

RESERVATIONS

Reservation in the hotel industry is defined as 'blocking a particular type of guest room (e.g., single room, double room, deluxe room, executive room, suite, etc.), for a definite duration of time (i.e., number of days of stay), for a particular guest'.

Due to globalization, advancement in the means of travel, and increase in the disposable income of people, more and more people are travelling to different cities. This increase in the traveller traffic has led to an increased demand for tourist accommodation at various destinations. To ensure a safe and secure place for stay during their visit to another town, people make advance reservations in hotels and other types of accommodation.

All hotels accept advance bookings of their rooms in order to achieve high occupancy and to maximize their revenue. When a person makes an advance reservation at a hotel, it is expected that the hotel will honour its commitment by providing the specified type of room when the guest arrives. A reservation is a bilateral contract between the hotel and the guest, according to which the hotel must provide the specified type of room to the guest and the guest should bear all relevant charges. However, the reservation assistant must inform the guest all relevant details about the booking, i.e., type of room, stay dates, room charges, government taxes, and VAT and service charges (if applicable) involved. If either the hotel or the guest wishes to alter or cancel the reservation, they can do so only by mutual agreement. If a guest does not notify the hotel of a cancellation, the hotel is entitled to charge the guest for the loss of accommodation revenue or may retain any deposit paid. Alternatively, if a hotel cancels the accommodation without prior notice to the guest, the hotel has to provide alternative accommodation of similar standard in another hotel and pay for any differences in room rates and additional expenses the guest may have to incur (e.g., taxi, telephones, etc.).

Hotels use a variety of methods to deal with reservation requests. The reservation department handles all the reservation requests for accommodation, interacts with guests and other external customers, and constantly monitors the status of rooms and reservations.

TYPES OF RESERVATION

Hotels accept reservations for their rooms and suites only after checking various factors, such as the availability of rooms and suites, sales forecast, room rates, profile of guests and their importance to the hotel, etc. The reservation made by a guest could be tentative, confirmed, or waitlisted (Fig. 7.2). Once a reservation request is confirmed by a guest, the hotel will make a guaranteed or non-guaranteed reservation as per the guest's requirement.

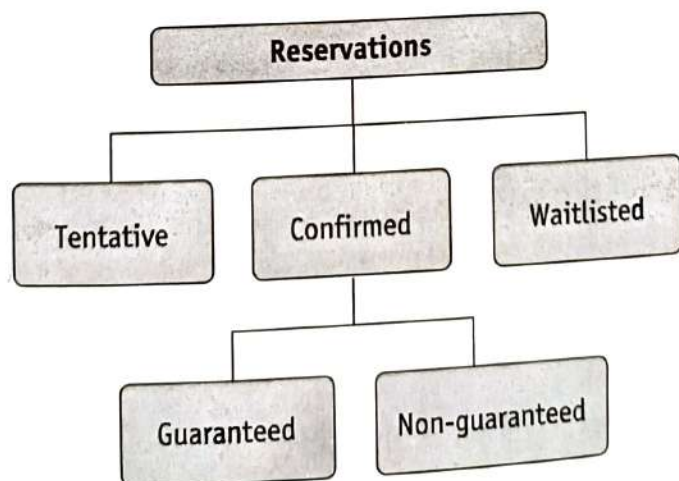


Fig. 7.2 Types of reservations

Reservations can be of the following types:

- Tentative reservation
- Confirmed reservation
- Waitlisted reservation

Tentative Reservation

It is a reservation request that a prospective guest makes on a tentative basis for particular stay dates. The hotel holds the room for the guest till a cut off date, by which the guest should confirm the reservation. Upon confirmation from the guest the hotel changes the tentative reservation to a confirmed reservation, otherwise it cancels the tentative reservation, and updates its records accordingly.

Waitlisted Reservation

A reservation is waitlisted when the requested category of room is not available for the requested dates. The waitlisted reservation is confirmed when the hotel receives a cancellation request for a room of the same category. This way the hotel ensures that its rooms will not remain vacant in case of cancellations. The hotel does not guarantee a room for waitlisted reservations; it is understood that the guest will be assigned a room only in the case of a cancellation or a no show. The hotel informs the guest at the time of processing the reservation that the reservation request of the guest is being put on waitlist and may be confirmed at a later date if some rooms are made available due to cancellation. This situation normally occurs in high occupancy periods like a long weekend, or festival/fair time, or season time. To avoid overbooking, when the total number of rooms reserved for a certain period of time exceeds the total number of rooms available for sale, the reservation department makes a waitlist on the basis of earlier records of reservations vis-à-vis actual arrivals. The hotel keeps clearing waitlists on a regular basis as per the cancellations received and the overbooking level for the day.

