
REVENUE MANAGEMENT WITH RESERVATIONS USING PMS IN HOTEL INDUSTRY

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ABSTRACT

Revenue management is an essential factor to running a successful and profitable hotel now more than ever. There are plenty of new ways to enhance hotel revenue, because of the growth of freely available data online and the methods for tracking and analyzing it. The most prosperous hoteliers are astute business people who always seek out new and better ways to do things in order to outperform the competition. However, only a small portion of independent hoteliers employ revenue management techniques, which limits their ability to generate income. Continue focus to on discovering the tactics that will enable them to generate the highest possible revenues and profits from capacity which is limited and perishable assets like hotel rooms. But to begin with revenue management and what it can entail for your hotel heads around the fundamentals. The objective of the article is to find the methods that will enhance the revenue.

Keywords: Revenue Management, Dynamic Pricing, PMS, Hotel Industry.

I. INTRODUCTION

The five-star categorized hotels use an updated version of the Property Management System (PMS) In order to increase revenue growth, as the property has perishable rooms which has to sell to the right visitors at the right time. This is known as revenue management. The picture will also include additional things, such as your facilities and food and beverage selections. By measuring and keeping track of the supply and demand of your hotel rooms, you can determine what clients from various audience segments are willing to pay for your products and services. In the hotel sector, this entails using data and analytics to assist hotel operators in tracking supply and demand so they can forecast customer behavior [1]. This therefore enables them to make more educated choices about the accommodations they should advocate for to the most suitable distribution channel, with the proper cost, and the right client at the right time. It's a practical company strategy that enables inventory optimization, boosts earnings, and ensures customer happiness.

To further grasp the fundamentals of hotel revenue management, consider this: Each traveler has a maximum value they can provide to your establishment, and revenue management is all about maximizing the amount of this value that can obtain. So there is a variety of ways, from encouraging visitors to make direct reservations to providing purchase extensions, up-sells, or extras to enticing visitors to come back again. Always keep in mind that the most effective methods and strategies are predicated on the knowledge that hotel rates are variable and subject to alter day to day. It may surprise you to learn that customers really expect rate hikes over time, but this is a fundamental reason why hoteliers shouldn't be hesitant to do so. The most companies where customers spend Money prices fluctuate according to supply, demand, and changes in cost [2]. The revenue management approach must include a hotel distribution strategy, so be sure to use the Internet distribution channels that will best help advertise your resort. With the correct distribution channels, your hotel may reach a large number of clients that you are unable to reach directly. The hotel reservation or booking request is forwarded to the Property Management System (PMS) which has a Revenue Management System (RMS) further it is processed for confirmation using the perception of revenue management. There are factors that affect the reservations Internal, micro, and macro environment.

