Article Title

Practical Sales Forcasting: Potential Solutions for Independently Owned Hotels.

Citation

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Abstract

the primary objectives of this research study are to increase awareness and the need for research regarding the importance of the independently owned hotel sector and to provide managers of these properties with forecasting tools that may enhance hotels' competitiveness. The operational challenges of independently hotels are unique as well as their needs. Accordingly, potential challenges of these properties are reviewed to stress the need for forecasting and to determine tools that are reliable and at the same time account for the challenges unique to independent hotels. The comparison of strengths and weaknesses of commonly used forecasting tools shows that time series models may be both reliable and practical for the managers of independently owned hotels to use.

Methods

Due to resource limitations that IOHs may face as SMEs (i.e., limited know-how, lack of financial resources, and managerial expertise), the following time series models are chosen for the study: the additive seasonal decomposition, the additive exponential smoothing model, and the Autoregressive Integrated Moving Average (ARIMA). The basic ARIMA is preferred to the seasonal ARIMA here because previous findings do not support superiority of one model over the other (Song & Li, 2008).

Results

The findings of the study support the goals noted earlier. The first goal was to draw attention to the need for research regarding the importance of the IOH sector; the second goal was to provide managers of IOHs with accessible and dependable forecasting methods that could assist in protecting IOHs' market positions. Two of the three models tested are found to be pragmatic tools that may assist in revealing past and present sales patterns as well as project future sales volumes with adequate accuracy. The results of the study offer another important implication for the managers of IOHs. Particularly, the findings indicate that the information provided by STR may not be appropriate for sales forecasting of an individual property.

Conclusion

The attention to high closure rates in the IOH sector has been generally limited in the academic literature and among industry professionals. However, given that nearly half of the global room supply is independently owned, the financial health of this sector is critical for the tourism industry. Therefore, this study contributes to the body of knowledge by discussing

potential issues and risks that IOH properties may experience. The study additionally advances the research related to application of practical time series for forecasting in the lodging industry by focusing specifically on the IOH sector that has a unique operating structure.