Forecasting

Forecasting Methodology

GALGOTIAS
UNIVERSITY

Forecast Methodology

- ❑ If only historical data was used to predict future data, forecasting (at least for operations that are already open) would seem to be simple.

- ❑ In fact, in most cases, variations from revenue forecasts are likely to occur.

- ❑ When a variation does occur, experienced managers know that some of it can be predicted.

- ❑ Assume that a restaurant has been, for the past several months, experiencing a 10% increase in sales this year when compared to the same period last year.

Forecast Methodology

- ❑ This trend, or directional movement of data over time, of increased sales may be very likely to continue

- ❑ Several types of trends may occur that can help a hospitality manager forecast revenues.

- ❑ A seasonal trend, or a data pattern change due to seasonal fluctuations, can be fairly accurately predicted because it will happen every year.

- ❑ Cyclical trends tend to be longer than a period of one year and might occur due to a product's life cycle, such as the downturn of revenues after the "new" wears off of a trendy concept.

Forecast Methodology

- ❏ Finally there can simply be random variation.
- ❏ This variation appears to occur on a totally unpredictable basis.
- ❏ Upon closer examination however, some random events can be identified.
- ❏ The ultimate goal you should set for yourself as a professional hospitality manager responsible for forecasting sales revenues, expenses, or both is to better understand, and thus actually be able to predict, as much of this random variation as possible.

References

- **Hotel Front Office – R. Jatashankar Tewari – Oxford Publication— Core Textbook, Students & Faculty to follow this book.**

- Hotel Front Office – A Training Manual By Sudhir Andrews – Tata McGraw Hill

- Managing front office Operations by Michale L Kasavana (AHLEI - Books)

- Front Office Operations and Management by Ismail Ahmed (Cengagae Earning)

- Text book of front office operations and Management by Sudhir Andrews (Tata McGraw Hill)