# Reservations

## OPENING DILEMMA

*Two days remain before the first guest checks in for the Forest Conservation Conference. A quick review of the reservation module report indicates that several of the new desk clerks took guaranteed reservations (35 rooms) for that convention that account for 10 percent more rooms than are available.*

Making reservations is a necessity for travelers and an important marketing tool for lodging establishments. Travelers in various market segments depend on a well-organized reservation system that is easily accessible through toll-free numbers or on the Internet to ensure a well-planned trip. Lodging establishments want to provide a continuous flow of guests, which will bring profits. A reservation system must ensure efficient means of accessing, processing, and confirming information (Figure 5-1). Without an efficient reservation system, all aspects of managing a hotel will be negatively affected. For example, while overbooking reservations may guarantee a full house for the hotel, it will also leave the guest who is turned away with a negative impression. This not only decreases the hope of repeat business but also ensures that the dissatisfied customer will tell others of the negative experience. This chapter examines the reservation system as an integral part of progressive front office management and discusses the operation of a well-run system.

CHAPTER FOCUS POINTS

- Importance of guest reservations to travelers and lodging establishments
- Overview of reservation system
- Sources of reservations
- Forecasting reservations
- Overbooking (occupancy management)
- Processing guest reservations

**Figure 5-1.** *A reservation clerk is ready to process a guest's request for a room reservation. (Photo courtesy of Radisson Hospitality Worldwide.)*

## Importance of a Reservation System

Profitable business ventures rely on effective marketing principles, which include reviewing people who are in need of hotel products and services, determining their needs, developing products and services that meet their needs, and making a profit on the sale of those products and services.

A well-organized reservation system allows hotels to ensure a steady flow of guests into their properties. Hotel chains offer their members the ability to fill 30 percent or more of available rooms on a nightly basis. Independent hoteliers have the onerous responsibility of creating exciting marketing programs to capture room business. Easy access to a hotel's data bank of rooms helps in fulfilling the customers' needs as well as in reaching a targeted daily occupancy rate, average daily rate, yield percentage, and RevPAR. A reservation system represents the primary means of producing positive cash flow and a favorable income statement.

## Overview of the Reservation System

The hotel industry is powered by sales that are derived from the use of computerized reservations systems. The following information on Choice Hotels International, Six Con-

Dulcie Baker, director of sales at the Tidewater Inn, Easton, Maryland, has been in the hotel industry for more than 25 years. Ms. Baker's duties include responsibility for room sales for groups, banquet coordination, and managing the sales staff.

She began her career at the front desk, reservations, and sales at the Wilmington Hilton, Wilmington, Delaware, and continued developing her sales expertise at the Bay Valley Hotel & Resort, Bay City, Michigan; the Holiday Inn in Coral Springs, Florida; The Abbey in Lake Geneva, Wisconsin; the Holiday Inn in Greenbelt, Maryland; and the Days Inn at the Inner Harbor in Baltimore, Maryland.

The Tidewater Inn is privately owned and does not participate in a national reservations system. Its focus is on delivering quality hospitality in its trademark operation. However, it does practice yield management and works from yearly budget projections to produce the targeted volume in sales.

Ms. Baker extends her best wishes to future professionals who are studying hotel management and says, "Good luck. It's a great business if you're people-oriented."

tinents Hotels (formerly Bass Hotels & Resorts), Carlson Hospitality Worldwide, and Pegasus Solutions provides a concise view of the importance of computerized reservation systems to the hospitality industry.

## Choice Hotels International

Choice Hotels International, with its 5,000 franchisees in 42 countries, operates under the Comfort, Quality, Clarion, Sleep, Econo Lodge, MainStay Suites, and Rodeway Inn brands. In a press release, Choice Hotels International announced its capability of offering guests reservation services through handheld computers:

Owners of the Palm VII or Palm VIIx handheld computer can download Choice's web clipping application to their handheld by visiting www.choicehotels.com, then clicking on "wireless" on the options menu. After following the download instructions, Palm VII or Palm VIIx handheld owners with Palm.Net service are able to reserve rooms, check room availability, check on existing reservations and more. "Essentially, the application provides all of the booking capabilities available through our web site," said Gary Thomson [senior vice president and chief information officer at Choice].[1]

## Six Continents Hotels

Six Continents Hotels (formerly Bass Hotels & Resorts) operates 3,200 hotels and resorts in nearly 100 countries and territories on six continents under the Inter-Continental, Crowne Plaza, Holiday Inn, Express by Holiday Inn, and Staybridge Suites

brands. This corporation has 490,000 guest rooms and hosts more than 150 million guests each year. Six Continents Hotels reservations system Holidex processes more than 100 million reservations per year.[2]

## Carlson Hospitality Worldwide

Carlson Hospitality Worldwide's central reservation system is called Curtis-C (pronounced "courtesy"). It services approximately 730 hotel locations and six cruise ships operating on all seven continents. For the year 2000, it processed approximately 8,900 reservations per day, with a total of 3,242,031 for that year. Brands include Regent International Hotels, Radisson Hotels & Resorts, Country Inns & Suites by Carlson, Park Plaza and Park Inn hotels in North America, and Radisson Seven Seas Cruises. It is connected to 455,000 travel agents via the global distribution system (GDS). Curtis-C interfaces with the company's hotels via HARMONY, the company's property management system, and the CustomerKARE (or Customer *K*nowledge *a*nd *R*elationship *E*nabling) system. It also interfaces with the HARMONY Database Manager, which provides access to hotel inventory (updated rates and availability) along with the ability to deliver reservations through several distribution systems; the Guest Communication Manager, a system that manages guest satisfaction information (providing a history of service problems per guest per hotel and scanning for trends and patterns); and KnowledgeNet, which provides hotels with easy access to valuable company information (corporate policies, forms, reports, hotel procedures, and newsletters) and also eliminates monthly printing of hotel reports and distribution to the properties. The benefits of this interfacing of data include creating and distributing products worldwide in seconds, making information easily accessible to customize the customer experience, allowing for synergies among applications and reducing resource requirements, and adapting to changing markets and technologies.[3]

## Role of the Internet in Securing Reservations

In a *Hotel & Motel Management* article by Bruce Adams, Alan White, from the application service provider Pegasus Solutions, discusses ResView, the company's central reservation system (CRS) offered on the application-service-provider model.

"Today, you need photos," he said. "We also are pushing a shopping engine for a softer search, which wants to know what experience customers are looking for." They could search by summer and the beach, for example, or for family-oriented experiences or for winter skiing. "We want to build more intelligence into it for the more savvy consumer," he said. White said that the number of corporate customers booking through the Web has doubled in the last year. Those customers want to be able to use negotiated rates, which adds another level of complexity. "The use of negotiated rates on the Web has doubled in the last year [2000]," he said. "We see increased booking volume on the Web, which slightly erodes Global

Distribution System and voice bookings." Despite the increase there are still 1,000 Web hits for a single Web booking. For voice reservations, it is fewer than 100 calls for every booking, he said. "Our Web sites are extremely busy, so we have to use different architectures to handle all the volume," he said. "Many, many people shop on the Web and book elsewhere." "Direct to hotel is still the most popular booking channel, claiming about 62 percent of reservations," White said. Hotels using the new Web-booking model also want an increased emphasis on preferred guest handling. "They want to be able to keep track of guests, know where they are from, why they have come, how they got them and when they come back," he said. "They also want more sorting of data and delivering of extracts."[4]

This *Hotel & Motel Management* article focuses the reader on several important issues that hotel front office managers and general managers should consider in maintaining a marketing edge with reservations. The use of the Internet in making room reservations is becoming a part of the natural way of doing business. Potential business and pleasure traveler guests want to see what your hotel offers in the form of guest rooms, amenities, food and beverages, and other services as well as related prices. Likewise, the hotel managers seek feedback data on the customers who may visit their Web site and hopefully their hotel. It is interesting to note that, at the time of this writing, out of 1,000 Web hits made by consumers, only one customer sale is made, as compared to the 100 incoming calls processed for every one reservation completed. Perhaps the softer touch still has its place in hospitality.

