ASSIGNMENT 5

Introduction to Hospitality Industry

A hotel is almost fully booked during a holiday weekend. Several guests call on the same day requesting rooms.

***How can revenue management help the hotel maximize profit?**

***What reservation strategy should the hotel apply?**

***Why might room prices increase during this period?**

1. How can revenue management help the hotel maximize profit?

Revenue management is an important strategy that helps hotels maximize their income by selling the right room to the right customer, at the right price, and at the right time.

During a holiday weekend, the hotel experiences high demand and limited room availability. Revenue management helps the hotel make better decisions about room rates, reservations and customer demand.

The hotel can maximize profit through the following methods:

* Demand forecasting: Analyze previous holiday bookings, current reservations and market trends to estimate how many rooms will be required.

* Dynamic pricing: Increase room prices when demand is high and fewer rooms are available.

* Room allocation: Reserve rooms for customers who are willing to pay higher rates or book longer stays.

* Monitoring competitors: Compare prices with nearby hotels to maintain competitive room rates.

* Up selling: Offer additional services such as breakfast, spa facilities, parking and room upgrades to increase revenue.

2. What reservation strategy should the hotel apply?

The hotel should apply a strategic reservation and inventory management system to manage the remaining rooms effectively. The following strategies can be used:

* Advance booking priority: Give priority to confirmed reservations and guests who have already paid deposits.

* Minimum length of stay: Introduce a minimum two-night or three-night stay during the holiday weekend to increase total booking revenue.

* Overbooking management: Accept a limited number of reservations above actual room capacity based on historical cancellation and no-show rates. However, overbooking must be carefully controlled to avoid disappointing guests.

* Cancellation policy: Introduce stricter cancellation conditions or non-refundable rates during peak demand.

* Reservation channel management: Monitor bookings from the hotel's website, travel agencies and online travel agencies (OTAs) to manage room availability and commission costs.

The hotel should also update its reservation system in real time to prevent double bookings and ensure that rooms are allocated efficiently.

3. Why might room prices increase during this period?

Room prices may increase during a holiday weekend because demand is higher than the available room supply. Many people travel during holidays for vacations, family visits, celebrations and special events. The main reasons include:

* High demand: More travelers compete for a limited number of hotel rooms.

* Limited availability: As occupancy increases, fewer rooms remain available.

* Willingness to pay: Customers may be willing to pay higher prices because they have limited accommodation choices.

* Seasonal demand: Holidays and special events create predictable periods of increased tourism.

* Operating costs: Higher staffing, cleaning, utilities and service requirements may also contribute to pricing decisions.

References

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