V. M. SALGAOCAR INSTITUTE
of
INTERNATIONAL HOSPITALITY EDUCATION

B. Sc. International Hospitality Management

Type: Semester End Assessment

Date: 10/04/2024

Batch & Term: 2021-2024 & 9

Total Marks: 25

Time Duration: 02 Hours

Course Name: Revenue Management

Course Code: IHOH119

Instructor: Prof. Irfan Mirza
             CMA (Ms.) Shameem Memon

This paper contains 02 pages in addition to the cover page.

Full Name of the Student: _____

Permanent Registration Number: _____ Class: _____

Marks Obtained: _____   Faculty Signature: _____ Invigilator Signature: _____

Main Answer sheet	Number of Supplements	Total number of Answer sheets
01		

- Carefully read each question at the outset of the paper. All queries must be addressed to the faculty within the first 10 minutes of the examination.
- Students are expected to maintain complete silence in the examination hall and should not interact or communicate with their peers.
- Students will carry only their essential stationery like pens, pencils, ruler and simple calculators into the examination hall.
- Bags, eatables, drinks, etc. will not be allowed inside the hall with the exception of a bottle of water.
- Cell phones, electronic data banks, scientific calculators and smart/beeping watches are prohibited in the examination hall.
- Students will answer the examination with only blue/ black ball point pens unless informed differently by faculty. Avoid usage of green or red ink pens on the answer sheet.
- Dictionaries will not be allowed into examination hall unless informed differently by faculty.

Q. 1. Answer the following questions. (05 Marks)

a) What are the various fields of application of revenue management?

b) Mr. Ajay started a restaurant with an investment of Rs. 10 Lakhs in 2023. At the end of 2023 his net profit was Rs. 12 lakhs. What will be the Return on Investment from business of Mr. Ajay?

c) What is strategic pricing?

d) Explain soft constraints faced by lodging industry.

e) Explain with formula what is RevPar?

Q. 2. Describe various revenue management pricing strategies. **(05 Marks)**

Q.3. Calculate the 14-day daily fixed average and Seven Day rolling average revenue by completing the following tables:

14 Day Fixed Average Revenue Calculation

Day	Daily Revenue (in $)
1	2360
2	2420
3	2490
4	2440
5	2420
6	2558
7	2450
8	2460
9	2410
10	2440
11	2470
12	2460
13	2418
14	2494
14 Day Total	?
14 Day Fixed Average Formula	?

Seven Day Rolling Average

Date	Seven Day Period							
	1-7	2-8	3-9	4-10	5-11	6-12	7-13	8-14
1	2360							
2	2420	?						
3	2490	?	?					
4	2440	?	?	?				
5	2420	?	?	?	?			
6	2558	?	?	?	?	?		
7	2450	?	?	?	?	?	?	
8		?	?	?	?	?	?	?
9			?	?	?	?	?	?
10				?	?	?	?	?
11					?	?	?	?
12						?	?	?
13							?	?
14								?
Total	?	?	?	?	?	?	?	?
7 Day Rolling Average	?	?	?	?	?	?	?	?

(05 Marks)

Q.4. Asmi Tower hotel has 200 guest rooms, has an ADR of Rs.1800 per room, and is currently operating at a 75% occupancy. The hotel offers 75 one bed and 125 two bed guestrooms. Management has established single and double rack rates for each room type. Any one bed room sold as a single is priced at Rs.1900; as a double, it sells for Rs.2100. Any two-bed room sold as a single is priced at Rs.2000; as a double, it sells for Rs.2200.

Calculate:

1. Potential average single rate
2. Potential average double rate
3. Multiple occupancy %
4. Rate spread
5. Potential average rate   **(05 Marks)**

Q.5. The Jarryd Inn, a 200 – room property, is projected to cost $9,500,000 inclusive of land, building, equipment, and furniture. An additional $500,000 is needed for working capital, bringing the total cost of construction and opening expenses to $10,000,000. The hotel is financed with a loan of $7,000,000 at 10 percent annual interest and cash of $3,000,000 provided by the owners. The owners desire a 18 percent annual return on their investment. A 70 percent occupancy is estimated; thus, 51,100 rooms are projected to be sold during the calendar year (200 x .70 x 365). The hotel's income tax rate is 40 percent, and additional expenses are estimated as follows:

Property tax expenses	$350,000
Insurance expenses	$100,000
Depreciation	$250,000
Administrative and general expenses	$250,000
Data processing expenses	$170,000
Human resources expenses	$70,000
Transportation expenses	$50,000
Marketing expenses	$220,000
Property operation and maintenance expenses	$180,000
Energy and related expenses	$350,000

Non-room revenue center income (loss) is estimated as follows:

Food and beverage department	$180,000
Telecommunications department	$ (40,000)
Rentals and other departments	$200,000

The rooms department estimates direct operating expenses to be $12 per occupied room.

Calculate the Average Room Rate using Hubbart Formula.   **(05 Marks)**