# Types of Reservation Systems

## Franchisee

The **franchisee** is a hotel owner who has access to a national reservation system and receives the benefits of the corporation's management expertise, financial backing, national advertising, and group purchasing. A franchise member of a reservation system or a member of a referral system gains significant advantages from combined efforts of **interhotel property referrals,** a system in which one member-property recommends another member-property to a guest, and national advertising.

## Referral Member

A **referral member** of a **reservation referral system,** a worldwide organization that processes requests for room reservations at a particular member-hotel, is a hotel developer/owner who has access to the national reservation system. Hotels that are members of the reservation system are more than able to justify these costs: for example, a chain property may obtain 15 percent to 30 percent of its daily room rentals from the national reservation system, depending on local economic and market conditions. Compared to

the costs incurred by an independent property that must generate every single room sale with individual marketing and sales efforts, franchise referral costs seem minimal.

*Hotel & Motel Management* reports that use of the reservation system by franchises and referral properties involves various fees, such as royalty, marketing, and reservations. For example, a royalty fee could include 50 cents per day per room, or $1,000.00 plus $75.00 per room per year, or 5 percent of the gross room rate. A marketing fee may include $3.00 per room per month or a $480.00 sign fee. A reservations fee could include 25 cents per minute for use of a toll-free number or $12.00 per room per year or $5.50 per delivered reservation or 5 percent per room night booked.[5]

## Sources of Reservations

Guest reservations come from a variety of market segments. Some of the more common groups include corporate clients, group travelers, pleasure travelers, and current guests who want to return to the same hotel. This is only one way of classifying guest reservations. The purpose of analyzing these segments is to understand the needs of each group and provide reservation systems to meet their needs.

### Corporate Clients

The **corporate client** is a hotel guest who is employed by a business or is a guest of that business. Corporate clients provide a hotel with an opportunity to establish a regular flow of business during sales periods that would normally be flat. For example, a hotel located in an area popular with weekend tourists would operate at a loss if an aggressive marketing effort were not made to secure corporate clients from Sunday through Thursday nights. Corporate clients are usually in town to visit corporate headquarters or to attend business meetings or conventions. Visits are usually well structured in advance, with detailed agendas and itineraries. Such structured schedules suggest that the corporate guest will need reservations to ensure a productive business visit.

The reservation for the corporate guest may be initiated by a secretary or an administrative assistant. These office personnel are vital to the marketing efforts of a hotel. Many hotels offer a secretaries club, which is a powerful marketing and public relations effort aimed at this group. The program encourages the secretary or administrative assistant to make room reservations with the hotel for visiting business clients by providing incentives such as gift certificates for the person who books the most reservations, free meals for being a member, and free special-interest seminars. This system provides the basis for a very loyal contingent of secretaries and administrative assistants who think of the club's hotel first. This marketing program helps the front office manager and the reservationist get to know the various leaders in the business community in an indirect way. If such people need a quick reservation on a busy night, they feel they will receive special consideration from the hotel's management.

A toll-free phone number assists the cost-conscious corporate client by giving corporate guests calling from outside the property's area code an opportunity to save on phone bills. The independent lodging property that has installed a toll-free phone number gives itself a marketing advantage. If the person making the reservation wants to check out rates, location, amenities, related hotel services, and the like, he or she can do so without incurring an expense. The corporate client can then match travel needs with the available lodging properties.

The corporate client can also place the reservation through the reservation/referral system of the chain organization. The large chains, through their radio, television, billboard, and print advertising, offer the corporate client the opportunity to make a reservation easily through a toll-free number. The number connects the caller to a reservationist who has access to a data bank of available rooms at lodging properties that are members of the chain or referral system. The reservation can be completed in minutes. The use of a single phone number to access all properties offers the corporate client an easy, standard way to make reservations for stays in several cities with one call. In the lodging industry, this opportunity to gain repeat business is very important.

The travel agent also makes reservations for corporate clients. The travel agent who is booking air or other transportation for clients usually books room reservations as well.

The corporate client can also visit a hotel's Web site to obtain information on the hotel and make a room reservation.

## Group Travelers

**Group travelers** are persons who are traveling as a group either on business or for pleasure. Convention guests and seminar attendees are examples of groups that travel on business. Participants in organized tours tend to pursue recreation, education, and hobbies, and special interests constitute some of the pleasure segment. The key to marketing reservations to this group is providing an efficient access method for planning details of a tour. The **group planner** is the person responsible for securing guest room accommodations, food and beverage programs, transportation reservations, meeting facilities, registration procedures, tours, and information on sightseeing, as well as maintaining a budget for group travelers. The group planner must satisfy the needs of the group in an efficient, orderly, and professional manner. The details involved in organizing a three-day convention in a large city for 700 attendees or a seven-day tour of points of interest for 44 people are quite extensive. How does the leader of group travelers begin?

Some of the options available for the tour or meeting planner include tapping into the **bus association network,** an organization of bus owners and tour operators who offer transportation and travel information to groups, using directories listing various lodging properties, communicating with hotel representatives of various lodging properties, and contacting hotel brokers. Hoteliers provide information concerning lodging facilities and tourism through these sources.

Bus associations are professional organizations on the national and state levels that provide their members with organized destination information needed for planning tours

and conventions. Usually these associations organize conventions of their own by working with various hotels, tourist attractions, and travel and promotion associations in the public sector that supply facilities and points of interest to the group traveler. Through the monthly publications of these associations, members can remain current on the travel industry. The lodging operation that advertises in these publications will reach a market that is looking to add variety to a group tour.

**Travel directories,** organized listings of hotel reservation access methods and hotel geographic and specific accommodations information, also provide the group travel planner with the opportunity to match facilities with the needs of the group. The most common of these directories is the *Hotel & Travel Index*. Other directories include the following:

*AAA Tour Books and Travel Guides*
*Consortium Guide*
*Destination-specific Directory*
*Michelin Guide*
*Mobil Travel Guides*
*OAG Business Travel Planner*
*OAG Gazetters*
*Official Hotel Guide*
*Official Meeting Facilities Guide North America*
*Premier*
*Star Service*
*The Hotel Guide (THG)*
*Weissmann Travel Reports*[6]

These valuable publications enable the planner to check the features of different lodging properties with great ease.

Working with a **hotel representative,** a member of the hotel's marketing and sales department who actively seeks out group activities planners, is another method the group planner may find quite appropriate. Armed with the details about the lodging facility, points of interest in the area, and community background, the hotel representative can prepare a package deal for the planner. This active solicitation of group business can prove to be very profitable for a hotel.

Another type of active solicitation for group travelers is done by the **hotel broker.** This is the person who sells hotel room prize packages to corporations, sweepstakes promoters, game shows, and other sponsors. By booking reservations in volume, a hotel broker obtains a discount for the organization that wants to offer a hotel visit as a prize. Chain and referral organizations usually have people in their corporate marketing and sales divisions who contact various organized groups or brokers to sell the hotel rooms and facilities.

As mentioned earlier, the key to securing the business of group travelers is to develop a structured access system that assists the planner in meeting the needs of the group. The

more readily available the information concerning the lodging property, tourist attractions, and the community, the easier it will be for the planner to choose a property.

## Pleasure Travelers

**Pleasure travelers** are people who travel alone or with others to visit points of interest or relatives, or for other personal reasons. These travelers, who are often unrestricted by deadlines or schedules, are more flexible in their travel plans than are corporate clients and group travelers. They are more willing to seek someplace to stay along the way; however, some of the people in this group may want to obtain guaranteed reservations to ensure a trip with no surprises. This group is very fragmented and consists of many subgroups, including singles, married couples, young families, senior citizens, and students. Some of the various methods the pleasure traveler can use to secure room reservations are travel agencies, toll-free numbers, reservation/referral systems, and the Internet.

Although using travel agents to place reservations may not be as common with pleasure travelers as it is with businesspeople, the ease of "one-stop shopping" that travel agents offer encourages hotels to develop strong business relationships with them. Melinda Bush of *Murdoch* magazines states, "Hotels are viewing [travel] agents as extensions of their sales and marketing departments."[7] The fee a lodging facility pays for accepting a reservation placed by a travel agent is usually 10 percent or more of the room rate, a minimal sum compared to the increase in volume and subsequent profits that an agent can generate for a property.

Another method used by the pleasure traveler to make reservations is the toll-free phone number. Calling these numbers, which are listed in travel guides and the phone book, provides pleasure travelers with up-to-the-minute room rates and reservation availability status.

