

How hotels suffer from and deal with the economic effects of tourism seasonality: A case study of Aksum, Ethiopia

Amare Yaekob Chiriko 

School of Hotel and Tourism Management, Hawassa University, Hawassa, Ethiopia
Correspondence: amareya@hu.edu.et

ABSTRACT: The aim of this study is to assess the economic costs of tourism seasonality on hotels, and strategies for addressing these costs by taking Aksum, northern Ethiopia, as a research context. Semi-structured interviews were employed to collect data from 14 hotel managers in Aksum town and the data were analysed using thematic analysis. Findings from the study showed that seasonality causes large occupancy drops during off-months and brings about a considerable drop in hotels' revenue. However, in terms of recruitment and staff-related costs, hotels in Aksum do not concede serious economic costs and this is mainly attributed to their size. Study results also revealed that increasing supply of additional hotel products in peak season and diversifying products that cater to local markets are the major strategies for addressing tourism seasonality. The study offers an important theoretical contribution as it presents the economic costs of tourism seasonality on small hotels, and the major ways of overcoming it in a developing-destination context.

KEYWORDS: economic consequences, low season, peak season, response strategies, thematic analysis

Introduction

Tourism is a service-sector economic activity that depends on tourist visits to destinations of interest (Pearce, 1989; Witt & Moutinho, 1995; United Nations World Tourism Organisation [UNWTO], 2018). Among various attributes inherent in tourism, seasonality often stands out as its unique, most representative, and main defining feature (Butler, 2001; Fernández-Morales, 2003; Chung, 2009) and a major challenge it faces (Allcock, 1989; Butler, 2000; Higham & Hinch, 2002). With the exception of a few destinations where demand is not variable according to clearly defined seasonal patterns (Butler, 2001), almost all destinations experience temporal fluctuation in the flow of tourists (BarOn, 1972; Hylleberg, 1992), although peripheral and coastal destinations tend to suffer more (Butler, 2001; Fernández-Morales, 2003). The seasonality of tourism brings significant economic costs to destinations, making most business outlets, including hotels, concede serious losses and in response devise strategies to mitigate the impacts (BarOn, 1975; Allcock, 1989).

Since the initial two-volume works by BarOn (1972; 1973) — widely regarded as the first enquiry into the subject — seasonality has been examined in a number of disciplines including economics (Dagum, 1997) and sociology (Rose, 1993), in addition to tourism and hospitality. Despite the considerable attention it drew from academia and policymakers, seasonality remains one of the least understood aspects in tourism literature (Butler, 2001; Jang, 2004), with research outputs lacking a sound theoretical framework (Koenig-Lewis & Bischoff, 2005).

Though several definitions have been used to operationalise the theme of seasonality, no generally agreed-upon one so far exists in reference to tourism (Hylleberg, 1992; Koenig-Lewis & Bischoff, 2005; Þórhallsdóttir & Ólafsson, 2017; Chen et al., 2019). According to Butler (1994), seasonality is a temporal imbalance in the phenomena of tourism manifested in fluctuation in such dimensions as numbers of visitors, expenditure of visitors, traffic on highways and other forms of transportation, employment, and admissions to attraction. While BarOn (1975) viewed seasonality as recurring each year with more or less the same timing and scale, Allcock (1989) argues that such a concentration occurs in relatively short periods of the year. A slightly firmer assessment by Holloway (1994) states that seasonality of tourist flow not only varies within a year but also within a month, a week, or even a single day. It can hence be summed up that though seasonality of tourism involves irregularity in tourist flow across time, it is itself a regular feature in tourism (Witt & Moutinho, 1995; Fernández-Morales, 2003; Vergori, 2017; Sáez-Fernández et al., 2020).