Confirmed Reservation

Once a guest confirms a reservation request, the hotel blocks a room for specified stay dates and sends a written confirmation of the same to the guest. The confirmation of reservation (see Exhibit 7.1) is sent through letter or e-mail containing the following information:

- Name of the guest
- Date and time of arrival
- Room type
- Duration of stay
- Room rate
- Number of persons in the party
- Reservation classification (guaranteed or non-guaranteed)

Confirmation

Hotel Sun n Sand

217 Route 303
Valley Cottage, New Delhi
Tel: (011) 35829294
Fax: (011) 48035701

Dear Guest,

Thank you for your reservation. We look forward to your visit. Please note the information below for accuracy. Please review it and report any discrepancies.

Guest Name	- Mr John
Room Type	- Executive
Reserve Notes	- Room facing swimming pool
Guest Type	- Group
Rate Type	- Special
Confirmation No.	- AC300150786
Arrival Date	- 15 November 2008
Departure Date	- 15 January 2009
No. of Nights	- 61
Adult /Child	- 2 Adults, 0 Child

RESERVATION CHARGES

Room Rate	- Rs 4,500 ++
Misc. Total	
Room Total	- Rs 2,74,500
Total Tax	- Rs 3,2,940
Total	- Rs 3,07,440

DEPOSIT RECEIVED Rs 2,74,500.00

BALANCE DUE Rs 32,940.00

Balance due upon arrival in cash, traveller's checks, or credit card. We cannot accept personal or business checks for payment of balance. If you have placed a deposit by credit card, you must bring your credit card with you along with a form of identification with signature. We cannot accept the use of another's credit card under any circumstances.

We must receive a notice from the guest of any cancellation or change in the number of rooms or nights reserved no later than 4 p.m., 14 calendar days prior to the guest's arrival in order for the guest to receive a refund of 90% of the amount deposited. If notice is not received 14 calendar days prior to date of arrival, the guest forfeits 100% of the deposit.

Check-in time: 3:00 p.m., Check-out time: 10:00 a.m. Please contact our office for late arrival information.

Thank you for your reservation!

DATE:

SIGNATURE UPON ARRIVAL:

- Reservation confirmation number
- Special request made by the guest like airport pick-up, wheel chair, baby sitter, non-smoking room, barrier-free room, etc.

A confirmed reservation can be of the following two types:

- Guaranteed reservation
- Non-guaranteed reservation

Guaranteed Reservation A guaranteed reservation is a confirmation that the hotel will hold the reserved room for the guest and not release it to any other guest even if the guest doesn't arrive on time. This requires the guest to make an advance payment (part or full, depending on the hotel policy and the hotel occupancy for the requested stay dates), irrespective of whether the guest avails the reservation or not, unless the reservation is cancelled according to the hotel's cancellation procedures. Most hotels have their own guarantee and cancellation policies (Exhibit 7.2). In the case of guaranteed reservations, the hotel is indemnified from no-shows and holds the room for the guest beyond its cancellation hours. The guests can be sure of finding a room ready for them even if they arrive late without any prior information to the hotel. The guaranteed reservation can be obtained through one of the following ways:

- Pre-payment
- Contractual agreement
- Allotment

Pre-payment A guaranteed reservation requires the payment of the room rent or a specified amount in advance, known as pre-payment. As the hotel holds the room for the guest even after the cancellation hours, pre-payment protects the hotel from any loss of revenue in case of a last moment cancellation or a no-show. Pre-payment can be made by sending demand draft or depositing cash at the hotel. Cash deposit is the most preferred mode of accepting guaranteed reservation by most of the hotels. In case of deposits of high amounts, hotels might ask the guests for their PAN (Permanent Account Number) details.

Guests can alternatively choose to pay the full amount in advance through their credit/charge cards. A guest should send a letter authorizing the hotel to charge payment to their credit card account for obtaining guaranteed reservation, along

Exhibit 7.2 Sample Guarantee Policy

Guarantee Policy

All bookings must be guaranteed at the time of reservation by a Credit Card or Travel Agency. All major credit cards are accepted.

Hotel Akbar Palace

with a copy of the front and back of the credit card (photocopy if sending by letter or fax, and scan if sending by e-mail). These days credit card is the most preferred method of getting guaranteed reservation. The hotel staff must check the validity and authenticity of the card before using it as a guarantee. Reservations made online through hotel websites or travel websites, like Travelocity and Expedia, require valid credit card details before confirming a reservation. The booking amount is charged to the credit card account when the reservation is confirmed; a percentage of the charge might be reversed in case of reservation cancellation within the cancellation period.