The third method available for the pleasure traveler is the reservation/referral system. This option offers the traveler a quick way to contact a particular hotel, via a national or an international reservation/referral system. Travelers planning trips for a long period of time or visits to unfamiliar areas usually prefer some semblance of assurance that accommodations will be available, clean, safe, and comfortable. The quality assurance provided by name recognition built up over a period of time by a chain convinces the traveler to place room reservations through its reservation/referral system.

A fourth method used by the pleasure market segment to make reservations is via the Internet. Travelers can visit the Web site of the participating hotels to investigate accommodations and pricing as well as to make reservations. Considering the popularity of home computers and their connection to the Internet, this method will grow.

## Current Guests

One of the often overlooked areas for attracting room reservations is through **current guests**, guests who are registered in the hotel. (Although this topic is covered in more

detail in Chapter 13, it is important to mention it briefly here as a source of reservations.) This potential market is a promising source of repeat business. The people in this group have already experienced the services and facilities of a lodging property and may be quite willing to make an immediate commitment to more hospitality from the same hotel or another hotel in the same chain or referral group.

The opportunity for booking additional reservations occurs during the check-in and checkout phases of the guests stay. After registering the guest, the front desk clerk may ask if he or she will be continuing to travel after leaving the hotel. If the guest mentions plans to travel to another city, the desk clerk may inquire if a reservation is needed. Likewise, the desk clerk may ask the guest on checkout if additional reservations are needed for continuation of this trip or for future trips. The hotel that promotes its facilities to current guests in this way will be rewarded with an increase in room occupancy.

# Forecasting Reservations

**Forecasting** or **rooms forecasts,** which involves projecting room sales for a specific period, is a natural next step after the data from the reservation process have been collected. This step includes previewing the effects of reservations on the income statement, scheduling labor, and planning for the use of facilities. In addition to presenting a practical method for preparing a rooms forecast (sometimes referred to as a "projection of room sales"), this section also indicates how such a forecast can be used as a means of communication with other departments (Figure 5-2).

One of the purposes of a rooms forecast is to preview the income statement. It enables the hotel managers to determine projected income and related expenses for a certain time period. The front office manager, who has estimated total room occupancy to be 100 rooms with an average room rate of $75 for a seven-day period, can project a revenue of $52,500 ($100 \times \$75 \times 7$) from room sales. Budgeted cost-control policies allow the front office manager to allocate a certain amount of that income for front office staff. This process of projecting sales and related expenses is very important to the successful management of the front office (Figure 5-3).

The front office is not the only department that depends on a well-constructed rooms forecast. The food and beverage department, housekeeping department, and maintenance department rely on the **house count.** This refers to the number of persons registered in a hotel on a specific night. This is important for scheduling labor, using facilities, planning improvements or renovating facilities, ordering supplies, and the like. For example, if a **full house,** 100 percent hotel occupancy, is predicted and there are no scheduled banquet breakfasts, extra wait staff must be scheduled in the dining room. Employees in the housekeeping department may be refused vacation during certain periods when a full house is expected. Other contingencies include a maintenance department's need to schedule major repairs and preventative maintenance, annual cleaning, and remodeling of guest rooms when occupancy is low; a controller's need to prepare a cash flow estimate; an executive housekeeper's need to schedule adequate staff based on guest room occupancy;

**Figure 5-2.** *A rooms forecast assists in planning for delivery of service.*

| ROOMS FORECAST FROM: ___ SUN DEC 1 ___ TO: ___ SAT DEC 7 ___ | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | | | |
| GUAR RES | 25 | 50 | 55 | 40 | 45 | 10 | 10 | | | |
| CONF RES | 20 | 25 | 20 | 20 | 25 | 10 | 15 | | | |
| WALK-INS | 80 | 80 | 80 | 5 | 5 | 5 | 5 | | | |
| GROUPS | 20 | 0 | 0 | 30 | 30 | 30 | 0 | | | |
| TTL ROOMS | 145 | 155 | 155 | 95 | 105 | 55 | 30 | | | |
| TTL GUESTS | 180 | 195 | 190 | 110 | 125 | 75 | 45 | | | |

COMMENTS: DEC 1/2/3 WALK-INS FROM DDS CONVENTION AT STONE HILL MANOR
DEC 4/5/6 JOHNSON TOURS FROM CANADA—
ALL MEALS IN DINING ROOM A LA CARTE

CC: HOUSEKEEPER          GENERAL MGR
    FRONT OFFICE MGR     DIR MKTG AND SALES
    SWITCHBOARD          FOOD AND BEV MGR
    MAINT ENGR           EXEC CHEF
    GARAGE MGR           BANQ MGR
    RESTAURANT MGR       HOSTESS A.M./P.M.
                         LOUNGE MGR

a security department's requirement to be aware of activity projected for the hotel; and a parking garage manager's need to know if the garage can meet the auto/van space requirements for the anticipated guests. These are just a few of the uses of the rooms forecast.

The front office manager will want to determine the revenues projected by this rooms forecast. To do this, the average room rate or the specific room rate for a group may be applied. This information is very important to the controller, general manager, and owner of the hotel, who use it in managing the hotel's finances. This system can also be used to prepare quarterly or yearly financial projections.

# Overbooking (Occupancy Management)

The concept of **overbooking**—accepting reservations for more rooms than are available by forecasting the number of no-show reservations, stayovers, understays, and walk-ins,

**Figure 5-3.** *The front office forecast is issued to all department heads in the hotel.*

**TIMES HOTEL**
**Weekly Room Sales Forecast**

|  | 10/1 | 10/2 | 10/3 | 10/4 | 10/5 | 10/6 | 10/7 |
|---|---|---|---|---|---|---|---|
| Departures | 0 | 10 | 72 | 75 | 5 | 15 | 125 |
| Arrivals: |  |  |  |  |  |  |  |
| Confirmed | 40 | 20 | 30 | 25 | 5 | 8 | 22 |
| Guaranteed | 30 | 18 | 17 | 90 | 4 | 2 | 10 |
| Total | 70 | 38 | 47 | 115 | 9 | 10 | 32 |
| Walk-ins | 20 | 20 | 30 | 10 | 10 | 5 | 50 |
| Stayovers* | 10 | 85 | 68 | 65 | 175 | 177 | 65 |
| No-shows | 5 | 3 | 5 | 10 | 2 | 2 | 3 |
| TOTAL** | 95 | 140 | 140 | 180 | 192 | 190 | 144 |

\* Yesterday's total − departures
\*\* Yesterday's total − departures + arrivals + walk-ins − no-shows

*Notes:*
10/1 Dental Committee (125 rooms), checkout 9:00 A.M.–10:30 A.M.
    Lion's Convention (72 rooms), check-in 1:00 P.M.–4:00 P.M.
10/3 Lion's Convention, checkout after 10:00 A.M. group brunch; checkout extended until 1:00 P.M.
    Antique Car Show in town. Most are staying at Hearford Hotel (only 50 reservations so far); expect overflow from Hearford, about 30 walk-ins.
10/4 Antique Car Show over today.
    Advanced Gymnastics Convention. Mostly ages 10–16.
    Check-in 4:00 P.M.–6:00 P.M.
10/7 Advanced Gymnastics checks out at 12:00 noon.
    Painters Convention in town. Headquarters is the Anderson Hotel.
    Expect overflow, 50 walk-ins.

with the goal of attaining 100 percent occupancy—is viewed with skepticism. As future hoteliers, you will face the onerous task of developing a policy on overbooking. The front office manager has the responsibility of administering this policy.

American courts seem to agree that "in many instances, overbooking to overcome the problem of no-shows and late cancellations may produce advantages by way of operating efficiencies that far outweigh the occasional inconveniences to guests and travellers." They have held hotel overbooking to be customary and justifiable practice for offsetting the losses from no-shows. Writing in February 1980, Gould et al. could find no direct statutory or administrative law governing hotel overbooking with the exception of one Florida regulation.[8] Hoteliers and front office managers who practice overbooking do so to meet an organization's financial objectives. They do not intentionally overbook to cause

problems for the traveler. Rex S. Toh reports "the no-show rate is anywhere between 5 and 15% in most markets."[9]

This financial loss due to no-shows could add up to a substantial amount of money for a hotel. In a hotel that typically has 100 confirmed reservations (not guaranteed with a credit card) and experiences a 5 percent no-show rate, five rooms per night would remain unsold. With an average room rate of $70, these five rooms would cost the hotel $350 in revenue. Over a year, this would amount to $127,750. Lost revenues of this volume virtually force the hotelier to develop an aggressive occupancy management policy to manage no-shows. This policy is based on management of the various occupancy categories into which guests are placed: those with confirmed reservations, those with guaranteed reservations, stayovers, understays, and walk-ins.

