



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

200
1822 - 2022

BA International Hotel Management

Hotel Administration & Front Office Operations

BMIH4004

Week

*Man Geni Addysg Uwch yng Nghymru
Where Higher Education Began in Wales*

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Module feedback

Take 10 minutes to complete the module feedback questionnaire on Moodle.

BMIH4004

Hotel Administration and Front Office
Institute of Management & Health

The screenshot displays the Moodle course interface for BMIH4004. The main content area features a grid of activity tiles. The first tile, 'Module Information', is highlighted with a yellow border and a 'New Activity' tag. It is followed by 'Assessments', 'Resits / Reworks', and a series of 'Week 1' through 'Week 9' tiles. A large blue arrow points from the 'Module Information' tile towards the right sidebar. The sidebar contains a 'Holiadu' section with a questionnaire icon and a 'Quickmail' section with various email-related options.

Module Information

Assessments

Resits / Reworks

Week 1

Week 2

Week 3

Week 4

Week 5

Week 6

Week 7 - Reading Week

Week 8

Week 9

Holiadu

Quickmail

- Compose Course Message
- View Drafts
- View Scheduled
- View Sent Messages
- My Signatures
- Alternate Emails
- Configuration

Revenue Management



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Outcomes of the session



- Describe Revenue Management
- Highlight Revenue Management benefits and strategies

Hotel Revenue Management – Simplified!

Group Discussion:



- What would happen to a hotel without Revenue Management look like?
- Could the hotel function?



A Brief History of Hotel Revenue Management

- *“Revenue management has contributed millions to the bottom line, and it has educated our people to manage their business more effectively. When you focus on the bottom line, your company grows.”*

Revenue management four levers:

- Price Basis
- Inventory Allocation
- Product Configuration
- Duration Control



IMA (2020)

**The most used terms relate to your internal data,
also called key performance indicators, or KPI's**



OCCUPANCY - A % of how many of your rooms have already been sold

ADR - Average daily rate

REVPAR - Revenue per available room



Revenue Management at Marriott:

- Marriott investing more than \$50 million on its Revenue Optimizing System
- Dynamic Pricing Automation
- Marriott Internationals Group Pricing Optimiser

Any Questions?

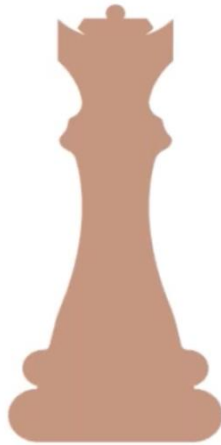


The Role of: Revenue Manager

Revenue Management is selling..



RIGHT
PRODUCT



RIGHT
CUSTOMER



RIGHT
PRICE



RIGHT
CHANNEL



RIGHT
TIME



Target market





KPIs in hotel revenue management

Traditionally, the effectiveness of revenue management strategy is measured using the following KPIs:

Occupancy rate – the number of occupied rental units at a given time, compared to the total number of available rental units at that time.

$$\text{Occupancy rate} = \text{Rooms sold} / \text{Room available}$$

Average daily rate (ADR) – this rate is applied to a room's average rental income during a certain period of time. It's compared to hotel's historical ADR or competitors' metrics.

$$\text{ADR} = \text{Rooms revenue earned} / \text{Number of rooms sold}$$

Revenue per available room (RevPAR) – a KPI that assess financial and business performance of a hotel. RevPAR measures ability of a property to fill all the rooms and define the best price for them. There are two ways to calculate it:

$$\text{RevPAR} = \text{Rooms revenue} / \text{Rooms available}$$

$$\text{RevPAR} = \text{Average daily rate} * \text{Occupancy rate}$$

Total revenue per available room (TRevPAR) – a metrics that accesses total revenue, generated by property and based on room cost and money spent on it. This KPI captures a snapshot of overall business performance. TRevPAR is one of the main benchmarking tools for big hotels and resorts. The higher the TRevPAR, – the better the revenue.

$$TRevPAR = Total\ revenue / Total\ number\ of\ available\ rooms$$

Net revenue per available room (NRevPAR) – a KPI that allows hotel revenue managers to calculate the distribution cost to see how the room revenue is generated. NRevPAR includes spendings on marketing and distribution.

