Yield management

Business, Management

This technique is used to estimate based on history, expectations, trends, or experience of activity over a certain period of time. Forecasting room availability is forecasting the number of rooms available for sale on any future date (www. hotelmule. com/forecasting). It helps manage the reservation process, guides the front office staff for an effective room's management, and can be used as an occupancy forecast, which is further, useful in attempting to schedule the necessary number of employees for an expected volume of business. Models include; statistical and judgmental. Statistical models include; trend projection, seasonal and smoothing while judgmental include; expert opinion, market surveys, and Delphi technique. Moving Average method-Similar to the " percentage growth method", the moving average method assumes an increasing or decreasing trend.

Forecasting methods include:

o Percentage growth method-The assumption underlying this method is that data in hand follow either an increasing or decreasing trend.

o Moving Average method-Similar to the " percentage growth method", the moving average method assumes an increasing or decreasing trend. This technique is aimed at smoothing data and adjusts it to minimize volatility reflected in a high standard deviation between different records in the same data range. The most common being the double moving average, which calculates the third column by taking the average of couples of any two successive years.

o Weighted Average method-This method assigns a certain importance factor or coefficient to each historical value. Later, the forecasted value shall be computed by dividing the weighted data to its coefficients by the sum of coefficients.

o Time series-This method tries through regression analysis to come up with a line that minimizes the distance between the actual point on the curve and its corresponding point on the line.