Some definitions of seasonality indicate the underlying causes of it in tourism. For example, Holloway (1994) explained seasonality as being caused by weather, the calendar, and the timing of decisions by different agents of the economy. Although many causes of seasonality in tourism have been researched (e.g. BarOn, 1975; Hartmann, 1986; Butler, 1994; Baum & Hagen, 1999; Lundtorp et al., 1999; Frechtling, 1996; Xie, 2020), two of them appear repeatedly in most discussions in the literature: natural and institutional factors and/or pull and push factors.

Natural seasonality is caused by such climatic factors as sunlight, snowfall, rainfall, extreme temperature, and daylight weather, while institutional seasonality stems from religious, social, cultural, and ethnic factors (BarOn, 1975; Hartmann, 1986; Butler, 1994). While natural factors make a certain water-based destination or ski resort be preferred or avoided (depending on season of the year), institutional factors like pilgrimages, public and school holidays compel visitations to be undertaken at a certain time or to a certain place (Frechtling, 1996). Lundtorp et al. (1999) viewed these factors from a different angle, classifying them as "push" (holidays, inertia and tradition, social pressure and fashion, and access) or "pull" (climate and sporting seasons). In addition to these two, a third category comprising social pressure, a mega sporting event, and inertia of travellers has been discussed by Butler (1994). Findings have recently emerged that economic determinants also affect the seasonal concentration of tourism (Xie, 2020). While these studies have shed light on conceptualising seasonality causes, they have been criticised for failing to specify whether these factors are deterministic or stochastic in nature (Ridderstaat & Nijkamp, 2013).

Researchers in tourism seasonality have also largely focused on traditional and mature destinations in Europe, the Caribbean and Asia (UNWTO, 2018), making study outputs from developing non-traditional destinations rare (Ridderstaat & Nijkamp, 2013). Even when traditional destinations become settings of seasonality research, generic destination level approaches are often pursued instead of analysing it specifically in the context of tourism business outlets such as hotels (Galloway, 2008). The studies also put little focus on the supply perspective, concentrating largely on the wide range of seasonality references from the demand point of view (Saló et al., 2012).

This study assesses economic effects caused by tourism seasonality on hotels in Aksum, Ethiopia. One of the prime destinations on the Ethiopian Historic Route, Aksum is famed for obelisks, the Stelae Park, the Church of Mary of Zion — believed to have housed the Ark of the Covenant — and the Mary Zion celebration (*Lonely Planet*, 2016; Ethiopian Tourism Organisation [ETO], 2019). There are 14 star-rated tourist standard and over 35 budget hotels in the town, in addition to more than 400 tourism and hospitality business outlets including pensions, restaurants, cafés, and bars (Tigray Culture and Tourism Bureau, 2018). Though research findings reveal that tourism in Aksum is characterised by high seasonality (Chiriko & Addis, 2015), specific discussion on the perspectives of industry practitioners like hoteliers is rather limited. The current study aspires to fill the gap in this regard. Its objective is two-fold: (1) to assess the economic consequences of tourism seasonality on hotels; and (2) to examine hotels' strategies to ease the challenges of seasonality.

Theoretical considerations

Economic consequences of tourism seasonality on hotels

The economic effects of tourism seasonality have been widely researched in the literature (e.g. Ball, 1988; Mourdoukoutas, 1988; Krakover, 2000; Commons & Page, 2001; Goulding et al., 2004; Jang, 2004), beside environmental and sociocultural effects (Witt & Moutinho, 1995; Butler, 2001). The hotel sector specifically is characterised by variation in guest arrivals and customers, presenting them with a challenge of adopting

changing strategies across seasons. Although positive impacts of tourism seasonality are evident from economic aspects (e.g. maintenance of buildings, temporary part-time jobs) (Murphy, 1985; Witt & Moutinho, 1995; Mill & Morrison, 1998; Þórhallsdóttir & Ólafsson, 2017) and an ecological point of view (e.g. recovery of the environment and maintenance of attractions), the economic costs that hotel endure due to seasonality of tourism often outweigh the benefits. These costs can be categorised into two broad categories: effects on revenue, and effects on investment.