**Confirmed reservations,** prospective guests who have a reservation for accommodations that is honored until a specified time, represent the critical element in no-shows. After that time, the hotel is under no obligation to hold a reservation. The front office manager must keep accurate records of no-shows in this group. Various types of travelers with confirmed reservations—corporate, group, or pleasure—have varying no-show rates. For example, corporate confirmed reservations may have a 1 percent overall no-show rate. Group travelers may have a 0.5 percent no-show rate, with no-shows all coming from one or two particular bus companies. Pleasure travelers may have a 10 percent no-show rate. The detailed investigation of each of these categories will suggest methods for minimizing no-show rates.

**Guaranteed reservations,** prospective guests who have made a contract with the hotel for a guest room, represent a less volatile group because the guest provides a credit card number to hold a room reservation. Rex S. Toh reported that the no-show rate for guaranteed reservations was 2 percent, compared to 10 percent for confirmed reservations.[10] The front office manager should investigate these no-shows to determine their sources and plan accordingly.

**Stayovers** are currently registered guests who wish to extend their stay beyond the time for which they made reservations. Accurate records on various traveler categories (corporate, group, or pleasure) will reveal their stayover rates. For example, employees of a corporation who travel with spouses may extend a Thursday and Friday business trip to include a Saturday. Similarly, a group conference scheduled from Monday through Thursday may encourage the attendees to stay longer to sightsee.

**Understays** are guests who arrive on time but decide to leave before their predicted date of departure. Pleasure travelers may find their tourist attraction less interesting than anticipated. Urgent business may require the corporate client to return to the office sooner than expected. Maintaining accurate records will help the front office manager to predict understays.

A welcome sector of the hotel market, **walk-in guests,** can enhance daily occupancy percentages when effectively managed. The front office manager must be aware of the activity in the local area. Heavy tourist seasons, special tourist events, conventions, and the like will increase the number of potential guests in the area. Awareness of such possibilities helps the front office manager plan accordingly. Walk-in numbers are often

higher if the front office manager maintains good relations with the front office managers of other nearby hotels, who refer guests to other properties when theirs are fully booked. Sending guests who cannot be accommodated to nearby hotels ensures a win-win situation for guests and hotels.

When these occupancy categories have been tracked, the front office manager can more accurately predict occupancy. The front office manager can obtain the data for this formula by reviewing the property management system (PMS) reservation module, which lists the groups, corporate clients, and individual guests who have made reservations for a specific time period. Also, the front office manager should check the tourist activity in the area, business events planned in other hotels, and other special events happening locally.

The following **occupancy management formula** considers confirmed reservations, guaranteed reservations, no-show factors for these two types of reservations, predicted stayovers, predicted understays, and predicted walk-ins to determine the number of additional room reservations needed to achieve 100 percent occupancy. **No-show factors** are based on prior experience with people with confirmed or guaranteed reservations who did not show up.

$$
\begin{aligned}
&\text{total number of rooms available} \\
-\ &\text{confirmed reservations} \times \text{no-show factor} \\
-\ &\text{guaranteed reservations} \times \text{no-show factor} \\
-\ &\text{predicted stayovers} \\
+\ &\text{predicted understays} \\
-\ &\text{predicted walk-ins} \\
\hline
=\ &\text{number of additional room reservations} \\
&\text{needed to achieve 100 percent occupancy}
\end{aligned}
$$

Here is an example of how to use this formula:

1. If a 200-room lodging property has 75 confirmed reservations with a 5 percent no-show factor in that category, 71 rooms can be predicted to be occupied by guests with confirmed reservations. The no-show factor is based on historical records of this category for this property maintained and reviewed by the front office manager.

2. There are 100 guaranteed reservations, with a historical no-show rate of 2 percent. This means that 2 rooms have probably been reserved by no-show guests and may be available for sale. The policy of the hotel may or may not allow the sale of these 2 rooms. If the hotel knows of other hotels in the immediate area that have available rooms for that particular night, the front office manager might be willing to walk a guest with a guaranteed reservation to another hotel if all the guests with guaranteed reservations arrive. It is important to be extremely cautious in this category. A very

unpleasant scene can occur if an exhausted guest arrives at 3:00 A.M. with a guaranteed reservation and finds no vacancies.

3. The predicted number of stayovers at this given time—based on historical records, with considerations for the season of the year, tourist attractions, nature of the current guests (convention, tourist, or business traveler)—is 4 rooms. This number of rooms must be subtracted from the number of rooms available for sale.

4. The predicted number of understays at this given time, considering factors similar to those applied to stayovers, is 5. This number of rooms is added to the number of rooms available for sale.

5. The predicted number of walk-ins for this given time period—using historical records and available information concerning tourist events, activity at other hotels, attractions in nearby communities, and the like—is 8.

The arithmetic for this example works out as follows:

$$
\begin{array}{ll}
& 200 \text{ rooms available} \\
- & 71 \text{ confirmed reservations } (75 - [75 \times 0.05]) \\
- & 98 \text{ guaranteed reservations } (100 - [100 \times 0.02]) \\
- & 4 \text{ stayovers} \\
+ & 5 \text{ understays} \\
- & 8 \text{ walk-ins} \\
\hline
= & 24 \text{ number of additional room reservations needed} \\
& \text{to achieve 100 percent occupancy}
\end{array}
$$

The occupancy management formula indicates to the front office manager that 24 additional rooms must be rented to achieve 100 percent occupancy. By predicting this number in advance, the front office manager has reasonable flexibility in accepting 24 additional reservations for the evening.

# Yield Management

Yield management is the technique of planning to achieve maximum room rates and most profitable guests. This practice encourages front office managers, general managers, and marketing and sales directors to target sales periods and to develop sales programs that will maximize profit for the hotel. This topic is fully explored in Chapter 6. Yield management is part of successful administration of a reservation system, because it forces the front office manager to make a realistic attempt to produce a favorable income statement. Applying rate categories to specific time periods with minimum length of reservations

As front office manager of The Times Hotel, you want to project the number of additional rooms you will need to book to achieve 100 percent occupancy for the night of April 15. Use the following historical data to determine the number of additional room reservations needed to achieve 100 percent occupancy: 500 rooms available, 100 confirmed reservations with a 5 percent no-show history, 200 guaranteed rooms with a 2 percent no-show history, 15 stayovers, 10 understays, and 45 walk-ins.

and reviewing potential markets and their spending habits assist the front office manager not only in meeting the goal of 100 percent occupancy but also in achieving maximum profitability.

# Processing Guest Reservations

Means of communication with the client; room inventory data banks; systems for reservation, confirmation, deposits, and cancellations; and **blocking procedures,** a process of reserving a room on a specific day, are the major components of a well-organized guest reservation processing system.

The guest who wants to secure overnight lodging accommodations must have an efficient means of communicating the room reservation to the hotel, such as a toll-free phone number, fax number, or personal computer. In turn, the hotel must have a way to check reservation requests against a data bank of available rooms. To ensure the reliability of the room reservation, the hotel establishes a deposit or guarantee system that commits the guest to the purchase of the accommodation. A cancellation process allows the guest and the hotel the flexibility necessary to function in a complex society. A blocking procedure that balances future commitments with present room requirements also helps the front office manager in providing an effective room reservation processing system.

## Computerized Reservations Systems

The lodging property associated with a systemwide reservation service is connected to the system via a nationwide toll-free telephone number. The telephone number has been widely distributed by the marketing and sales departments of the corporation. The potential guest who dials this toll-free number will be greeted by an operator located at the central reservation headquarters. This operator has access to the computerized data bank of available rooms at each participating lodging property, so that, for example, a request for a certain type of room for three consecutive nights (February 15, 16, and 17) at a property in Boston can be matched through the data bank. If the participating property

has rooms available for those nights, the request can be processed. If it does not have space available, the operator can suggest properties in the reservation/referral system that do have rooms available.