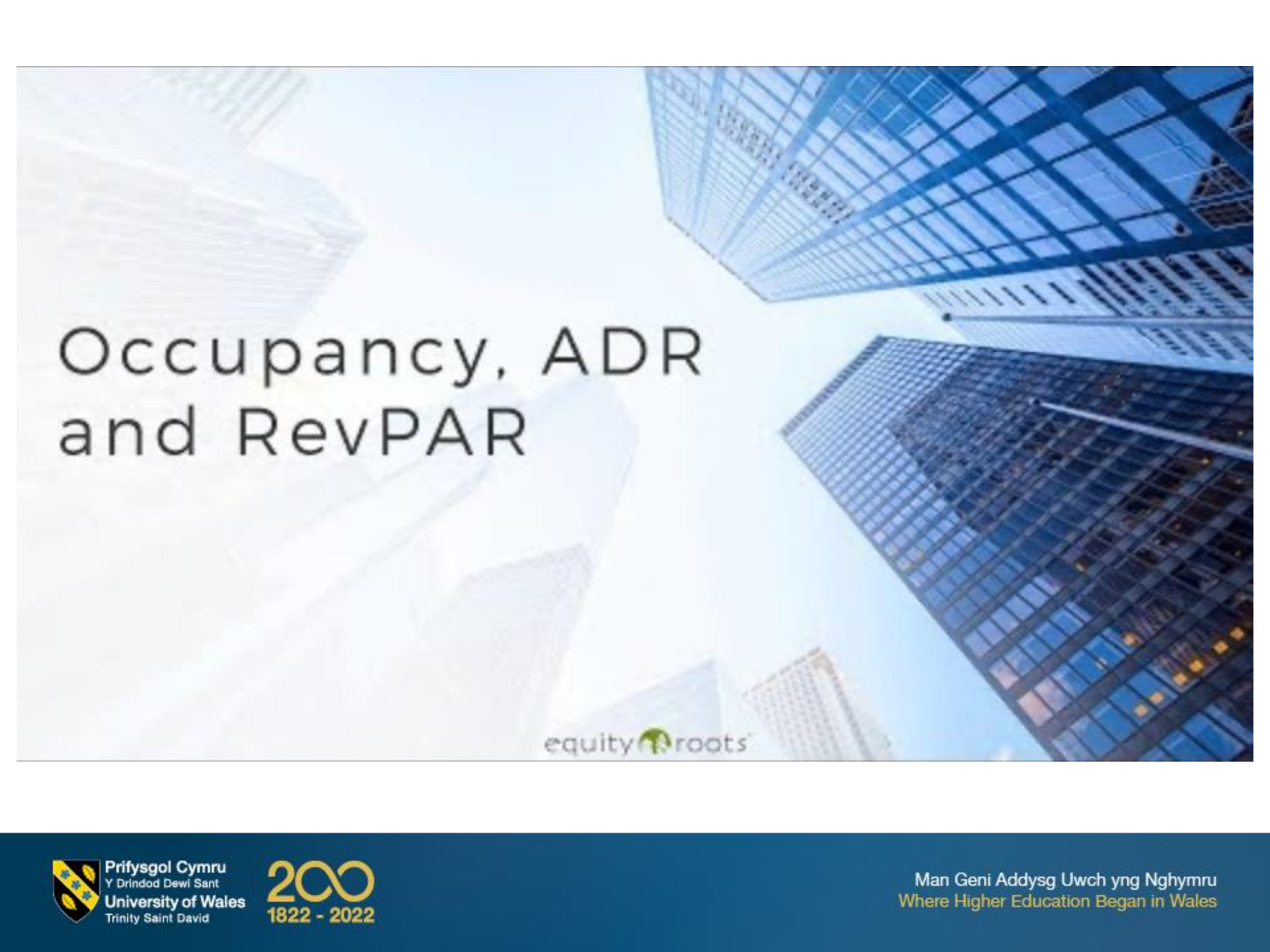
$$NRevPAR = (Room\ revenue - distribution\ costs) / Number\ of\ available\ rooms$$

Gross operating profit per available room (GOPPAR) – measures the profit of a hotel and value of all assets at any given time. GOPPAR measures profit to capacity, including all a hotel's spendings and taxes.

$$GOPPAR = Gross\ Operating\ Profit / Number\ of\ available\ rooms$$

Any Questions?





Occupancy, ADR and RevPAR

equity  roots



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Revenue Management technology can help



Revenue Management technology can help



REVENUE MANAGEMENT

Any Questions?