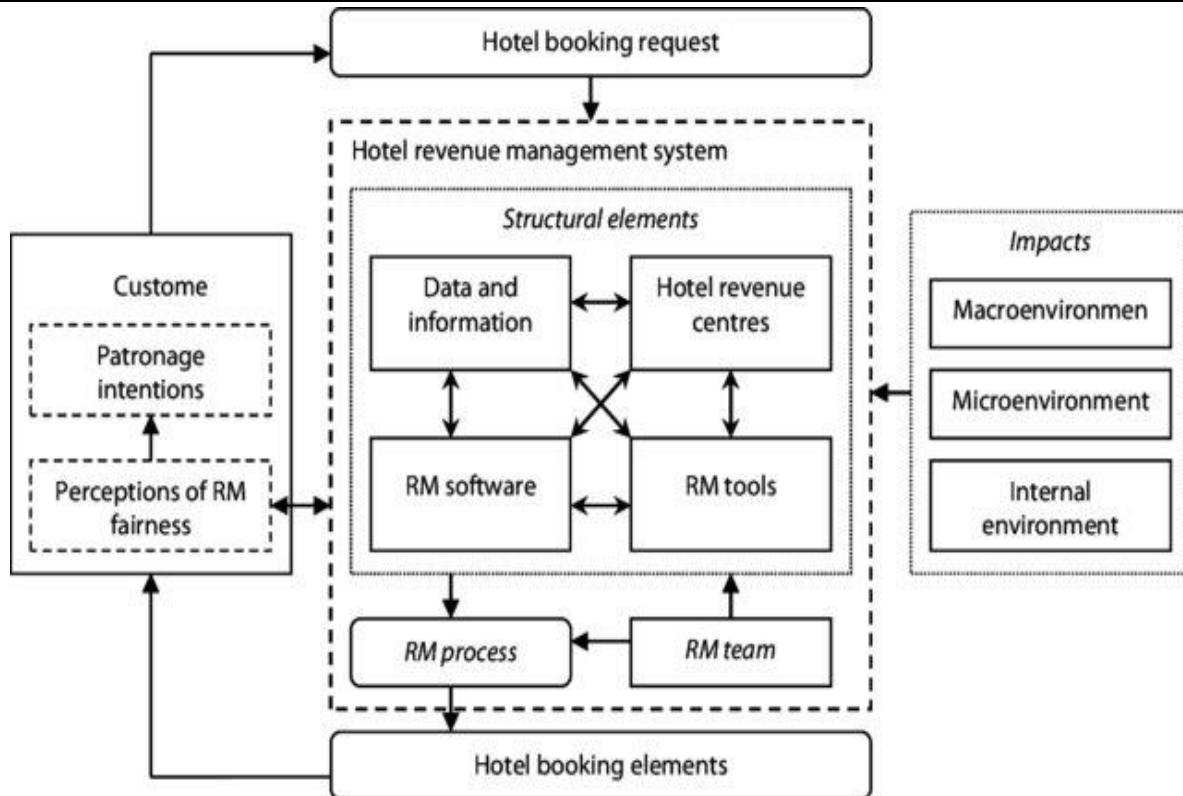


Figure 1. Revenue Management in Hotel

To maximize revenues and yields, a safe and sophisticated hotel revenue management system is essential. Hotels are able to anticipate market demand for hospitality and respond to market developments where they can adopt new tactics and systems in order to maintain high levels of performance by employing smart technology and a large dataset.

Enhancing Hotel Revenue

There are many ways to increase revenue at your hotel, and many of them don't require raising fees or altering the rates which vary significantly. Keeping in mind that the guest is first and ensuring the customer is satisfied is the main motivator. This may justify charging of more money for hotel products if it is widely acknowledged to be of good quality. It's likely that visitors will be prepared to pay more if they feel like they're receiving the most value for their money. Gaining more from each visitor who stays with you will help you raise the total amount of money your hotel makes [3]. For instance, if you persuade a visitor to stay an additional night by offering a discount, you will receive guaranteed income from that visitor. It may be worthwhile, particularly during the off-season. There is a list of broad strategies you might employ to increase the revenue stream at your hotel:

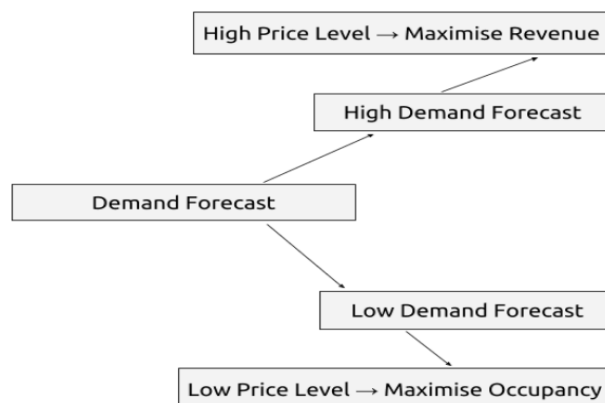


Figure 2: Enhancing Revenue by Forecast

Reservation through Online Travel Agency (OTA)

Travelers these days appreciate the ease, simplicity, and flexibility of making internet reservations. You'll quickly see an improvement by beginning to connect to online travel agencies (or more OTAs). Creating a culture focused on revenue which makes up your sales team for right guest. Service that anticipates customer needs combined with employees that are focused on increasing revenue result in customers who are more loyal and emotionally connected. As the option for guest to reserve their room through OTA not only that they also can reserve their flight tickets, train tickets through this channel. Guest can also access the information about the reservation status not only that, they can also choose the hotel or room based on their budget further there is facility like Virtual Tour (VR) about rooms and services. The potential for income goes far beyond simply renting out your rooms. Consider your on-site amenities and the prices you charge for them. Give hotel guests the option to purchase stuff like soap, kitchenware, bathrobes, etc. Go above and above by focusing on hotels with distinctive design aesthetics boutique hotels are more likely to succeed with selling unique products used within their establishment [4]. Events and attractions in the neighborhood are a fantastic opportunity to build packages for guests or offer additional services such as transport. Both your hotel's revenue and the satisfaction of your visitors will increase. As it shift away from techniques and toward a fully planned revenue strategy You must begin considering and comprehending your key performance indicators in addition to room sales (KPIs). Once you are aware of what to look for, you can begin to analyze the information and create strategies for its manipulation on high occupancy in hotels.

