

Room Revenue Forecast

Directions: The price a hotel can obtain for its guest rooms is determined largely by demand. The ADR or average daily rate for this hotel is \$100 for Monday through Thursday. The ADR increases over the weekend, Friday, Saturday, and Sunday by 25%. You need to determine your daily revenue as well as the total revenue for the week.

Step 1: Calculate the estimated rooms sold by multiplying the number of rooms available

Step 2: Input the estimated ADR from the instructions, be sure to calculate the 25% increase for the weekend.

Step 3: Calculate the daily total revenue using the estimated rooms sold multiplied by the estimated average daily rate.

Step 4: Total the daily total revenues for the week.

Step 5: In the last column, estimate the average of each of the rows, the number of rooms available, the occupancy rate, the rooms sold, and the average daily rate.

Step 6: Using the calculations you just completed, answer the questions at the end.

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday	Estimate the Average
	1-May	2-May	3-May	4-May	5-May	6-May	7-May	
Rooms Available	180	200	180	200	200	200	200	
Occupancy Rate	50%	70%	75%	75%	83%	87%	40%	
Estimated Rooms Sold								
Estimated ADR								
								Total for May Week 1
Daily Total Revenue								

Name _____ Period _____ Date _____

1. Which day has the total highest revenue?

2. Why is occupancy rate important to a hotel?

3. Why is ADR important to a hotel?

4. Compare Tuesday and Wednesday. Each day has a different number of rooms available and a different occupancy rate. Which day has higher daily revenue? Why is that day better than the other?

5. On Monday and Wednesday the hotel did not have all 200 rooms available. List 3 reasons a hotel might have rooms that are not available to use for guests.

1.

2.

3.

Name _____ Period _____ Date _____

6. As discussed in class, the Occupancy Rate and the ADR has a direct affect on total revenue. Which would you rather have happen?
(1) occupancy rate decrease by 2% each day and ADR stay the same or (2) occupancy rate stay the same and ADR decrease by 2%?
Use the estimated weekly averages and re-calculate the Total Revenue for Week 1 in May and show your work.

1.

2.