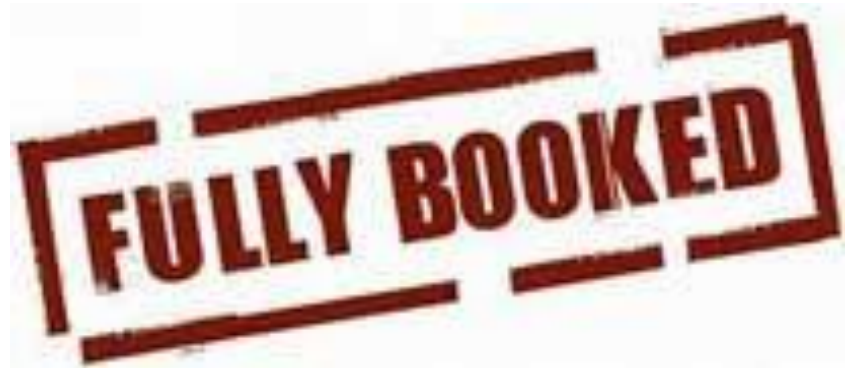


Revenue Management Strategies

- Channel based
- Direct Bookings
- Open Pricing
- Total revenue management



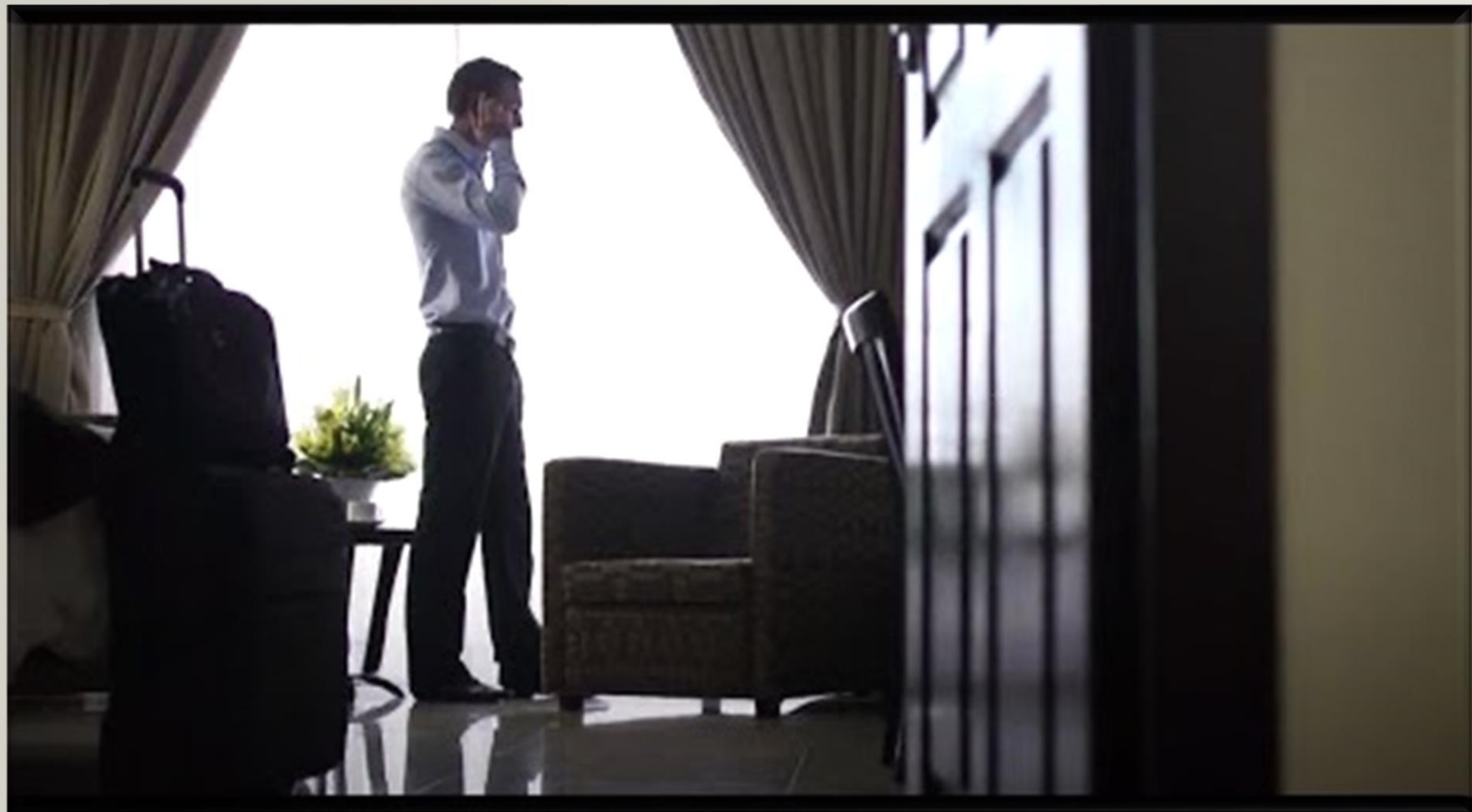
Overbooking



Group Discussion:



- How would you handle an overbooked hotel?
- What would you do for the guest?