In terms of revenue, hotels lose a lot as they concede substantial drop in demand for such facilities as rooms and food services, while the basic costs of these amenities remain fixed across seasons (Soesilo & Mings, 1986). Cooper et al. (2005) noted that, due to the perishable nature of hotel products, the economic values of items like rooms would lose value rapidly. The other aspect of seasonality affecting hotel revenue is associated with employment. Owing to seasonal variation in their guest arrivals, hotels would have to put in place different approaches in peak and/or low seasons. They have to either recruit employees on a seasonal basis and repeatedly have additional costs for training the workers every peak season (Cooper et al., 2005), or hire full-time staff at full potential levels of the peak season and bear the cost during low-income periods (Yacoumis, 1980), leaving their economic status in jeopardy (Szivas et al., 2003). As Commons and Page (2001) pointed out, hoteliers often face shortages of casual workers in high seasons and are compelled to seek seasonal workers beyond the local area. This raises recruitment costs and reduces remuneration packages for those workers, resulting in a lack of commitment by workers (Goulding et al., 2004). In addition to this, hotels have to deal with the consequences of increased price pressures that result from rises in transportation and supply costs (Commons & Page, 2001). The eventual effects of tourism seasonality lead to under- or over-utilisation of resources in hotels (Commons & Page, 2001; Jang, 2004; Chen et al., 2019).

Tourism seasonality also impacts a hotel's return on investment. According to Mathieson and Wall (1982), seasonality drains commercial sector lenders' confidence in hotel investors due to instabilities in revenues. Investment in hotel sectors is often viewed as unsafe over perceived risk in return on investment (Goulding et al., 2004). Seasonal variations in tourist flows also cause budget management challenges in cash flows to hotel investments as planning proves challenging (Commons & Page, 2001).

It can be summed up that the major economic costs of seasonality of tourist flows fall into revenue and investment-related categories. It has to be stressed, however, that these costs are often interrelated, one causing the other (Vrkljan et al., 2019).

How do hotels manage seasonality impacts?

While destination-level strategies of addressing tourism seasonality are well established in the literature (e.g. Owens, 1994; Jeffrey & Barden, 1999; Weaver & Oppermann, 2000; Getz & Nilsson 2004; Getz et al., 2004; Postma & Schmuecker, 2017), specific studies on approaches pursued by hotels in managing seasonality appear limited (Phelps, 1988; Postma & Schmuecker, 2017). Whereas the major impacts of tourism seasonality on hotels are economic in nature (Commons & Page, 2001), most strategies adopted by hotels to tackle them involve marketing

actions (Chung, 2009). Cost reduction tactics are often the preferred option. To reduce operational costs and increase yield, hotels engage in service-level differentiations of reducing opening times in low season (Goulding et al., 2004; Alshuqaiqi & Omar, 2019). The strategies of extending peak seasons by developing a tourism product, promoting a pricing differentiation model, and multiple-use schemes, recommended by BarOn (1975), work well for hotels. Witt and Moutinho (1995) pointed out that promotional pricing in the form of discounts or free offers could help to increase length of stay during off seasons. It is noted by Chung (2009) that pricing differentiation is only implemented to offset the traditional seasonal fluctuations, not to maximise profit. The role of group booking offers for specific niche markets such as retirees also reinforces visitation in low periods, which could be done by aligning with tour operators or travel agents to sell a particular product/service (Jeffrey & Barden, 1999).

A market diversification effort has also been identified by Witt and Moutinho (1995), which could mean designing marketing campaigns to attract different markets in different seasons. Market diversification activities of hotels could be further enhanced by product diversification to attract local customers to increase business in low periods (e.g. the introduction or development of festivals and events) (Jang, 2004). According to Jeffrey and Barden (1999) and Goulding et al. (2004), hotels might benefit from combining a tourist facility with local amenities as this helps to expand the operational season. Hotels can also create new or alternative sources of demand for their existing products and facilities by targeting such markets as business travellers, or incentive and conference market travellers, as these groups possess the willingness and ability to travel in off-peak seasons (McEniff, 1992; Vergori, 2017).