Pricing Strategy

This pricing strategy is popular among hoteliers since it fits the market of today. An effective pricing plan that implements rates with the goal of boosting sales and profitability can be modified by hotel revenue managers by using a revenue management system to assist them in better identifying trends. In order to generate more income, take advantage of the changing market and increase your rates as opposed to maintaining them constant [5]. Open pricing refers to the freedom hotels have to adjust their prices in accordance with the numerous target customers and distribution channels they work with. It enables hotels to market rooms at the most favorable and appealing prices. Any hotelier must develop a revenue management strategy that can be adjusted to the circumstances at hand. And most of the time initially, it's much more crucial to concentrate on your own business and have complete confidence in your approach than it is to worry excessively about rivals. The consumer must be at the center of any business strategy in the hotel industry. If you want to get the most out of each visitor who walks through your door, it's imperative that you have a grasp of the purchasing habits of your audience. Customer loyalty is crucial for recurring revenue and can be increased the better you know the customer. You'll know you'll have a specific amount of returning customers after you have a solid client retention base [6]. Each year, repeat visitors mean more confirmed reservations and fewer open rooms, which frees you up to concentrate on

Up selling and cross-selling your hotel's Products.

This is required to satisfy the hotel demand and also to be ready for tourists who are planning their ski vacation, summer vacation, or event-based trip. Are there, for instance, festivals, concerts, or events that take place annually or that local tourism organizations and event venues publicize far in advance? Make sure your sales, forecasting, and yield strategies include these! In order to be sustainable, you need a revenue management strategy. Let's discuss some specific tactics that can be used to boost income and profit. Pricing policies for hotels isn't a single price scheme that suits all hotels. Every specific property must take into account a price plan or strategies that are most effective for their specific brand [7]. To make sure the company is running with the best potential to maximize revenue, a revenue manager should invest some time in analyzing data and other affecting elements. Let's examine the first query in more detail as an illustration. Some visitors will favor or be used to seeing certain pricing methods: while some may like to see a breakdown of the cost of their stay per day, others may be OK with seeing the overall cost for their entire stay. So, depending on the situation, either the daily pricing strategy or the length of stay pricing strategy could be used. In light of the aforementioned, the first and most crucial step of pricing schemes forecasting is necessary for hotels. By doing so, you may forecast demand and set prices based on increasing hotel room rates as supply declines and demand rises, enticing travelers to make early reservations [8]. This is a perfect pricing scheme known as the

"ascending model," in which prices rise as an arrival day approaches.) Later, we'll cover forecasting and analysis in more detail.

Dynamic Pricing Strategy

Dynamic pricing, commonly referred to as "time-based pricing," includes altering accommodation rates based on current market information, which may happen every day. This kind of strategy considers supply and demand as well as additional elements like competition pricing, room availability, seasonality, and other external considerations that may have an impact on market demand. Prices should fluctuate in accordance with supply and demand when using a dynamic pricing strategy to increase revenue and guarantee. Regardless of the time of year or other circumstances, the best price for a customer is also the most lucrative price for the property [9]. With this kind of pricing strategy, hotels may fill any available room reservations at a competitive price and never needlessly miss out on great offers, booking opportunities, or distribution channels [10]. For instance, a high-end hotel may often draw people with unlimited budgets, but during the off-season, reservations will decline and the hotel will have greater freedom to lower rates, drawing guests who otherwise wouldn't be able to afford the stay. Even though the hotel's average daily fee will be lower, occupancy will stay the same and try to maximize revenue [11]. There are a variety of pricing techniques you use many of them simultaneously at your hotel as part of your larger revenue management strategy. The following is a summary of the most popular pricing techniques that your hotel may find useful: Added-value pricing which Increases hotel rates above those of the neighborhood rivals and provides more amenities in the standard packages [12]. Discount rates most of them are advantageous to increase occupancy during slow seasons by lowering base rates, where revenue can also be made up through other hotel services. per-segment cost offering the same product to various market segments at various pricing points, such as a "family rate" Duration of stay Establish a minimum number of days that guests can reserve for; in these circumstances, lower rates might not be necessary. Price positioning In this method the prices are fixed on brand reputation or the comparison of other hotels in the market [13]. Price penetration, while positioning yourself as the most affordable option, keep in mind that you still need to have the option of selling at greater prices. Skimmed pricing will put the hotel in a competitive price range and emphasize the benefits of paying more to stay at your establishment [14].

II. CONCLUSION

A hotel's room occupancy generates a significant portion of its revenue, so it is important to use techniques when putting them into practice in order to ensure that guests are happy. The development of technology has led to the creation of revenue management software, which will help hotels fulfill their goals and objectives. Revenue managers make strategic choices for increasing the revenue from rooms. Revenue managers must have strong market analysis abilities in order to make tactical choices and develop methods to increase income through room division. The revenue management interface found in hotel management software aids in improving revenue per available room by effectively managing capacity and adjusting rates in accordance with occupancy levels.

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