Overbooking

Pros and Cons of Overbooking Hotel Rooms

Pros:

It helps the hotel achieve full occupancy, maximising revenue

It produces long-term revenue and profit increases

It's a low-risk and common strategy in hotel revenue management

Compensation is usually cheaper than keeping a room empty

Rules of refusing to be walked are predetermined and also acceptable

Cons:

Can potentially lead to a bad guest experience

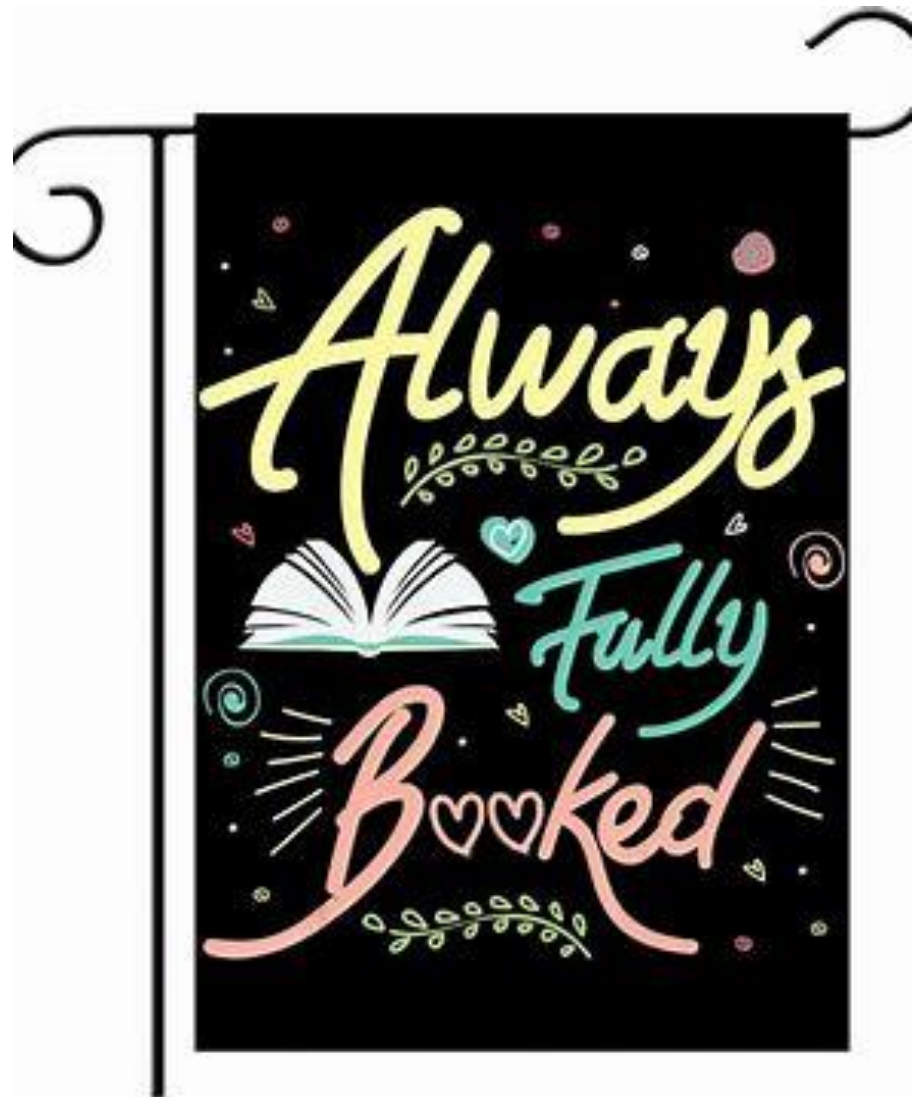
Decreased customer loyalty

Negative reviews on social media

Additional costs for guests to be walked to other locations

Reservations must be carefully monitored to control unintended or excessive overbooking

- **How Hoteliers Should Handle Overbookings?**
- Double-check for any errors
 - Determine which guests to relocate





- **How Hoteliers Should Handle Overbookings?**
- Call the replacement lodging directly
 - Guest Recovery Plan

Hotel Overbooking - What Should I Do?



How to create an effective overbooking strategy

- If you plan it right, you open the door to **revenue optimisation** and even **guest satisfaction**.
- But you must be prepared for all the **possible scenarios** for this to work.





Why?

- Unpredictable event
- Bad management/data analysis
- Errors
- Simultaneous bookings

- Annual revenue
- Low risk
- Profitability

Fully booked



When the strategy backfires:
How to decide who is going to be walked?

Practical tips for overbooking management



Determine where the overbookings came from and close the source;



Display genuine care and empathy;



Begin calling other local properties that you partner with for this situation;



Make sure they know exactly what compensation is being provided;



Upgrade guests upon return or offer some other sort of compensatory action;



Follow up with the guests to make sure they are satisfied;



Create a guest recovery plan.

Outcomes of the session



- Describe Revenue Management
- Highlight Revenue Management benefits and strategies

Thank you for Today

I look forward to seeing you next week. If you have any questions in the meantime, please send an email kathryn.flynn@uwtsd.ac.uk.