

# Occupancy reports and forecasts

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## Occupancy and revenue figures

These reports are normally prepared during Night audit and are aimed at gauging a hotel's performance. Although some of the figures produced are specific to revenue from rooms, other figures for other revenue departments (eg. restaurants, bars) are also produced and generally compared to occupancy levels.

### Occupancy percentages

These percentages are self explanatory

#### 1. Room Occupancy (%)

$$\frac{\text{Rooms occupied}}{\text{Total rooms available}} \times 100$$

#### 2. Beds (or sleeper occupancy) (%)

$$\frac{\text{Beds occupied}}{\text{Total beds available}} \times 100$$

#### 3. Double occupancy (%)

$$\frac{\text{Double/Twins let to two (or more) people}}{\text{Total doubles/twins available}} \times 100$$

The third percentage may not be required where a hotel has a per room tariff.

*What should be used as a base figure?*

The issue here is which figure we should use as the "available" figure. Some hotels have a policy to consider as available only those rooms which are in service, i.e. may be sold. Hotels with this policy will therefore not consider unserviced rooms and rooms unavailable for maintenance/refurbishing or staff use in determining the above percentages - arguing that such rooms are not available for letting. Not including out-of-order rooms may

allow managers to artificially increase the calculated occupancy percentages by improperly classifying unsold rooms. Abbott and Lewry (page 231) suggest that the base figure should be constant, thereby allowing easier comparison of figures. This way one is able to see:

- The real level of occupancy, even in off peak seasons (when it is expected that a number of rooms be unavailable due to refurbishment)
- The proportion of rooms being used for complimentary or staff use.
- Proportion of rooms out of service.

Similarly, it is suggested that when a room is given out on day let or is occupied with an additional bed (a Z-bed) the base figure should not be adjusted. The sleeper occupancy percentage may reveal a percentage higher than 100% in such cases - but this would merely reveal that the hotel has managed to "squeeze in" even more sleepers!

### **Average rate figures**

Average rates figures indicate how successful a hotel has been in selling rooms at the highest yield possible (the highest normally being a hotel's rack rate). These figures are expressed in currency and not percentages.

#### 1. Average room rate (Lm)

$$\frac{\text{Total room revenue}}{\text{Total rooms let}}$$

#### 2. Average sleeper rate (Lm)

$$\frac{\text{Total room revenue}}{\text{Total sleepers}}$$

When complimentary rooms are counted within the occupancy figures these should be taken into consideration when considering average rate figures.

### **Income occupancy percentages**

Abbott & Lewry suggest the use of income occupancy percentages to allow us to compare a hotel's performance over a period of years.

Income occupancy percentage (Yield statistic) %

$$\frac{\text{Total/Actual room revenue}}{\text{Optimum/Potential room revenue}} \times 100$$

Optimum room revenue is the maximum obtainable given 100 per cent occupancy at full rack rates. The optimum room revenue is seasonally adjusted.

Abbott and Lewry point out that:

Income occupancy percentages assess both our ability to fill the hotel and our ability to obtain something close to the full rates for the rooms. A high but heavily discounted occupancy pattern would produce a relatively low percentage, as would a low occupancy pattern at the full rack rate. (p. 233)

This indicates the importance of interpreting an income occupancy percentage by comparing it to room occupancy percentages. The income occupancy percentage is also known as the Yield statistic.

### **Daily occupancy reports**

These reports vary from one hotel to another. However, this report should clearly indicate:

- the hotel's performance in terms of rooms, sleepers and room revenue on the given day
- a comparison with forecasted or budgeted figures.

Additionally the report should indicate:

- complimentary rooms and rooms occupied for internal use
- groups and conferences
- comments about the day itself (i.e. events which could have had a bearing on the occupancy levels, eg. major exhibition)

### **Forecasts**

Here we are concerned with short-term forecasts, normally of between five and days, which are produced on a daily basis by front office. The forecast is prepared daily and should be frequently updated. This short-term forecast will indicate expected arrivals and departures. However, it may also be possible (by referring to previous data) to anticipate and forecast:

- the number of extra or unplanned departures likely
- the likely no show rate
- the likely number of chance guests

Source: Abbott and Lewry

Day:		<b>Daily Occupancy report</b>		Date:	
		Actual		Budget	
		Today	To date	Today	To date
Rooms sold:					
Singles					
Twins (single rate)					
Twins (double rate)					
Total rooms sold					
Complimentary					
Company Use					
Out of service					
Vacant					
Total rooms					
Sources of business:					
Individual					
Travel Agent					
Airline					
Group tour					
Conference					
Total guest					
Room revenue:					
Room occupancy %					
Guest occupancy %					
Average room rate					
Average guest rate					
Income occupancy %					
Company and complimentary use					
Room	Name	Company	Explanation		
_____					
_____					
_____					
_____					
Groups:					
_____					
_____					
_____					
Comments:					
_____					
_____					
_____					

## **Bibliography**

Abbott P. and Lewry S., Front Office: Procedures, social skills and management  
Butterworth Heinemann, 1991

Kasavana M. and Brooks R., Managing Front Office Operations Fourth Edition,  
Educational Institute, 1995