After the operator has determined that the guest's room request can be satisfied, he or she will ask when the arrival time will be. The many lodging properties in the industry have different policies on how long they will hold a reserved room; some will hold the room until 6:00 P.M., for example, while others will hold the reservation only until 4:00 P.M. In any case, the time of arrival is extremely important to the hotel's income. Rooms that are held for guests who do not show, and that cannot be resold, adversely affect the front office manager's ability to produce income. The maxim that "a room unsold is an opportunity lost forever" has profound implications for the profit-and-loss statement.

Because the hotel must have enough lead time to resell a no-show reservation and because guests want to ensure that their accommodations will not be resold before they arrive, a system must be in place to meet the needs of both the hotel and the guests. Both computerized and traditional reservations systems can offer various levels of reservation assurance to accomplish this goal via advanced, confirmed, and guaranteed reservations.

## Outsourcing Reservations

In addition to central reservation systems (CRS) operated by hotels, there are **outsourcing** providers of central reservation systems that are available for hotel managers.

This new breed of CRS and service provider processes voice, Internet and Global Distribution System–based reservations on behalf of hotels. This hybrid group provides reservation systems to clients that want to manage closely their reservation processing, while also offering all the services of a traditional representation company. In addition, these companies offer their services through Web-enabled application-service provider [ASP] models.

SynXis Agent, a suite of reservation-management and distribution products, consists of four main components—a CRS; GDS connectivity; alternate-distribution-system connectivity; and Book-A-Rez, an Internet-booking tool. Through its suite of Internet-based applications, SynXis enables hotel operators to consolidate and control hotel inventory from all booking sources. It also provides direct access to the four major GDSes and enables consumers to book hotel reservations online through the hotel's Web site.

Sally Payze, vice president of operations at SynXis, indicates "It consolidates inventory across all booking channels into a single image of inventory. That allows all channels to have access to the last room available and there is no managing of allotments by channel. Its interface allows hotels to define and manage group profiles, administer room blocks and manage rooming lists. In addition, travel planners can enter their own rooming lists directly from the Web, which saves hotel labor, provides immediate confirmation numbers and reduces data-entry errors."[11]

## Types of Reservations

### ADVANCED RESERVATIONS

A guest usually chooses the advanced reservation option when he or she is in transit and is calling to determine if a property has rooms available for a particular time period. The guest does not want any commitment from the hotel to secure the room reservation. The hotel will hold the reservation until a specified time. This type of reservation has been dropped by some lodging reservation systems in favor of confirmed reservations, which specify a certain arrival deadline with no commitment by the guest to pay if he or she does not show.

### CONFIRMED RESERVATIONS

The confirmed reservation is comparable to a contract that becomes void at a certain hour of a certain day. The confirmed reservation allows the hotel to project the number of guests that will check in by the deadline hour. After that deadline, the hotel is free to sell that room to walk-in guests or to accept overflow guests from another property. The hotel usually keeps track of the number of no-shows and compares them to the total number of confirmed reservations that were made; these historical records help in predicting occupancy—and revenue—accurately. (They are also used in overbooking, discussed earlier in this chapter.)

### GUARANTEED RESERVATIONS

Guaranteed reservations enable lodging establishments to predict revenue even more accurately. They commit the guest to pay for a room night and the hotel to provide accommodations, regardless of arrival time. If the guest does not show up (without prior cancellation), the hotel may process a credit-card voucher for payment. Likewise, no matter when the guest arrives on the reserved night, the hotel must have the reserved accommodation available. The guaranteed reservation requires the hotel to determine the method of guest payment. The guest may secure the method of payment with a valid credit card, an advance payment, or a preauthorized line of credit (each of these methods is described in detail in Chapter 9).

## Reservation Codes

**Reservation codes** are a sequential series of alphanumeric combinations that provide the guest with a reference for a confirmed or guaranteed reservation. (Reservation codes are also referred to as confirmation numbers.) This code indicates that accommodations have been secured for a specific date with a commitment to pay for at least the first room night. The code, which usually consists of several letters and digits that do not necessarily have any meaning to the guest, may identify the hotel in the chain/referral group, the

person who processed the reservation, the date of arrival, the date of departure, the type of credit card, the credit-card number, the room rate, the type of room, and/or the sequential number of the reservation. The organization that develops the code will include information in the code that is appropriate for the efficient management of a particular reservation system. A guaranteed reservation code may look like this:

122-JB-0309-0311-MC-75-K-98765R

- *122*: the identification number of the property in the chain
- *JB*: the initials of the reservationist or desk clerk who accepted the reservation
- *0309*: the date of arrival
- *0311*: the date of departure
- *MC*: the type of credit card (MasterCard)
- *75*: the nightly room rate of $75
- *K*: indication that the reserved room has a king-size bed
- *98765R*: the sequential reservation number

A few things should be kept in mind when establishing a reservation code system. The amount of memory available to store the code information in a computer data bank may be limited. Therefore, a shorter code that provides less information may be necessary. The reservation code should be designed to give adequate information to the hotel property that must provide accommodations for the guest. The purpose of the code is to communicate the details of a guaranteed accommodation to the host property. The guest data have already been entered into the central computer and usually can be easily retrieved. However, there are times when these data may not be available or may be misplaced. When this happens, a reservation code allows the host property to provide appropriate accommodations.

The method of paying for a guaranteed reservation is established when the reservation is made. Credit cards or previously approved direct billing are the most common methods. Sometimes the guest will send a bank check or deliver cash to secure a reservation. A bank check is acceptable, as long as adequate time is available to process the check. The cash advance payment and bank check, however, should alert the front office manager that this guest has not established a line of credit with a credit-card organization or with the hotel. Determining how the guest will pay the total final bill is essential. The folios of guests who pay cash in advance must be monitored.

## Cancellations

Cancellations due to the guest's change in plans are easily handled by a computerized reservations system. The guest calls the central reservation system or the hotel where the reservation has been made. Some lodging organizations stipulate a time period for canceling reservations. Twenty-four, 48, or 72 hours' notice may be required for the guest to be exempt from paying the first night's room rate. Policies vary among reservation sys-

tems, based on the historical frequency of cancellations (and the subsequent effect on the profit-and-loss statement) and the public relations policy (the potential of lost repeat business) of the organization.

## Cancellation Codes

A **cancellation code** is a sequential series of alphanumeric combinations that provides the guest with a reference for a cancellation of a guaranteed reservation. (Cancellation codes are also referred to as cancellation numbers.) This code verifies that the cancellation has been communicated to the hotel property and assures the guest that he or she is not liable for the canceled reservation. For example, if the front office staff mistakenly processes a charge for a guaranteed reservation that had been canceled, the guest could refute the credit-card billing with the cancellation code.

A cancellation code is composed like a reservation code and consists of letters and digits that may identify the hotel property, the person who processed the cancellation, the date of arrival, the date of departure, and/or the sequential number of the cancellation. This and other information is included to ensure efficient management of room cancellations. If the guest had applied a cash deposit to the room, a credit balance on the guest folio would have to be processed. A cancellation code may look like this:

122-RB-0309-1001X

- *122*: the identification number of the property in the chain
- *RB*: the initials of the reservationist or desk clerk who accepted the cancellation
- *0309*: the date of arrival
- *1001X*: the sequential number of the cancellation

## Blocking Procedure

After a reservation has been received, the reserved room is blocked in the room inventory. In a computerized reservation system, the room is automatically removed from the available-room data bank for the dates involved. For example, if each of the participating 75 hotels in the reservation/referral system has 200 rooms available, the room bank would have 15,000 rooms available to be sold on any one night. As a reservation request is processed, the room or rooms involved are blocked out of the available-room inventory. Reservation requests for 4,000 rooms on a particular night at the various participating properties require the computer to block (or reserve) those rooms at the appropriate hotels. If additional reservation requests are received for that night at a particular property and that hotel is already filled to capacity, the computer will not process the requests. It may, however, tell the computer terminal operator that a hotel in the same geographic area does have vacancies. This is undoubtedly one of the major advantages of participating in a reservation/referral system. This type of blocking is usually referred to as **blocking on the horizon**—that is, in the distant future. Another type of blocking, referred to as **daily blocking,** involves assigning guests to their particular rooms on a daily basis.