Contractual Agreement A hotel may have a contract with an individual or a company for providing guaranteed reservations. According to such a contract, the hotel confirms the reservation for the individual or a person referred by the company on a guaranteed basis, and the person or the company agrees to pay for the reservation, even in the case of a no-show. A guaranteed reservation will turn into a non-guaranteed reservation if the payment is not made in full in advance, or the travel agency voucher or the bill to the company is not received by the cut off date specified by the hotel. Hotels may have contractual agreement with the following:

- Travel agencies/Tour operators
- Corporate houses

Travel Agencies/Tour Operators: Travel agencies and tour operators make bulk purchases of rooms at a relatively low contracted price. They guarantee the hotel a minimum number of room nights in a particular period and agree to pay the room charges even if they are unable to fill the number of rooms as per their agreement with the hotel. The hotels guarantee these reservations on the basis of vouchers issued by the travel agency or the tour operator, by which they agree to pay for the room and service charges mentioned on the voucher; the other services are charged from the guest.

Corporate Houses: In this case, a company or a corporate body may enter into a contract with a hotel, whereby the company guarantees payment for its employees or sponsored guests and accepts the financial responsibilities for any no-shows. The hotel, in turn, agrees to provide the mutually-agreed number of room nights to the clients or employees of the company during a certain period of time. Hotels guarantee these reservations on the basis of a letter from the company, called a bill to company or BTC letter, acknowledging the guest as its employee or client and agreeing to pay her bills as per the contract.

Allotment Allotment is a set of rooms booked for a particular period of time for a company or a group. This type of reservation is made for training courses, conferences or conventions, and private parties. A guest maybe asked for a booking reference or any other verification before she is provided a room in the

allotment. Allotments are controlled by either the reservations manager or the group coordinator, and their operational issues are checked and assessed on a daily basis.

Non-guaranteed Reservation When a guest confirms her reservation at a hotel but does not guarantee it with an advance deposit, it is treated as a non-guaranteed reservation. In this type of reservation, the hotel agrees to hold the room for the guest till the cancellation hour, unless the guest informs the hotel about her late arrival. The cancellation hour is the time fixed by a hotel after which a non-guaranteed reservation stands cancelled and the room is released to a walk-in guest—it is generally 6 p.m. If the guest does not arrive by the cancellation hour, the hotel is free to release the room to any other guest. This enables the hotel to cover the probable loss due to a no-show. Hotels nearing full occupancy might accept only guaranteed reservations once a specified number of expected arrivals is achieved.

MODES OF RESERVATION INQUIRY

The process of reservation begins with an inquiry. A guest may contact a hotel for reservation either in writing or verbally (Fig. 7.3).

Written Mode

When a reservation request reaches the hotel in writing, the mode is classified as a written mode of reservation. The different written modes of reservation request include letter, fax, telex, and e-mail. The advantages of the written mode of reservations are that they are clear, unambiguous, and provide a written record for the hotel, which can be referred to in case of any miscommunication or confusion. The correspondence with the guest is filed for future reference. The disadvantage of a letter is that it takes time to reach a hotel, and in case the information is not

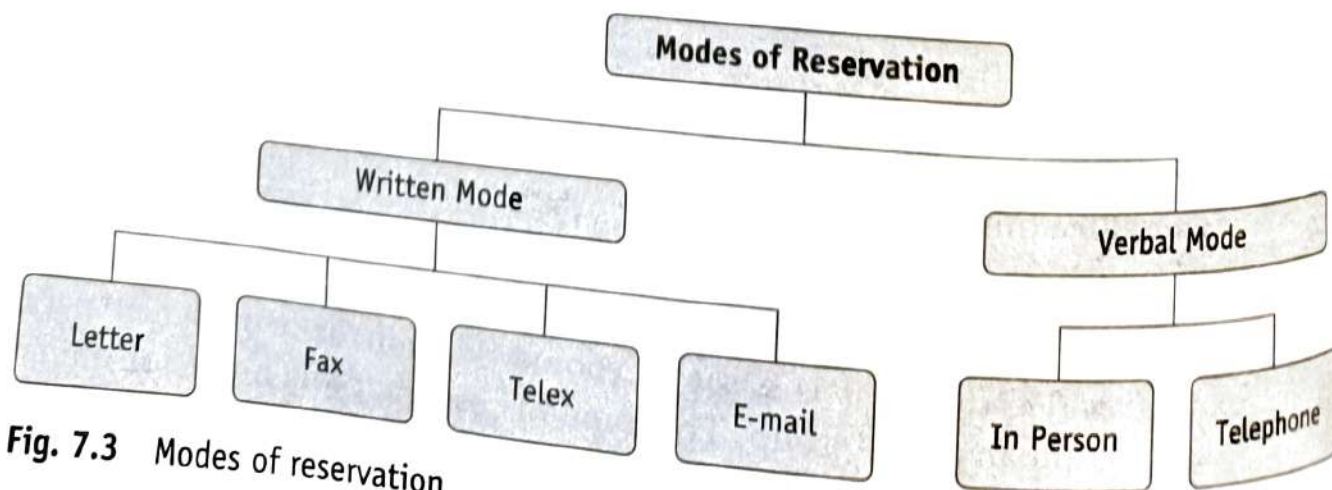


Fig. 7.3 Modes of reservation

complete, the communication of the same is not immediate, which may cause a delay in the reservation.

