



Determinants of Revpar in Individual Hotels

**(With Special Reference to Star Classified Hotels in
Colombo and Grater Colombo Tourism Clusters)**

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ABSTRACT

Purpose of this paper was to identify RevPAR determinants of individual firms located in a destination.

RevPAR, or revenue per available room, is a performance metric in the hotel industry. Since it is only a measurement for a point in time it is most often compared to the same time frame.

This theme has had numerous applications in the tourism sector and, in particular, in the hospitality industry. It is a measure of how well the hotel has been able to fill rooms off season, when demand is low even if rates are also low, and how well they fill the rooms and maximize the rate in high season, when there is high demand for hotel rooms

The sample is composed of 26 individual firms, operating in the star classification range and data have been collected from financial statements and questionnaires.

The empirical findings identify four main significant determinants linked to the “what” positioning –number of employees, services offered by the hotel and hotel ranking.

At a theoretical level, the findings suggest the importance of linking the identification of determinants with the local context (destination) and positioning inside the city (location). At an empirical level, the study suggests some interesting implications both for existing hotels and for start-ups. For existing firms, empirical findings show the relevance of a strong advantage (disadvantage) in location (where) that might compensate for a disadvantage (advantage) in the strategic positioning (what).