

School of Hospitality

Course Code :BSCH3003

Course Name: Front Office Management

Revenue Management Formula



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Revenue Management Formulas

- Formula 1: Potential average single rate
- Formula 2: Potential average double rate
- Formula 3: Multiple occupancy percentage
- Formula 4: Rate spread
- Formula 5: Potential average rate
- Formula 6: Room rate achievement factor
- Formula 7: Yield statistic

Potential Average Single Rate

Single Room Revenue Rack Rate

Number of Rooms Sold as Singles

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Potential Average Double Rate

$$\frac{\text{Double Room Revenue Rack Rate}}{\text{Number of Rooms Sold as Double}}$$

Multiple Occupancy Percentage

$$\frac{\text{Number of Rooms Sold as Double}}{\text{Total Rooms Sold}}$$

Rate Spread

Potential Average Double Rate

Potential Average Single Rate

Potential Average Rate

(Multiple Occupancy % | | Rate Spread) | | Potential Average
Single Rate

Room Rate Achievement Factor

Actual Average Rate
Potential Average Rate

Yield Statistic Formulas

Formula #1

$$\frac{\text{Actual Rooms Revenue}}{\text{Potential Rooms Revenue}}$$

Formula #2

$$\frac{\text{Room Nights Sold}}{\text{Room Nights Available}} \times \frac{\text{Actual Average Room Rate}}{\text{Potential Average Rate}}$$

Formula #3

$$\text{Occupancy Percentage} \square \text{Room Rate Achievement Factor}$$



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References

- **Hotel Front Office – R. Jatashankar Tewari – Oxford Publication—
Core Textbook, Students & Faculty to follow this book.**
- Hotel Front Office – A Training Manual By Sudhir Andrews – Tata McGraw Hill
- Managing front office Operations by Michale L Kasavana (AHLEI - Books)
- Front Office Operations and Management by Ismail Ahmed (Cengage Earning)
- Text book of front office operations and Management by Sudhir Andrews (Tata McGraw Hill)



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Name of the Faculty: Jyoti

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