

# REVENUE MANAGEMENT IN MARRIAGE HALL

---

MANOJ A-27024 RAGUPATHY A-27036 SARAVANAN V.K-27047

## **1. OVERVIEW:**

The revenue management practice is fast emerging and applicable to the marriage hall. Since these services are perishable, giving the right facilities at the right price becomes a subject of prime importance to both customers and for us. The demand for each year is increasing in this segment each year. Many marriages are booked even a year before and some marriage dates are also changed due to non-availability of marriage hall. Thus the application of Revenue management practice is appropriate to maximize revenue for the marriage halls. Now that bookings are done via the internet too, the demand and supply has to be critically monitored to suit all kinds of customers depending upon the events, the time of day and duration of usage.

The starting step is to understand the demand-supply conditions and develop strategies for forecasting. Then we can have different pricing strategy and open/ close inventory at the right time.

## **2. BACKGROUND:**

Udhaya Britto Mahal-Marriage hall is centrally located on Chennai OMR IT Highway at Perungudi. It has an air-conditioned hall with seating capacity of 300 persons approx. at Level 2, Non air-conditioned hall with seating capacity of 200 persons approx. at Level 1 and Roof garden with seating capacity of 200 persons approx. at Level 3. It is architect designed Kalyana Mandapam with all modern facilities. It is equipped with excellent amenities.

The Banquet halls are best suited for your auspicious family functions such as Marriage, Reception, Engagement (Betrothal / Nitchaya thamboolam), Birthday party, Corporate meetings, Conferences, Seminars, Get-togethers etc.,.





### **3. REVENUE OBJECTIVE:**

The main objective of the company is to generate more revenue per hour of utilisation of the marriage hall.

### **4. FACTORS CONTRIBUTING TO REVENUE:**

The Demand-Supply conditions for the hall's inventory

The number of day's hall booked

Pricing of the marriage hall

## **5. REVENUE VARIABLE & CAPACITY CONSTRAINTS:**

The main revenue variable is the “Marriage Hall” and how much money it generates for the time utilised.

The other basic features are

- Air conditioned
- Separate dining hall
- Lift facilities
- Changing rooms for the bride & groom
- Hall with modern decorations and lightings
- Additional Rooms available
- 24hrs Power Backup
- Sound System
- Cooking area facility
- Parking facility
- Fire Safety Compliant

The capacity constraints are as follows

- Hall can only be booked as one unit
- Bookings not open for grief functions
- Regular/Yearly contracts are structured only on non-seasonal days
- No refund for cancellations beyond specific dates.
- Sometimes full payment of money upfront.
- Limit on seating capacity inside hall.

## **6. AUXILIARIES:**

The following are the auxiliaries

- Decorations
- Catering services
- Nathaswaram
- Photography & video
- Pick up/Drop Service (transport)

## **FORECASTING**

### **7. NEED & LEVEL TO FORECAST:**

Forecasting is important in marriage hall. We need to find the peak and non peak days for each year. It will not follow the same pattern. The auspicious day is not the same each year. So we need to see the panchang and protect those peak days. So this has to be done for each year and according to this we need to book other functions in non-peak days and price differently.

### **8. SEASONALITY & FACTORS INFLUENCING FORECAST:**

The different factors affecting the forecast are as follows

1. The demand based on auspicious days, festive seasons, sales exhibition and other seasonal classes, conferences.
2. Sometimes the competitor and their strategy pricing might affect our forecast. They might provide lucrative offer and attract our customers so all those factors should be taken into account. Emergence of new competitor might affect our brand value and affect forecast.
3. Depending upon the auxiliary service offered by us the forecast can be influenced. If there are not enough or necessary auxiliary services the forecast will not be correct and will be prone to error.
4. The proximity to public i.e. location near to bus stand or railway station and the visibility and brand can influence the forecast.

### **9. CURRENT FORECASTING METHODS:**

Now currently they just look for the auspicious day and block only them keeping in mind marriages and engagements. It is purely judgemental. The forecast is not done for other events like farewell, conferences, puberty functions, anniversaries, exhibitions, seminars and other classes. Hence there is scope for getting incremental revenue.

### **10. PROPOSED FORECASTING METHODS:**

Each year the data should be noted and forecast should be done for all events. The days should be split into peak and non-peak days. For example during august, September and October marriages are not usually done. So these months can be put up in non-peak days.

Here we can put offers and bundle auxiliary services to attract customers. Similarly during peak days we can charge premium and gain more. So each year we need to split the days into peak and non-peak.

For example below are the peak days in the year 2012.

