FACULTY/COLLEGE	College of Business and Economics
SCHOOL	School of Tourism and Hospitality
DEPARTMENT	Hospitality
CAMPUS(ES)	APB
MODULE NAME	Rooms Divisions & Revenue Management
MODULE CODE	RDR3AA3
SEMESTER	First
ASSESSMENT OPPORTUNITY, MONTH AND YEAR	First Summative Assessment Opportunity June 2022

ASSESSMENT DATE	2022	SESSION	
ASSESSOR(S)	Dr A Deen		
MODERATOR(S)	Dr R Minaar		
DURATION		TOTAL MARKS	100

NUMBER OF PAGES OF QUESTION PAPER (Including cover page)	9

INFORMATION/INSTRUCTIONS:
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- This is a closed-book assessment.
- Answer all questions and ensure to rule off after every question
- Read the questions carefully and answer only what is required.
- Number your answers clearly and correctly as per the question paper.
- Write neatly and legibly on both sides of the paper in the answer book, starting on the first page.
- Non-programmable calculators are permitted – only one per candidate

QUESTION 1: FORECASTING CALCULATION **[39]**

Synergy beach hotel is a 189 bedroom hotel and is planning for the summer season rush. All rooms are operational for the season. The following data is available to them at this stage:

	December	January	Historical trends
Days	31	31	No-Shows 3%
Reservations	4500	4400	Understays 2%
Departures	2800	3600	Overstays 5%
Stayovers	1150	1050	Walk-ins 3%

1.1 Use this information to forecast the occupancy percentage for the months of December and January individually? (30)

	December
Total number of rooms	5859
OOO	(0)
Stayovers	(1150)
Reservations	(4500)
No shows	135
Understays	56
Overstays	(140)
Rooms available	**260**

	December
Total number of rooms	5859
Rooms available	(260)
Walkins	135
Number of rooms occupied	5734
Occupancy	**97-87%**

	January
Total number of rooms	5859
OOO	(0)
Stayovers	(1050)
Reservations	(4400)
No shows	132
Understays	72
Overstays	(180)
Rooms available	**433**

	January
Total number of rooms	5859
Rooms available	(433)
Walkins	132
Number of rooms occupied	5558
Occupancy	**94-87%**

1.2   Hotels normally apply short-, medium- and long tern forecasting for various reasons. Provide 3 uses for each of the above mentioned approaches to forecasting.   (9)

Short term – Walkins, Reservations, Overbooking

Medium term – Staffing, Purchasing, Average Spend

Long term – Pricing, Marketing, Budgeting

QUESTION 2: PRICING CALCULATION   [25]

The New Inn is a 200 bedroom hotel and they forecasted 70% occupancy for July with an expected double occupancy of 60%. This hotel would like a return on investment to the same monthly value as their operating expenses and departments other than rooms will contribute 10% of the total income.

2.1   Use annexure A to work out the cost per room night sold.   (6)

2.2   Use the cost per room night sold calculated in **2.1** to calculate the expected number of rooms and the total expected operating expenses for July.   (6)

200 X 70%
= 140 rooms
= 140 x 31 days
= **4340**

OE   = 4340 X R202.00
     = **R 876 680**

2.3   How much would the expected return on investment be?   (3)

ROI   = **R 876 680**

2.4   How much revenue can be expected from non-room departments?   (5)

Non rooms depts   = R1753 360 x 10%
                     = **R175 336**

2.5   Calculate the rate this hotel should be charging for their rooms.   (5)

ARR   = (R 876 680 + R 876 680) - R175 336
                        4340
       = **R363.60**

QUESTION 3: MULTIPLE CHOICE [32]

3.1   Looking at the trends of the Hospitality Industry, which of the following is **not** true

    a) No political influence
    b) Increased use of technology and communication
    c) More comfortable travel
    d) Aging population and early retirement

3.2   Average room rate is calculated by the which following formula?

    a) Total Rooms revenue divided by Total rooms sold
    b) Total revenue divided by Total rooms sold
    c) Number of occupied rooms divided by Total rooms in the hotel
    d) Number of double rooms sold divided by Total rooms sold

3.3   Indicate if this statement is true or false. "Forecasting assists the reservations and front staff in decision making with last minute reservations in computerised units"

    a) True
    b) False

3.4   Indicate if this statement is true or false. "Forecasting gives the Food & Beverage department an idea what to expect in the breakfast rooms and dinner restaurants."

    a) True
    b) False

3.5   Guests who have a guaranteed reservation but don't arrive influences the following: Please choose two answers.

    a) The number of departures
    b) The number of due in guests that are guaranteed to arrive
    c) Non guaranteed reservations
    d) Reservations

