



Insight Assignment

Hotel Performance Indicators

Learning Objectives

After completion of this assignment students should be able to:

- Define hotel industry indicators: ADR, Occupancy Percentage, RevPar,
- Calculate ADR, Occupancy Percentage, RevPar,
- Discuss the interrelationship of ADR, Occupancy Percentage, RevPar,
- Obtain hotel indicators data in Insight by navigating between different reports and dates.

You were just hired by a Hotel Management Company to work as a revenue analyst. This Hotel Management Company oversees a diverse portfolio of branded hotels. Your task for today is to provide hotel performance evaluation based on the key performance indicators: ADR, Occupancy, and RevPAR.

1. Average Daily Rate (ADR).

ADR is calculated as a ratio of total room revenue to the total number of rooms sold.

$$\text{ADR} = \frac{\text{Total Room Revenue}}{\text{Total Rooms Sold}}$$

Please record the ADR, Room Revenue and the number of Rooms Sold for the following hotels for the indicated date.

Hotel	Date	ADR	Room Revenue	Rooms Sold
Hilton Garden Inn	12/17/2019			
Hyatt Place	12/17/2019			
AC	12/17/2019			
Aloft	12/17/2019			
Four Points	12/17/2019			

Please study the numbers that you recorded above and answer the following questions:

- 1.1. Provide a brief evaluation of the performance of these hotels. Make sure to include ADR, Room Revenue, and Rooms Sold in your answer.



1.2. By looking at the formula for ADR and the hotel data that you recorded in the table, please explain how hotels may **increase their ADR** by manipulating the variables in the equation:

- Total Room Revenue (think if you need to increase or decrease the total rooms revenues in order to increase your ADR):
- Total Rooms Sold (think if you need to increase or decrease the total rooms sold in order to increase your ADR):

1.3. Based on your answers to questions 1.1. and 1.2 above, suggest a limitation of using ADR for evaluating hotel performance.

2. Occupancy percentage.

Occupancy percentage is calculated as a ratio of total rooms sold to the total rooms available for sale during that time period.

$$\text{Occ \%} = \frac{\text{Total Rooms Sold}}{\text{Total Rooms Available for Sale}}$$

Now, please identify the Occupancy percentage for the same hotels and dates.

Hotel	Date	Occ %
Hilton Garden Inn	12/17/2019	
Hyatt Place	12/17/2019	
AC	12/17/2019	
Aloft	12/17/2019	
Four Points	12/17/2019	

Please study the numbers that you recorded above and answer the following questions:

2.1. Provide a brief evaluation of the performance of these hotels based on occupancy. Please note the differences from your evaluation based on ADR, if any.



2.2. Total Number of Rooms Sold is used in calculation of both ADR and Occ %. Please explain how fluctuations of the Total Number of Rooms Sold will affect these two hotel indicators. Assume that we keep all other variables constant.

3. Revenue per Available Room (RevPAR).

Please record the ADR, Occ % and RevPar for the following hotels and dates.
Please keep in mind that RevPAR is calculated as following: $RevPAR = ADR \times Occ \%$

12/17/2019

Hotel	ADR	Occ %	RevPAR
Courtyard			
Hampton Inn & Suites			

Please study the numbers that you recorded above and answer the following questions:

3.1. Please analyze the strategies these hotels use to achieve their RevPar. Please incorporate the indicators of ADR and Occ % in your answer.

3.2. Which strategy do you support, and why?