# Process of Completing Reservations through a PMS

The previous discussion has focused on processing guest reservations through a central reservation headquarters. However, the individual PMS at a member hotel of a reservation/referral system is also able to process a reservation request. Chapter 4 discusses the reservation module and includes the list of applications available to the reservationist or desk clerk (shown in Figure 4-7). If the reservationist selected option 1, "guest data," the screen on the video display terminal would look like that in Figure 5-4. The clerk would enter the data into the PMS as requested. That data would then be cleared through the rooms reservations bank to confirm the availability of the room requested.

Other options in the menu would be accessed as needed. For example, option 2, "room inventory," would list the **reservation status,** a term used to indicate the availability of a guest room to be rented on a particular night, that is, OPEN (room is available for renting), CONFIRMED (room has been reserved until 4:00 P.M. or 6:00 P.M.), GUARANTEED (room has been reserved until guest arrives), and REPAIR (room is not available for guest rental) (Figure 5-5). Option 3, "deposits," would be accessed when the clerk needed to determine whether the guest had a deposit on file (Figure 5-6). The information for this option is compiled from the "guest data" option, where the clerk indicates that the guest wanted to guarantee a reservation with a credit card or send a cash (bank check) deposit. Option 4, "special requests," assists the reservationist or desk clerk in determining if rooms are

**Figure 5-4.** *The guest data screen prompts the reservationist to obtain information about the guest and his or her stay.*

**RESERVATIONS—ENTER GUEST DATA**

NAME:

COMPANY:

BILLING ADDRESS:                                         ZIP:

PHONE NUMBER:

DATE OF ARRIVAL:          TIME OF ARRIVAL:          DATE OF DEP.:


AIRLINE:                  FLIGHT #:                 TIME OF ARRIVAL:

ROOM:                     # GUESTS:                 RATE:

COMMENTS:

CONFIRMATION:

CREDIT CARD:              NUMBER:

TRAVEL AGENCY:            AGENT:                    ID #:

ADDRESS:                                            ZIP:

**Figure 5-5.** *The room inventory screen keeps track of guest room reservation status.*

| ROOM INVENTORY 11 06 | | | | |
|---|---|---|---|---|
| **ROOM** | **TYPE** | **RATE** | **STATUS** | **GUEST** |
| 101 | K | 65 | OPEN | |
| 102 | K | 65 | CONF | SMITH, V. |
| 103 | K | 65 | CONF | GREY, R. |
| 104 | DB | 55 | GUAR | LITTLE, N. |
| 105 | DB | 55 | GUAR | THOMAS, P. |
| 106 | K | 75 | OPEN | |
| 107 | K | 75 | OPEN | |
| 108 | KSUITE | 95 | GUAR | DENTON, K. |
| 109 | DB | 55 | OPEN | |
| 110 | DB | 55 | GUAR | SLAYTON, J. |
| 115 | K | 75 | REPAIR | |
| 116 | K | 75 | REPAIR | |
| 117 | KSUITE | 95 | REPAIR | |
| 120 | SUITE | 150 | GUAR | STONE CO. CONV. |
| 121 | K | 95 | GUAR | STONE CO. CONV. |
| 122 | K | 95 | GUAR | STONE CO. CONV. |
| 123 | K | 70 | GUAR | STONE CO. CONV. |
| 124 | K | 70 | GUAR | STONE CO. CONV. |
| 125 | K | 70 | GUAR | STONE CO. CONV. |

available to meet the specific needs of a guest (Figure 5-7). Facilities for handicapped guests, smoking/no smoking options, particular views, and locations near other hotel facilities are some of the features listed here. This option helps the new desk clerk provide hospitality to guests.

Option 5, "blocking," provides reports to the front office manager on which rooms are to be reserved for incoming guests on a particular day or on the horizon (Figure 5-8). This option will assign a guest or guests to a specific room. Option 6, "arrivals," lists the individuals or groups that are expected to arrive on a specific date (Figure 5-9). Option 7, "departures," indicates which guests are expected to check out on a particular date. This option is used by the front office manager or desk clerk to determine room availability for guests who wish to overstay their reserved time as well as to sell future visits (Figure 5-10). Option 8, "VIP," provides the desk clerk with information on those guests with VIP status (Figure 5-11). Even though all guests are very important persons, VIP status is granted to persons who may be regular guests and expect special treatment, or celebrities or officials who need to spend minimal time checking in. If this information is obtained with the reservation request, it will assist the desk clerk at registration.

**Figure 5-6.** *The guest deposits data screen displays a guest's deposit for a particular visit.*

<div style="border:1px solid black; padding:1em;">

<div align="center">**DEPOSITS—RETRIEVE DATA**</div>

NAME:   GROSSMAN, S.
MANDRAKE INSURANCE CO.
ADDRESS:   447 LANKIN DRIVE
PHILADELPHIA, PA   00000

ARRIV:   0917          CASH 75.00          FOLIO:   55598R

NAME:   LINCOLN, D.
KLINE SHOE SALES
ADDRESS:   7989 VICTORY PLAZA
NY, NY   00000

ARRIV:   0917          CASH 100.00          FOLIO:   56789R

</div>

**Figure 5-7.** *The special requests screen assists reservationists in meeting a guest's request for various room accommodation.*

<div style="border:1px solid black; padding:1em;">

<div align="center">**SPECIAL REQUESTS—ROOM AVAILABILITY 06 05**</div>

| ROOM | TYPE | RATE | STATUS |
|------|------|------|--------|
| 101 | DB/RAMP NEARBY | 65 | OPEN |
| 108 | K/RAMP NEARBY HDKP BATH | 75 | OPEN |
| 109 | DB/RAMP NEARBY HDKP SHOWER | 75 | REPAIR |
| 115 | K/HEARING & VISUAL IMP/HDKP SHOWER | 75 | OPEN |
| 130 | K/OCEAN VIEW | 85 | OPEN |
| 133 | K/OCEAN VIEW | 85 | OPEN |
| 136 | K/HEARING & VISUAL IMP/HDKP SHOWER | 75 | OPEN |
| 201 | K/HDKP TUB | 75 | OPEN |
| 208 | K/HDKP TUB | 75 | OPEN |
| 209 | DB/HDKP SHOWER | 55 | OPEN |
| 211 | K/POOLSIDE | 75 | OPEN |
| 301 | K/HDKP TUB | 75 | OPEN |
| 333 | K/OCEAN VIEW | 85 | OPEN |
| 428 | DB/MEETING ROOM | 95 | OPEN |
| 435 | DB/MEETING ROOM | 95 | REPAIR |

</div>

| BLOCKING REPORT 02 MONTH | | |
|---|---|---|
| **ROOM** | **STATUS** | **COMMENTS** |
| 101 | GUAR | PENN CONFR |
| 102 | GUAR | PENN CONFR |
| 103 | GUAR | PENN CONFR |
| 104 | GUAR | PENN CONFR |
| 105 | GUAR | PENN CONFR |
| 106 | OPEN | |
| 107 | OPEN | |
| 108 | OPEN | |
| 109 | GUAR | 0205114501 |
| 110 | OPEN | |
| 201 | GUAR | PENN CONFR |
| 202 | GUAR | PENN CONFR |
| 203 | GUAR | PENN CONFR |
| 204 | GUAR | PENN CONFR |
| 205 | GUAR | PENN CONFR |
| 206 | GUAR | PENN CONFR |
| 207 | OPEN | |
| 208 | OPEN | |
| 209 | GUAR | 0219BR4567 |
| 210 | GUAR | 0418BR4512 |
| 301 | OPEN | |
| 302 | GUAR | PENN CONFR |
| 303 | GUAR | PENN CONFR |

**Figure 5-8.** *The blocking report screen provides front office staff with room reservation status on the horizon.*

Option 9, "projected occupancy," provides the various departments in the hotel with information concerning the number of guests who will be in the hotel on a certain day (Figure 5-12). Option 10, "travel agents," allows the reservationist to maintain data on the travel agent or travel agency that initiated a reservation (Figure 5-13). This option allows speedy processing of the agent's or agency's fee for placing a reservation with the hotel. This option interfaces with the accounts payable module. Option 11, "guest messages," allows the front desk clerk to relay important information to the guests on registration (Figure 5-14). This feature is another way the hotel can convey hospitality to the guest by demonstrating attention to details. Reports concerning reservations can be obtained by the front office manager by selecting option 12, "reports."