3.6   Indicate if this statement is true or false. "Medium term forecasting includes determining aspects of walkins and reservations."

    a) True
    b) False

3.7   Occupancy percentage is calculated by the following formula:

    a) Total number of rooms in the hotel divided by Total number of rooms sold
    b) Total revenue divided by Total rooms sold
    c) Number of rooms sold divided by Total number of rooms in the hotel
    d) Number of double rooms sold divided by Total rooms in the hotel

3.8   Indicate if this statement is true or false. "Stayovers is referred to the guests who were due out but changed their minds and decided to extend their stay."

    a) True
    b) False

3.9   The trend of overstaying guests impacts which of the following:

    a) Actual arrivals
    b) Expected departures
    c) Walk-ins
    d) Reservations

3.10   When forecasting data a revenue manager understands that walk-ins influences the following: Please choose three answers.

    a) Actual arrivals
    b) Reservations
    c) The expected numbers of available rooms to sell
    d) The expected number of occupied rooms to sell

3.11   Indicate if this statement is true or false. "Cost based pricing focuses on only how much it costs to sell a room to the guest."

    a) True
    b) False

3.12   Indicate if this statement is true or false. "Once a revenue manager establishes the ARR through an applied pricing approach, this ARR would be the actual price charged for the all the rooms predicted to be sold."

    a) True
    b) False

3.13   Indicate if this statement is true or false. "There are two fundamental approaches to pricing of accommodation."

    a) True
    b) False

3.14   The trend of guests who leave early influences which two of the following:-

    a) The number of due out guests
    b) The expected number of available rooms to sell
    c) The expected number of occupied rooms
    d) None of the available answers

3.15   Indicate if this statement is true or false. "The rate cutting is not a risky approach to reasonably increasing revenue as the occupancy increases."

   a) True
   b) False

3.16   Indicate if this statement is true or false. "The hubbart formula does not consider the costs involved when developing a pricing strategy."

   a) True
   b) False

3.17   Which is not a function of the accounting department?

   a) wage and benefit administration
   b) payroll
   c) accounts receivable
   d) accounts payable

3.18   Rooms Divisions is made up of which three departments:

   a) Front Office, Housekeeping and Maintenance
   b) Front Office, Security and Maintenance
   c) Food & Beverage, Housekeeping and Room Service
   d) Room service, maintenance and front office

3.19   Indicate if this statement is true or false. "The food and beverage area contributes more to the profitability of a hotel than any other department."

   a) True
   b) False

3.20   Indicate if this statement is true or false. "The hotel's PMS simplifies the clerical tasks of the front desk."

   a) True
   b) False

3.21   Indicate if this statement is true or false. "An occupancy rate of 70% means that, on average, the cost of a room sold was 70% of the posted rate."

   a) True
   b) False

3.22   Indicate if this statement is true or false. "Basic market forces such as consumer demand drives the hospitality industry today and in the future."

   a) True
   b) False

3.23 Indicate if this statement is true or false. "Changing demographics impact all sectors of the hospitality industry."

a) True
b) False

3.24 The department that is found in a full-service hotel and not in a limited-service hotel is:

a) The food and beverage department.
b) the engineering department.
c) security department.
d) housekeeping department.

3.25 Indicate if this statement is true or false. "Prestige product pricing looks at increasing the demand by exclusively decreasing their rates."

a) True
b) False

3.26 When companies scout the market and identify their niche that interests them within the accommodation sector utilises this approach to start their pricing strategy. This is known as:

a) Hubbart formula
b) Top down pricing
c) Rate cutting
d) Prestige product pricing

3.27 Indicate if this statement is true or false. "Price taking or price followership simply follow the rooms rates set out by their large competitors."

a) True
b) False

3.28 When utilizing the hubbart formula in determining an appropriate rate, your operating costs plus the rate of return is generally referred to as:

a) Gross profit
b) Total revenue
c) Net profit
d) Return on investment

QUESTION 4: FILL IN THE BLANKS **[4]**

4.1 Forecasting is often used as a management tool in order to improve future performance

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4.2   With regards to prestige product pricing it is not always true that the demand may
      increase if a property's prices are lowered.
4.3   The rule of thumb approach approximately calculates a room cost

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ONLINE PAPER: TOTAL MARKS 100

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ITEM	PRICE / COST	QUANTITY PER ROOM	COST
STATIONARY	R2000 per 100	1	R20.00
CLEANING GEL	R200.00 Per 5 litre	25 ml per room	R1.00
TOWELS LAUNDRY COST	R3.00 EACH	2	R6.00
WAGES	R25.00 Per room	1	R25.00
OTHER COSTS COMBINED	R150.00	1	R150.00
TOTAL COST PER ROOM NIGHT SOLD		R202.00	