The strategies of promotional pricing, market diversification and product diversification are inherently outward facing in their nature. In terms of cost management, hotels often pursue an inward-facing approach. This involves financial planning and budgeting to manage fluctuating operational costs (Jeffrey & Barden, 1999; Chiriko, 2021). However, few hotels face the worst-case scenario of a complete closure of business in the off season in an effort to reduce operational costs (Butler, 2001). Whether outward or inward facing, hotel establishments adopt what strategies they believe suit the destination they are operating in as there is a lack of longitudinal studies to evaluate the impacts of such strategies over an extended time period (Baum & Hagen, 1999; Sáez-Fernández et al., 2020).

Study methodology

The current study adopted a qualitative approach that involved semi-structured interviews with 14 hotel general managers in Aksum town. Qualitative research techniques offer researchers flexibility benefits and allow the subjects being studied to give much richer answers to questions put forward to them by those conducting the enquiry. Qualitative techniques also yield valuable insights which might have been missed by other quantitative methods, and hence encourage researchers to gradually frame the topic throughout the study process (Neuman, 2007). Interviews are favoured in qualitative studies for their benefit in organising schedules and building and planning a thematic guide to listening and intervention strategies, which enable the researcher to produce an understanding of a topic

defined by a study framework (Bogdan & Taylor, 1975; Berg, 2007). Additional flexibility advantages can be obtained from semi-structured interviews as they assume predefined interview guide questions, while allowing the interviewer to deviate from the plan to investigate specific themes (Neuman, 2007). The economic costs of tourism seasonality on hotels in terms of effect on revenue, recruitment and payment decisions and investments, and the consequential strategies adopted by hotels to solve the problem can be better analysed using responses from semi-structured interview with subjects.

The sample size of interviewees was determined by examining all the 14 star-classified tourist standard hotels in Aksum town (Tigray Culture and Tourism Bureau, 2018). General managers were preferred to departmental managers for the interviews because of their expertise, experience and decision-making powers (Brymer, 1987). Before conducting the interviews, guide questions were prepared in alignment with the study objectives and additional items were incorporated for further probing. Interviewees were asked to state and explain the economic costs they suffered due to seasonality of tourist flow to Aksum. They were free to discuss all possible economic consequences in as many terms and points as possible. Moderation was done by the researcher for interviewees to focus on economic consequences only (not social or environmental impacts) and effects only caused by tourism seasonality (not other factors). Interviews on the reactionary strategies adopted by hotels also followed the same procedure.

After audio recording on digital recording apparatus, the interviews were transcribed. Appropriate punctuation marks and signs were used while writing the transcripts to indicate the hesitations, interruptions in speech, emphases and emotions of interviewees (Braun & Clarke, 2006). The written transcript was then edited for grammar and punctuation, and some words and phrases that were perceived to complicate the data analysis procedure were cleaned up. The cleaned up transcript was analysed using thematic analysis. Defined by Braun and Clarke (2006) as a type of qualitative analysis used to analyse classifications and present themes that relate to the data under study, thematic analysis helps to clarify data in great detail and deals with diverse subjects via interpretation (Boyatzis, 1998). Its extra benefits in allowing the researcher to explain interrelated concepts and compare them with the replicated data make it among the preferred qualitative data analytic techniques in the social sciences (Braun & Clarke, 2006). There are also experiences of using thematic analysis in tourism and hospitality studies (Lee et al., 2016; Chiriko, 2021). Based on recommendations from Braun and Clarke (2006) and Boyatzis (1998), the first coding templates which were developed from tourism seasonality literature were coded using NVivo10 software. The codes which emerged from the data were grouped into themes, considering possible associations among them.

