rate or price is not a problem but, the hotel industry cannot provide enough services and facilities to the customer as price taken. The biggest problem nowadays in Nepal is the electricity problem. All the sectors as well as ordinary people, are suffering from load shedding, in this context, it costs high for fuel and heating system. So, all customers had complained about this problem which is also reality for Nepalese inhabitants.

In conclusion, this thesis has tried to provide material for the research on seasonality of demand. The uses of concept of quality maintain to motivate demand in off seasons periods. Some related parts could not be covered due to the limited scope of thesis even though this thesis provides interesting topics for future research activities.

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3 Occupancy rate:

Months	Rooms	Occupied	Occupancy rate (%)
January	72 x 30 (2160)	1615	70.09%
February	2016	1645	79.21%
March	2232	1811	78.85%
April	2160	1854	83.40%
May	2232	1968	85.07%
June	2160	1533	70.58%
July	2232	1526	67.97%
August	2232	1501	65.48%
September	2160	1511	71.81%
October	2232	1820	78.99%
November	2160	1923	86.02%
December	2232	1171	53.86%
Total			

4 HolidayMaker & Business Traveler(%)

	Main Season	Shoulder Season	Off Season	All year
Holidaymaker				
First	Feb, Mar, Apr	May, Jun	Jan	
Repeat	Oct, Nov, Dec	Aug, Sept	Jul	
Business Traveler				
Conference, meeting exhibitions	<	∞	<	All Year around.
General Business	∞	∞	∞	All year around.

Note : Real data is not compulsory; Data can be in percentage or words. This data helps to analysis how many tourists and what types of visitors visit during picks and off season.

Interview Questions:

- 1 What are the basic elements of the concept of your Hotel, who are the target group and what are the company's goals?
- 2 Which factor of seasonality can be seen as the most problem for the hotel and which time can generally be viewed as low – demand periods for the hotel?
- 3 Who are the hotel's guests in off- peak periods and what do they come for?
- 4 Is new product development or quality management of existing product help the hotel to adjust its offering in low season times and to attract more guests?
- 5 Weather is one of major cause for off season or other things like social (public holiday or other holiday), political situation also that effect the hotel.
- 6 Is impact of seasonality positive for hotel or not?