These examples provide only a brief overview of the capabilities of a reservation module of a PMS. Your hands-on experience with a PMS will provide you with real-life applications of a very valuable management tool. Managing reservation data allows the front office manager to organize hundreds of details into usable information—informa-

**Figure 5-9.** *The arrival report screen lists incoming guests with reservations.*

| RESERVATIONS INCOMING 02 15 | | | |
|---|---|---|---|
| NAME | ROOM | RATE | DEP |
| ABERNATHY, R. | 400 | 75 | 0216 |
| BROWNING, J. | 201 | 75 | 0217 |
| CANTER, D. | 104 | 65 | 0216 |
| COSMOE, G. | 105 | 65 | 0219 |
| DEXTER, A. | 125 | 70 | 0217 |
| DRAINING, L. | 405 | 95 | 0216 |
| GENTRY, A. | 202 | 70 | 0216 |
| KENT, R. | 409 | 70 | 0218 |
| MURRY, C. | 338 | 80 | 0218 |
| PLENTER, S. | 339 | 80 | 0217 |
| SMITH, F. | 301 | 75 | 0218 |
| SMITH, S. | 103 | 65 | 0216 |
| WHITE, G. | 115 | 75 | 0216 |

**Figure 5-10.** *The departures screen lists names of guests and groups for a particular day.*

| DEPARTURES 03 09 | | |
|---|---|---|
| ROOM | NAME | COMMENTS |
| 207 | SMITH, V. | GREATER COMPANY |
| 208 | ANAHOE, L. | GREATER COMPANY |
| 209 | | |
| 211 | LISTER, B. | MERCY HOSPITAL |
| 215 | | |
| 233 | CRAMER, N. | KRATER INSURANCE CO. |
| 235 | | |
| 301 | SAMSON, N. | MERCY HOSPITAL |
| 304 | | |
| 319 | DONTON, M. | JOHNSON TOURS |
| 321 | | JOHNSON TOURS |
| 322 | ZIGLER, R. | JOHNSON TOURS |
| 323 | | JOHNSON TOURS |
| 324 | ASTON, M. | JOHNSON TOURS |
| 325 | BAKER, K. | JOHNSON TOURS |
| 326 | BAKER, P. | JOHNSON TOURS |

**Figure 5-11.** *The VIP information screen lists details of special needs of guests.*

---

**VIP INFORMATION**

BLAKELEY, FRANK M/M
GRANITE DEVELOPMENT COMPANY
2234 WEST RIVER DRIVE
GRANITE, IN   00000
000-000-0000

LIKES SUITE 129/30 OR SUITE 145/46. PERSONAL SECURITY GUARD NEEDS ROOM 131
OR 147. ALERT HOTEL SECURITY OF THEIR ARRIVAL.

CEO/GRANITE DEVELOPMENT COMPANY WILL WANT BABY-SITTER (CHILDREN AGES
5 AND 7). CALL CHEF TO SEND WINE AND CHEESE AND CHOCOLATE CHIP OR
OATMEAL COOKIES AND MILK. CALL GIFT SHOP FOR YELLOW ROSES FOR MRS.
BLAKELEY.

DIRECT BILL (TIMES HOTEL ACCT. NO. 420G) TO GRANITE DEVELOPMENT
COMPANY, 301 THOMPSON DRIVE, GRANITE, IN 00000

---

**Figure 5-12.** *The projected occupancy screen assists front office managers in meeting projected income.*

---

**PROJECTED OCCUPANCY 12 18**

| | | |
|---|---|---|
| CONF RES | 42 ROOMS | 50 GUESTS |
| GUAR RES* | 89 ROOMS | 93 GUESTS |
| STAYOVERS** | 50 ROOMS | 85 GUESTS |
| WALK-INS*** | 35 ROOMS | 50 GUESTS |
| TOTALS | 216 ROOMS | 278 GUESTS |

OCCUPANCY 86%          ROOM INCOME   $15,120

\*       JOHNSON AEROSPACE ARRIVAL AFTER 10 P.M.
\*\*     SMITHMILL CORP. BUFFET BREAKFAST AND BANQUET DINNER.
\*\*\*   LANCER STAMP SHOW AT ST. THOMAS HOTEL.

---

**Figure 5-13.** *The travel agent screen assists hotels in keeping track of commissions paid to travel agents.*

| | TRAVEL AGENT INFO | | | |
| --- | --- | --- | --- | --- |
| **DATE** | **AGENCY** | **AGENT** | **ACTIVITY** | **COMM STATUS** |
| 09 23 | MENTING #4591 32 KAVE SIMINTON, NJ 00000 000-000-0000 | BLANT, E. #4512 B | GUAR 5 @70 | PD 09 30 |
| 09 30 | MENTING #4591 | CROSS, L. #4501 B | GUAR 10 @65 | PD 10 05 |
| 02 01 | MENTING #4591 | CROSS, L. #4501 B | GUAR 20 @75 | PD 02 10 |
| 02 05 | MENTING #4591 | BROWN, A. #4522 B | GUAR 10 @70 | PD 02 15 |

tion that will help provide hospitality to guests and financial success to the lodging property.

## Database Interfaces

Department managers rely on information captured at the time a reservation is made to plan their work. **Database interfaces,** which transfer shared information among computers, allow managers to retrieve this information at will. Marketing directors need current data to monitor projected sales, while sales representatives in the marketing department need immediate information on room availability for specific time periods.

**Figure 5-14.** *The guest message screen is available for front office staff at a moment's notice.*

| MESSAGE—GUESTS |
| --- |
| BRINKE, L. W. 01 02 12:57 P.M. |
| TOM WASKIN OF GEN MERCH IS NOT ABLE TO KEEP APPT ON 01 02 AT 4:00 P.M. CALL HIM TO RESCHEDULE 000-000-0000 BEFORE 7:00 P.M. 01 02. SWE |
| BRINKE, L. W. 01 02 1:38 P.M. |
| JENNIFER HOWE OF STERN ELEC WILL MEET YOU AT 5:00 P.M. IN TIMES HOTEL LOBBY AS PLANNED. BRING ALONG DATA ON RESEARCH PROJECT 21-Z. SWE |

Housekeeping staff members can plan routine care and maintenance activities depending on projected occupancy. Maintenance crews can plan refurbishing and repairs when projected occupancy is low. Food and beverage directors can promote a positive cash flow by increasing food and beverage marketing programs during slow room sales periods. The controller also needs to access the reservation database in planning fiscal budgets.

### True Integration

It is interesting to note that there is a technological advancement being developed that integrates a hotel's central reservations system and property management system. Rebecca Oliva reports the term **true integration,** in which the CRS and PMS use the same database for processing reservations.[12] This allows for real-time reservations, which are a perceived benefit for consumers, as well as less technology investment for the storage of data, which is a benefit for hotel investors. Hotels can access reservation data via the Internet. Current software providers include MICROS Systems, through OPERA, and AREMIS (AremisSoft Corporation).

## Solution to Opening Dilemma

The override feature on a reservation module for a property management system allows individual employees to book reservations beyond the number of rooms available and beyond the occupancy management limit. This feature must be controlled by the reservations manager, front office manager, or manager on duty. However, a front office manager has to handle this challenge by having his or her staff check out the room availability in nearby hotels and notify guests that their room reservations will be handled at another hotel. In some cases, guests can't be notified prior to their arrival, and the front desk staff must be prepared to deliver customer service with utmost composure.

## Chapter Recap

This chapter has addressed hotel reservation systems. As the popularity of computerized reservation systems increases, chains and referral properties have adopted them to meet the needs of the traveling public.