Results and discussion

Regarding interviewee backgrounds, all participants were male and eleven of them (78.5%) were aged between 30 and 45 years. All of them had a college diploma in hotel management training, and twelve interviewees (85.7%) had hotel experience of at least five years. Thirteen of the interviewees had been in the industry for at least five years and the majority of the hotels (64.2%) they managed fell into the medium-level category (i.e. 25-99 rooms).

Seasonality impacts

Interviewees emphasised the loss of hotel revenue as a negative impact of tourism seasonality. As raised by all interview participants, loss of revenue happens in many forms, with a drop in occupancy being the most frequently stated effect. It is evident that when tourist arrival numbers drop in low seasons, the implications for hotel occupancy are immediate as leisure tourists represent the largest share of hotels guests (Capó Parrilla et al., 2007). According to Vrkljan et al. (2019), seasonality hits business performance of hotels hard with a huge decrease in their occupancy. This was clearly explained by Participant 1:

For a few months, we operate at 20% occupancy and even lower. Business goes down severely and the only people entering the most rooms are house attendants who go there for cleaning purposes. On very rare occasions, we sometimes get deserted to the extent that no staying guests pays a visit to our hotel.

Peak and low seasons are often identified by destinations (UNWTO, 2018) and in the case of Aksum, low season comes at the end of February and carries on through to August, after peak months which feature *Enkutatash* (Ethiopian New Year) in September, the *Meskel* celebration (the founding of the True Cross) in September, the Mary of Zion festival in November, and Christmas and Ethiopian Epiphany in January (Chiriko & Addis, 2015; *Lonely Planet*, 2016; ETO, 2019). Seasonality, however, is not just limited to peak and off seasons, with variations occurring between months, weeks and days (Holloway, 1994). In contrary to this, hotels in Aksum do not experience such variation. Participant 4 described this, saying:

Once the low season sets in, there is not that big a difference between days and weeks, let alone months. Room occupancy may go up for a few days, but that is due to government or business-related guests, not tourists. The variation in room occupancy in low season is more or less consistent, even more consistent than the change we observe in high seasons.

It is evident that tourism seasonality will degrade hotels' revenue base as rooms comprise the biggest share of their income (Hales, 2005). The loss could be manifested in many ways, from covering off-season fixed costs (Soesilo & Mings, 1986) to settling the payroll of full-time staff that were recruited to cater to higher demands in the peak season (Yacoumis, 1980; Cooper et al., 2005; Morse & Smith, 2015; Vrkljan et al., 2019). Hotels in Aksum witnessed these difficulties, as stressed by Participant 2:

Much of our revenue is not from guests that visit us year-long. We have to rely on five to six months of high season revenue to cover the costs for the rest of the year. We lose as much 60% of hotel revenue compared to high season; the room revenue is almost incomparable. Except for business-related guests and Ethiopian diaspora coming in July, the majority of our rooms remain unsold. We find ourselves having to carry on with occasional income from events like catering café and restaurants.

Staff salaries are among the many fixed costs hotels are compelled to cover for almost of half of the year despite a substantial drop in revenue in off seasons (Morse & Smith, 2015), with utilities and miscellaneous costs also falling under this category of overheads. While the problems of employee wages are consistent with what seasonality literature holds, the latter

does not seem to be a major issue for Aksum hotels. Participant 5 described:

Staff salary is our biggest cost in off-season as we don't mainly adopt casual worker strategies for high seasons. We employ a very few casual staff for a limited number of days which involve event crowds. Salary cuts or employee lay-offs are never among our cost-reduction strategies. Other overheads like staff uniform do not represent significant share of our costs as items are purchased on a permanent basis.

Recruitment issues are often discussed in theoretical and empirical seasonality literature as having a detrimental effect on hotel performance (Cooper et al., 2005; Pegg et al., 2012; Morse & Smith, 2015; Vrkljan et al., 2019). These issues mainly pertain to increased staffing costs (Goulding et al., 2004; Pegg et al., 2012) and training of casual staff (Commons & Page, 2001). However, this was not experienced by hotels in Aksum as reflected by Participant 7:

Because the share of casual staff during peak seasons is low, the resulting cost of training is also minimal. We don't hence find ourselves at the losing side in our bargain with potential recruits regarding salary and other benefits. All we do is we decide in advance the optimal level of casual staff we need for a particular season, and go ahead with our operation, subject to budget constraints.

