



DETERMINANTS OF REVENUE PER AVAILABLE ROOM (RevPAR) ANALYSIS IN TOURIST HOTELS

(Special Reference with Southern Province Star Category Hotels)

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ABSTRACT

Currently tourism industry is one of the rapidly growing industries in the world. It is becoming one of the major income generators of many countries. In addition, most of the hotels are trying to increase their revenue. But most of them used wrong determinants to measure the revenue, and empirical level gap was identified in this context. The purposes of this study are to identify RevPAR determinants of individual firms located in a destination and find the relationship between RevPAR and those determinants. RevPAR, or revenue per available room, is a performance metric in the hotel industry. In Sri Lanka less researches or studies have been done regarding RevPAR. The study area selected for this study consists of all Sri Lankan star classified hotels as population. According to convenience sampling technique, the sample composed of 50 star classified hotels of Southern Province, Sri Lanka, and data have been collected from financial statements and questionnaires. This research was conducted as a quantitative research by using SPSS software as an analyzing tool. *Co-relations, anova* table values, charts, descriptive statistics help to get the final outcomes. Final findings identified that number of employees, star category of the hotel, founding year and refurbishment year of the hotel, location of the hotel as the determinants. Further, based on the determinants, researcher found that positive relationship between RevPAR and Number of employees, Star category of the hotel Facilities and services, and negative relationship between RevPAR and location and founding year of the hotel. At the theoretical level, researcher suggests doing “*GopPAR*” (Gross Operating Profit per Available Room) analysis to maximize the revenue so far. The researcher recommends avoiding seasonality, providing unique services and products, doing unique promotions, providing special packages and upgrading star category of the hotel are the most important factors of maximizing the revenue.

Key Words: *Hotels, Performance metric, Revenue, Determinants*