Reservations ensure that corporate, group, and pleasure travelers will have accommodations at their destination and provide the hotel with a steady flow of business. Determining the sources of these reservations assists the front office manager in developing procedures to satisfy the needs of the guest. The traveler can use various means to make reservations, such as toll-free telephone numbers, fax numbers, and the Internet. The rooms forecast is used to communicate occupancy status to other departments in the

Thomas Norman, CHA, is the general manager of the Holiday Inn Grenada, in Grenada, Mississippi. This hotel is a 130-room property with seating for 275 banquet guests as well as a Holidome with pool and recreational spa area. After Mr. Norman graduated with a baccalaureate degree from Henderson State University, he continued his interest in the hotel industry with various entry-level hotel supervisory positions. His résumé includes hotel general manager positions with Wilson World Hotel in Dallas, Texas; Radisson Marque in Winston-Salem, North Carolina; various Holiday Inns and Ramada Inns; The Inn at Reading in Wyomissing, Pennsylvania; and the Mountain Laurel Resort in the Pocono Mountains; as well as consulting work in Texas.

Mr. Norman, in reflecting on the manual system versus the property management system of processing and controlling reservations, feels that although the front-end cost of a computerized system is not inexpensive, the hotel recovers the cost "in a hurry," especially in a property that manages a high volume of group business. (Consider the processing of reservations for each person in a large group, with the information being individually handwritten onto reservation cards, which are then hand-filed and processed.) He estimates that the payroll work hours for reservations are cut by more than half with the implementation of a computerized system. He explains that the computerized system provides much faster call-up of information, and easier review of reservations and room availability, versus the manual system, in which a clerk must go to the proper book to locate and pull out the information.

hotel. Overbooking, used to balance no-shows and understays, can be carefully structured using the occupancy management formula. Computerized reservation systems also help front office managers to manage guest information databases, dates of arrival, length of stay, and so forth. Confirmed and guaranteed reservations assure the guest of accommodations on arrival, with various degrees of assurance based on time of arrival and willingness to prepay. These levels of assurance also affect the financial success of the hotel. All elements discussed in this chapter combine to provide means of access for the guest and a technique for marketing rooms for the hotel. The front office manager is responsible for providing this service to the guest.

# End of Chapter Questions

1. How does a well-organized reservation system meet the needs of the traveler?

2. How does the lodging industry meet the needs of the traveler for assured reservations?

3. What advantages does a hotel belonging to a reservation/referral system enjoy?

4. What are some major sources of guest reservations? What information does this analysis reveal?

5. Discuss the nature of a typical corporate client's travel plans and explain how these plans are related to a well-organized reservation system. What are some reservation access methods available to the corporate client?

6. Why are tour or meeting planners important to the hotel with regard to group reservations? What are some reservation access methods available to the planner of group tours?

7. How does the pleasure traveler differ from the corporate client and group traveler? What are some reservation access methods available to the pleasure traveler?

8. If you have been or are currently employed at a front desk in a hotel, what do you think of the potential for repeat business from current guests? Does your hotel have a procedure to secure reservations on check-in or checkout?

9. Why is it necessary to prepare a rooms forecast? What are the components of this management tool? In addition to the front office manager, who else uses the room forecast?

10. What does "overbooking" mean? Discuss the legal and financial implications of this practice.

11. What are the components of an aggressive occupancy management procedure? How are they applied to the occupancy management formula?

12. What are the major steps involved in processing a guest reservation?

13. Briefly describe the method used to process a reservation with a computerized system.

14. Discuss the differences between a confirmed reservation and a guaranteed reservation. What financial implications does each entail?

15. Design a reservation code for a computerized reservation system. Why did you choose the control features in your code?

16. Develop a cancellation code for a computerized reservation system. Why did you choose the control features in your code?

17. What does blocking of rooms involve? Give some examples.

18. How do you think true integration of the central reservation system and a hotel's property management system will affect guest satisfaction and the hotel's financial success?

## CASE STUDY 501

Margaret Chu, general manager of The Times Hotel, and Ana Chavarria, front office manager, are in the process of developing a policy on overbooking. The current policy prohibits the reservations manager from booking more than 100 percent of the available rooms. Reservations are composed of 60 percent confirmed and 40 percent guaranteed.

In the past six months, about 5 percent of the confirmed reservations have been no-shows, resulting in a financial loss of about 500 room nights. No analysis of the confirmed reservations that resulted in no-shows has been made because Ms. Chavarria has not

had time to organize such a study. This loss of $42,500 (500 rooms × $85 average room rate) has forced management to consider developing an aggressive occupancy management program.

Offer some suggestions to Ms. Chu and Ms. Chavarria concerning the following related concepts: the legality of overbooking, the need to maintain an accurate accounting of the financial impact of no-shows, and the management of the different reservation/occupancy categories that make up the hotel's room sales (confirmed reservations, guaranteed reservations, stayovers, understays, and walk-ins).

## CASE STUDY 502

Use the following data to prepare a rooms forecast for the first week of May for The Times Hotel:

Number of rooms available = 600
Number of rooms occupied on April 30 = 300

**May 1:**
Departures = 200 rooms
Arrivals = 200 rooms (70 percent confirmed, 30 percent guaranteed)
Walk-ins = 40 rooms
No-shows = 0.02 percent of expected arrivals

**May 2:**
Departures = 50 rooms
Arrivals = 100 rooms (60 percent confirmed, 40 percent guaranteed)
Walk-ins = 10 rooms
No-shows = 0.02 percent of expected arrivals

**May 3:**
Departures = 200 rooms
Arrivals = 100 rooms (50 percent confirmed, 50 percent guaranteed)

Walk-ins = 20 rooms
No-shows = 0.02 percent of expected arrivals

**May 4:**
Departures = 50 rooms
Arrivals = 100 rooms (20 percent confirmed, 80 percent guaranteed)
Walk-ins = 10 rooms
No-shows = 0.01 percent of expected arrivals

**May 5:**
Departures = 300 rooms
Arrivals = 70 rooms (30 percent confirmed, 70 percent guaranteed)
Walk-ins = 25 rooms
No-shows = 0.0143 percent of expected arrivals

**May 6:**
Departures = 50 rooms
Arrivals = 175 rooms (92 percent confirmed, 8 percent guaranteed)
Walk-ins = 10 rooms
No-shows = 0.04 percent of expected arrivals

**May 7:**
Departures = 200 rooms
Arrivals = 180 rooms (10 percent confirmed, 90 percent guaranteed)

Walk-ins = 25 rooms
No-shows = 0.0223 percent of expected arrivals

## Software Simulation Exercise

Review Chapter 2, "Reservations," of Kline and Sullivan's *Hotel Front Office Simulation: A Workbook and Software Package* (New York: John Wiley & Sons, © 2003), and work through the various concepts as presented in their chapter.

- Reservation Process in INNSTAR
- How to Make a Basic Reservation
- How to Retrieve and Display a Reservation
- How to Cancel a Reservation
- How to Reactivate a Reservation
- How to Make a Group Block
- How to Book a Room from a Room Block
- Analyzing Reservation Status Screens
- Special Situations
- Chapter 2 Exercises

## Key Words

blocking on the horizon
blocking procedures
bus association network
cancellation code
confirmed reservations
corporate client
current guests
daily blocking
database interfaces
forecasting
franchisee
full house
group planner
group travelers

guaranteed reservations
hotel broker
hotel representative
house count
interhotel property referrals
no-show factor
occupancy management formula
outsourcing
overbooking
pleasure traveler
referral member
reservation code
reservation referral system
reservation status

room forecasts                          true integration
stayovers                               understays
travel directories                      walk-in guests

# Notes

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4. *Hotel & Motel Management*, vol. 216, no. 10 (June 4, 2001), p. 50, "Second Generation of Web Bookings Offer Special Searches," by Bruce Adams.

5. "*Hotel & Motel Management*'s 2001 Franchising-Fees Guide," *Hotel & Motel Management* 216, no. 9 (May 21, 2001): 26.

6. Hotel Sales & Marketing Association International 1999 Survey of Travel Agents, North America segment.

7. Melinda Bush, "Hotel Booking—Information Is Critical," *Lodging Hospitality* 44, no. 7 (June 1988): 2.

8. Rex S. Toh, "Coping with No-Shows, Late Cancellations, and Oversales: American Hotels Out-do the Airlines," *International Journal of Hospitality Management* 5, no. 3 (1986): 122.

9. Ibid., 121.

10. Ibid., 122.

11. Bruce Adams, "Baby Grows Up," *Hotel & Motel Management* 216, no. 10 (June 4, 2001): 50.

12. Rebecca Oliva, "Singular Solution," *Hotels* 35, no. 7 (July 2001): 99.