Such a minimal cost of staffing and training could be attributed to the hotel's small size as larger hotels often tend to suffer more, given the huge recruitment overheads they bear, particularly in peak season (Morse & Smith, 2015).

Analysis of the economic cost of tourism seasonality on hotels reveal two major results. First, the impact on occupancy rates and room revenue is detrimental, confirming theoretical and empirical pieces of evidence that portray seasonality as having a direct negative economic impact on hotels. Second, in terms of recruitment and staff-related costs, the cost born by hotels in Aksum is not that serious, owing mainly to their size.

Managing seasonality

Interview participants reported that they put due consideration into tourism seasonality while making their annual and strategic plans. They acknowledged that the issue of seasonality has become an integral part of their hotel operation, underlining that specific details are developed to manage the worst-case scenario possibilities in low seasons. This was acknowledged by Participant 6:

There has not been a single year in which we operated consistently without tourist seasonality. There are several things we take into consideration while developing our yearly and extended strategic plans. On top of the list is of course seasonality. We have to plan how to make the most out of it in high months, while strategising vigilantly to ease economic pressures during low-season periods.

The result is in conformity with findings from Postma and Schmuecker (2017) that accommodation providers customarily consider seasonality all too often, a common practice among tourist standard hotels who would have to proactively or reactively address various issues including seasonality (Brymer, 1987).

It was also stressed by the participants that the key tool for the hotels is to make the most of the peak season that is often reinforced by increasing supply during intense touristic months. This involves expanding the capacities of the basic hotel facilities and services on a temporary basis. The major supply expansion tools are illustrated by Participant 8:

As a hotel located in a destination where tourism seasonality persists, we have to make the maximum revenue in peak months, of course without considerably increasing costs on a permanent basis. We hire standard tents for local guests and some of our extra storage rooms are turned into guest rooms. We also hire coaches to cater for the increased shuttle needs of our guests, while our contracts for food and beverage ingredients contain clauses that state extra purchase options.

The findings support the advantage that small hotels have in flexible and cost-effective operations (Vrkljan et al., 2019), although the permanent expansion of facilities may lead to a problem of underutilisation of the facilities in the off-peak periods (Koenig-Lewis & Bischoff, 2005). This is in line with the practice of offering complementary services or themed offers to expand the operational season (Goulding et al., 2004).

Interviewees also underlined that part of supply expansion comprises product diversification that normally caters to local markets, which are typically active in low touristic periods (Commons & Page, 2001; Alshuqaiqi & Omar, 2019). Such a practice is commonly used in hotels in Aksum as explained by Participant 9:

Provision of on-premises and off-premises catering stands among our primary revenue sources in off-seasons as tourist flow goes down. Setting out for wedding ceremonies, company and government meetings become our priorities as these activities significantly contribute to our survival in low periods as a hotel. We also provide considerable discount for event organisers for them to stage such events as music concerts, theatre and movies in our hotels.

These findings confirm the underlying management strategies in tourism literature that state that alternative income sources like catering and local events are among the primary tools utilised by accommodation providers to compensate in part for loss of revenue during off-season (Goulding et al., 2004; Koenig-Lewis & Bischoff, 2005; Pegg et al., 2012; Morse & Smith, 2015; Postma & Schmuecker, 2017; Vrkljan et al., 2019).

The practice of price variation across seasons was also raised by interviewees as this addresses both periods in terms of revenue management. Participants acknowledged that room rates and extra recreational package prices are revised upwards in specific weeks of the event seasons, like the Mary of Zion Celebration, and weekends of high periods, while low season sees significant discount for the major hotel facilities and services, as evidenced by Participant 3:

For major events of the high season, almost all of our rooms are booked out well in advance where we offer a discount for block reservations. The remaining rooms, which are not pre-booked, are also sold for the same rates. We also raise the prices of our major recreational services including swimming pools, gyms and playgrounds. We provide considerable discounts in low season on our rooms, sometimes as much as 60%.

