

# [Hotel managemennt](https://assignbuster.com/hotel-managemennt/)

Revenue ManagementTo know how the hotel industry uses the tools yield management and revenue management today??™s hoteliers must understand the relationship between the two tools and how each part of revenue management feeds into a network that supports the goals of yield management.

The goal for yield management maximizes room revenue, but using yield management with revenue management the profits are higher for the hotel. The difference for the higher profits is the applications of both tools today are interchangeable, however in particular yield management affects the plans for achieving the maximum goals for room rates and revenue management affects the plans for achieving the maximum goals for the most profitable guests (Bardi, 2007, p. 170). Yield management and revenue management programs use computerized systems that keep a company??™s history to predict future demands such as arrival dates, rates, room types, and length of stay. Using these systems the front office manager can evaluative room rate categories, room inventory, and group buying power to build additional income for the hotel. These computer system applications support the goals of the hotel management staff for achieving the highest percentage of income that can be secured if 100% of available rooms are sold at their full rack rate using the formula(Bardi, 2007, p. 172); Yield = Revenue Realized (number of rooms sold x ADR) Revenue Potential (number of rooms available x rack rate) Accurate daily forecasting that allows setting revenue management strategies increases profits especially through the food and beverage income.

For example, one hotel may have 350 rooms at a $110 rate making the room income of $38, 500, a food and beverage income of $18, 750 making the projected income $57, 250. Another hotel may have 300 rooms at a $100 rate making the room income $30, 000 with a food and beverage income of $62, 500 and a projection of income of $92, 500. In both hotels the result of revenue management increased the profit of the hotel whereas the projection for the damage of the hotel from transient guests is not a factor that can be forecasted. It is important that hoteliers to develop policies that identify groups who may yield additional income such as guests who request reservations and increase profits in beverage sales are more likely to add profit to room sales rather than developing policies that center on transient guests who may damage the hotel facilities. For instance a plan of Yield = Revenue Realized/Revenue Potential is seen if a hotel with 300 rooms sold 100 rooms at $76, this means 150 rooms sold at $84, and 35 rooms sold at $95, the rack rate making the yield for this combination at 83%, but if revenue management applications are used with a daily report posted in a hotel with 200 rooms that could be sold at $90 and 85 rooms at $95, making a 91% yield that could have been realized. Revenue management can add 8 % in points including $2, 550. $82.

54 In comparison of both circumstances occupancy of 95% was achieved but the average daily rate (ADR) in the situation case was $82. 54 whereas in the second the occupancy would be $91. 49 which is closer to meeting the goals of revenue management to sell all available rooms at the highest rack rate of $95. 00. Now add to the hotel with 200 rooms a consistent food and beverage plan the profits are predictable to increase higher (Bardi, 2007, p.

172-178). Yield management is a tool front office managers use to develop guest room sales strategies. Front office managers use yield management to evaluate revenue realized, revenue potential, optimal occupancy and optimal rates, strategies, block-out periods, forecasting, systems, procedures, and feedback. Meeting the challenges for today??™s hotel industry the adoption of these concepts into a daily revenue management operations practice and services ensures a higher profit for selling more rooms, capturing potential food and beverage purchases, (Bardi, 2007, p.

180). Using strategies to increase additional daily income assists hoteliers in building a better profit-and-loss statement. Creating additional income is the goal of yield management. Revenue Management today is global optimizing profit through computer software and systems. These computer systems are a must have for developing services in the hospitality industry. They present solutions that help hotels maximize profit by delivering specifically built systems for the hotel owners, hotel management, and front office managers.

Taking budget and competition into consideration these systems identify peak periods and generate specific calls to action that help hotels improve revenue, profitability, and competitive positions (Bardi, 2007, p. 170). ReferencesBardi, J. A.

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