<b>January 2012</b>	<b>February 2012</b>	<b>March 2012</b>	<b>April 2012</b>
2012 Jan 19 Thursday	2012 Feb 06 Monday	2012 Mar 04 Sunday	2012 Apr 08 Sunday
2012 Jan 29 Sunday	2012 Feb 09 Thursday	2012 Mar 05 Monday	2012 Apr 12 Thursday
	2012 Feb 12 Sunday	2012 Mar 07 Wednesday	2012 Apr 16 Monday
	2012 Feb 17 Friday	2012 Mar 11 Sunday	2012 Apr 19 Thursday
	2012 Feb 19 Sunday	2012 Mar 12 Monday	2012 Apr 25 Wednesday
	2012 Feb 24 Friday	2012 Mar 18 Sunday	
<b>May 2012</b>	<b>June 2012</b>	<b>July 2012</b>	<b>August 2012</b>
2012 May 04 Friday	2012 Jun 01 Friday	2012 Jul 05 Thursday	2012 Aug 20 Monday
2012 May 07 Monday	2012 Jun 07 Thursday	2012 Jul 08 Sunday 2012 Jul 15 Sunday	2012 Aug 22 Wednesday
2012 May 11 Friday	2012 Jun 14 Thursday		2012 Aug 23 Thursday
2012 May 16 Wednesday	2012 Jun 21 Thursday		2012 Aug 29 Wednesday
2012 May 17 Thursday	2012 Jun 29 Friday		2012 Aug 30 Thursday
2012 May 23 Wednesday			
2012 May 25 Friday			
2012 May 31 Thursday			
<b>September 2012</b>	<b>October 2012</b>	<b>November 2012</b>	<b>December 2012</b>
2012 Sep 03 Monday	2012 Oct 18 Thursday	2012 Nov 11 Sunday	2012 Dec 03 Monday
2012 Sep 12 Wednesday	2012 Oct 28 Sunday	2012 Nov 15 Thursday	2012 Dec 05 Wednesday
		2012 Nov 23 Friday 2012 Nov 30 Friday	2012 Dec 09 Sunday
			2012 Dec 10 Monday



Apart from blocking these peak days we should also protect the days prior and after to these days because reception and engagements will happen on those days. The other days are non-peak days. Forecasting in these non-peak days is also important as we will get an clear picture of the pattern of other events.

## **PRICING**

### **11. STRATEGIES:**

The major revenue for the marriage hall is through marriage bookings. So we should try and harvest more money in it. Each year the demand is more than the supply. Each customer go in search of good marriage hall. Sometimes they even change dates due to non-availability of marriage hall during the desired date. So we can have bid-pricing during those peak days.

During non-peak days depending upon the event, customer based, auxiliary package based we can set up both cost-based and competition based pricing.

Price bundling is also done for some frequent customers.

### **12. TYPES OF PRICES:**

#### **Cost-based:**

The costs incurred are calculated. Then the profit margin expected is added to it to arrive at the final price. This is simple cost based pricing which can be used during non-peak day events.

#### **Example**

In case of weekly classes and seminars the cost incurred will be current bills and the maintenance staff. So per hour we can charge based on the cost and profit margin we need.

#### **Competition-based:**

Competitor pricing is employed when demand-supply conditions are in favour of the hotel compared to similar services of competitors. As and when the market rate goes high or low we should also vary like that provided the services offered are similar. This can avoid losing customers to competitors.

### Bid-Pricing:

This pricing is used for peak days only. Generally bookings are done as early as six months and even before for certain peak days. So what we do here is fix a date six months before and open the bidding process. The base price is set up which alone is enough for us to achieve the estimated target. So each bid by each customer is incremental revenue for us. The inventory opening day should be known to all. The bidding can be closed some four months before i.e. two months the bidding can be done. If the competition is very intense we can add the auxiliary and charge more.

#### Example

Let's say the price per day for the main service alone is Rs.70, 000 in normal days.

Since its peak day we can charge Rs.1, 00,000 per day.

By adding up the auxiliary like

Decorations	Rs.40,000
Nathaswaram	Rs. 10,000
Photography & video	Rs. 10,000
Pick up/Drop Service (transport)	Rs. 15,000
Total	Rs.75,000

So adding up we can put Rs.1, 75,000 as the base price for starting the bidding process.

So each new bid is a source of incremental revenue for us.

### Contract pricing:

Contracts can be put up with Sales and exhibitions as it takes place monthly regularly. The contract should be clear and we shouldn't commit on the peak days. We can give bundle pricing and attract them during non-peak days.

### **13. PRICE REVISION METHOD & FREQUENCIES:**

Generally we can revise price each month, apart from that pricing should vary depending upon the market value and the target value.

## REVENUE CLASS

### 14. DEFINING:

The charge for the basic and different auxiliary items is as follows.

Items	Peak days	Non-Peak days
Basic features(marriage hall)	1 ,00,000	70, 000
Transport	15, 000	10, 000
Video, Photo	10, 000	7, 000
Catering	Rs 100 per head for lunch	Rs 75 per head for lunch
Nathaswaram	10, 000	7, 000
Decoration	40, 000	33, 000

So we bundle up basic features with each auxiliary item and can arrive at different revenue class.

### 15. PROTECTIONS:

The peak days should be closed and opened for bid pricing only. In that also the base price should be the bundle of all auxiliary. The other days shall be open as per the pricing strategy for each event. Depending upon the forecast we can bundle and price it. But when the demand is high we shouldn't sell it for fewer prices. The protection should be always there and the minimum expected revenue should be generated out of it.

### 16. OPTIMISING:

$$\text{Revenue} = A_a * P_a + A_b * P_b + A_c * P_c + A_d * P_d$$

Where

$P_a$  -> Average price for marriage

$P_b$  -> Average price for sales and exhibition

$P_c$  -> Average price for seminars and regular classes

$P_d$  -> Average price for other functions (farewell, birthday party, puberty function)

$A_a$  -> average occurrence of marriage per year

$A_b$  -> average occurrence of sales and exhibition per year

$A_c$  -> average occurrence of seminars and regular classes per year

$A_d$  -> average occurrence of other functions (farewell, birthday party, puberty function) per year

Thus we arrive at each year target. Once we reach near the target we can keep higher price and charge premium. This should be the optimum price and optimum number of days we should provide service for each event. If the sales and exhibition give more yield than seminars then we should give priority to sales & Exhibitions and try to protect it. The availability should be shown based on the previous booking and the forecast. Once the minimum number of occurrence of the low yielding functions are over then it should be blocked and further booking should avoided or else we can try to transfer those events to non-peak unbooked days.