The results back pieces of literature in hospitality that present seasonal pricing as a traditional way of dissecting the year into blocks and charging prices accordingly (for high season and low season), and price fencing in which customers who book ahead rather than at the last minute are offered discounts (Brymer, 1987)

Contrary to empirical evidence in the literature that shows a reduction of supply including the complete closure of businesses and restructuring of supply as a commonly utilised cost-reduction mechanism of addressing seasonality during low season (Weaver & Oppermann, 2000; Vrkljan et al., 2019), hotels in Aksum appear not to be practising these, focusing instead on alternative sources of income. This was evident in the study results:

What we supply depends on the needs of our guests who come to us mostly through tour operators based in Addis Ababa [capital of Ethiopia]. Hence, we do not normally intend to reduce or restructure our supplies. Closing the hotel is not a good option either. All we opt for is to manage things in low season in the best possible way so that our performance would not be degraded considerably (Participant 10).

Participants also stated some innovative ways of drawing business in low season, in addition to the marketing efforts discussed above. These include packaging familiarisation tours for operators, sponsoring artists, footballers, athletes and other celebrities for a visit in low season, and a discounted package on special occasions like Valentine's Day, as explained by Participant 11:

We invite local and national celebrities, sponsoring all costs to promote our hotel. On special occasions like Valentine's Day, Fathers' Day, Mothers' Day, we offer discounts, as much as 60% of room rates. You know, a lot of people are interested in days like these. Our local customers in Aksum are well aware of the marketing strategies we adopt to fight seasonality and they present to us requests of special packages for whatever gatherings they conduct

To conclude, the majority of strategies and mechanisms employed by hotels in Aksum to address tourism seasonality conforms to traditional guest attraction and revenue management tools discussed commonly in tourism and hospitality studies. As some cost-reduction mechanisms like complete business closure and supply restructuring in low seasons are perceived unsuitable to hotels in Aksum, they are replaced by innovative product development and marketing practices (Chiriko, 2020) that target special markets and occasions.

Conclusion

The current study showed that tourism seasonality causes a considerable economic effect on hotels located in the study area. It unfolded that substantial drops in room occupancy are experienced by hotels in low season, though variation of room sales within the low season does not happen, in contrast to what is common at many destinations (Holloway, 1994). Consequently, hotels are subject to significant loss of revenue in low periods as they have to cover off season fixed costs and payroll of full-time staff that were recruited to cater to higher demands in peak season. However, in terms of recruitment and staff-related costs, hotels in Aksum do not find this to be a major issue and this is

mainly attributed to their size. Study findings also reveal that increasing supplies in peak season and diversifying products that cater to local markets are among the major strategies for addressing tourism seasonality. It was also found that these efforts are supplemented with seasonal price variation, price fencing and other innovative practices.

The study offers an important theoretical contribution as it presents the economic cost of tourism seasonality on small hotels and the major ways of dealing with it in a developing destination setting. It also presents detailed perspectives of hoteliers by analysing the economic consequences and response strategies of dealing with tourism seasonality using a qualitative study methodology. The study recommends that hotels in the study area put in place innovative ways of addressing tourism seasonality by thoroughly examining the phenomenon based on time series data on guest arrivals. However, it is not without limitations. First, the methodological rigour is restricted to qualitative tools to include the viewpoints of hotel managers. Second, the perspectives of only hoteliers have been included in the study. Future researchers are encouraged to conduct enquiries into tourism seasonality by exploring its impacts on other tourism and hospitality service outlets including restaurants, pensions and other accommodation providers.

ORCID

Amare Yaekob Chiriko: <https://orcid.org/0000-0002-8112-9433>

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