Letter A letter is a good mode of making reservation requests if the guests send their letters to the hotel several months in advance (as the time taken for the delivery of a letter is more). This mode is commonly used by travel agents, tour operators, and corporate houses, which send reservation requests on their letterheads. Nowadays, though letter writing has largely gone out of fashion, a considerable number of holiday bookings are still made in this way. The hotel makes the reservation as per the details given in the letter and sends the confirmation letter to the guest. Figure 7.4 shows a sample reservation request by letter.

Fax Fax, or facsimile transmission, uses electronic scanning technique to send copies of documents over an ordinary telephone line to a special machine that prints out an identical copy at the other end. It can be used to send memos, graphics, sketches, and letters. The machine can be run in auto mode, which makes it useful even if there is no one to answer the call. Fax makes it possible to send a written request instantaneously to a hotel in another part of the world. Hotels process the reservation as per the request and send the confirmation letter to the guest through fax. The guest might send the credit card authorization (front and back of the card) through fax to guarantee the reservation. The whole process is completed within a short span of time through fax.

Telex Telex, or Tele Printer Exchange, involves the use of specialized telephone lines, where the message is communicated in the written form. As this is a written mode of reservation request, the information is clear and agreeable to the guest as well. Nowadays, this method is not used much because of the popularity of fax and computerized messaging or mailing system.

E-mail E-mail is the mail sent by electronic means from one computer user to one or more recipients via a network from anywhere in the world. It is the electronic version of regular mails. The guest may send a reservation request to the hotel's e-mail address. The hotel will process the reservation request and send the confirmation letter through e-mail. Like other written modes of reservation, e-mail provides a written record for future reference. Besides that, it is fast (the delivery and response time is less) and convenient (guests can send an e-mail from the comforts of their home or office).

Verbal Mode

Reservation requests may also be made through oral communication, i.e., in person or on telephone. The advantage of oral communication is that it is fast, convenient, and generates immediate response or feedback; and one can get the complete information and clear any doubts through oral communication. The disadvantage is that it does not provide a permanent record.

TECHNO TRAILS LIMITED **ABC Road, Jaipur**

Date: 15 September 2008

To
 Reservation Manager,
 Hotel Park International,
 South Extension,
 Bangalore.

Subject: Reservation of room for company representatives

Dear Sir,

Kindly book rooms for our executives as per details below:

Sr.	Name	Date of Arrival	Date of Departure	Type of room	Remarks
1	Mr A. Khanna	08/10/2008	10/10/2008	Executive	No smoking zone
2	Mr S.D. Bhatia	10/10/2008	12/10/2008	Deluxe	Near elevator
3	Mrs S. David	12/10/2008	25/11/2008	Single	Lower floor
4	Ms T. Alpna	25/11/2008	27/12/2008	Executive	Top floor
5	Mr S. Xavier	27/11/2008	25/12/2008	Deluxe	Garden facing
6	Mr M.C. Sharma	25/12/2008	07/01/2009	Suite	Pool facing

The room rent will be settled by the company and the food bills will be settled by the occupants.

Kindly send the confirmation as soon as possible.

Yours truly,

(Mr A.B. Yadav)
 Catering Manager

Fig. 7.4 Reservation request by letter

In Person If an individual or her representative goes to the hotel to book rooms for future, it is called in-person mode of reservation request. This is a good mode of processing reservation as the person is available to consider the various options and suggestions, in case the room, or its availability, or its rate does not match the guest's expectations. The hotel processes the reservation as per the details given by the guest and gives her the confirmation number and letter.

Telephone Reservation requests generally come to a hotel through telephone calls. A lot of hotels have developed scripts for calls, whereby the reservation agent takes the required information sequentially as per the script. The telephone is fast

and convenient, but it suffers from the major disadvantage that it does not provide a permanent record. These days hotels have high-end systems which record calls and these calls can be played back later as a proof of the guest's queries, or for the hotel records, or for training purposes (of reservation staff). This is the most popular mode of reservation request. The hotel processes the reservation request as per the given details and sends a confirmation letter.

As each of the above-mentioned modes of reservation requests suffers from some drawbacks—either in terms of speed, or convenience, or written record—there are no ideal means of making reservation. Guests choose their modes according to their personal preferences, so any hotel receives reservation requests through all modes.