

Guest Checkout

OPENING DILEMMA

The general manager of the hotel indicated at the staff meeting today that the budget allows for the purchase of an additional module in the property management system. She suggests the guest history module might be just what the hotel needs to increase room sales. The general manager has scheduled a visit from the PMS vendor tomorrow and wants you (the front office manager), the director of marketing and sales, and the revenue manager to prepare a list of questions for the vendor that will help determine whether the purchase of the guest history module for the hotel is justified.

Guest checkout can be a time of confusion, short tempers, and long lines, a test of the patience of both the guest and the cashier. Think of the last time you checked out of a hotel. How did it go? Was the cashier courteous and hospitable? If not, were you angry because of his or her indifference? Always remember what it is like to be a guest. This simple approach will serve you well throughout your career in the hospitality industry.

CHAPTER FOCUS POINTS

- Organization of late charges to produce an accurate guest folio
- Procedures necessary to perform the guest checkout
- Transfer of guest accounts to the back office
- Checkout reports available with a property management system
- Guest histories

This chapter assists you in developing a thorough understanding of the guest checkout process. It is not a difficult procedure to understand and implement; however, it does require planning in order to organize the details of this part of the guest's stay.

The use of the checkout module of a PMS is discussed throughout the chapter. Recall from Figure 4-13, the checkout module, that the options available include folio, adjustments, cashier, back office transfer, reports, and guest history.

Organizing Late Charges to Ensure Accuracy

As you learned in earlier chapters, when a hotel utilizes all modules in the PMS throughout the guest's stay, charges for room, tax, food and beverages, valet, and other services are posted to the guest folio as they are incurred. At the time of checkout, **late charges**, or guest charges that might not be included on the guest folio because of a delay in posting by other departments, can result in substantial loss of income, as Table 9-1 indicates.

Failure to post telephone charges for local or long-distance calls made by the guest prior to checkout is another area where revenue may be lost. For example, a lodging property that fails to post 20 phone calls per day, at an average cost of 50 cents each, would lose \$3,650 per year.

Front offices with a property management system that can interface the posting module with the point-of-sale departments and the call-accounting system can post late charges easily. As soon as the charge is incurred at the point of sale or through the call-accounting system, it is posted to the electronic folio. Without this interface, the point-of-sale cashier must telephone the front desk clerk prior to the guest's checkout. The telephone operator and front desk clerk must have a good reporting system to record all phone calls. When a PMS is not used, the front office manager and other department managers should initiate a communication program for their employees that ensures the quick and accurate relay of last-minute charges.

TABLE 9-1 Revenue Loss Caused by Failure to Post Charges

Lost Breakfast Charges	
Average number of charged breakfasts per day	100
Percentage of lost charges	× .03
Number of lost charges per day	3
Average check	× \$5.00
Amount lost per day	\$15.00
Days per year	× 365
Amount lost per year	\$5,475

Guest Checkout Procedure

If front office personnel collect and post guest late charges in an appropriate and timely manner, then the guest checkout can proceed without bottlenecks. However, when the cashier or front desk clerk must make phone calls to the restaurant, gift shop, and switchboard to verify charges, delays and disputes can occur.

The guest checkout involves the following steps:

1. Guest requests checkout.
2. Desk clerk inquires about quality of products and services.
3. Guest returns key to desk clerk.
4. Desk clerk retrieves hard copy of electronic folio.
5. Desk clerk reviews folio for completeness.
6. Guest reviews charges and payments.
7. Guest determines method of payment.
8. Guest makes payment.
9. Desk clerk inquires about additional reservations.
10. Desk clerk files folio and related documents for the night audit.
11. Desk clerk communicates guest departure to housekeeping and other departments in the hotel if necessary.

The objective of the checkout process is to process the guest's request for settlement of his or her account as quickly and efficiently as possible. The lodging establishment also wants to maintain a quality control system for both the guest and the hotel; posting errors can mean erroneous charges for the guest and lost money for the lodging establishment.

Throughout your career in lodging management, you will be called on to develop operational procedures. First, set your objectives and keep them simple. Accommodate guests and maintain necessary data to provide the lodging establishment with information for the income statement. The steps outlined for guest checkout show how easy it is to establish operational procedures when you keep these goals in mind. The narratives that follow elaborate on each step in the guest checkout.

Inquiring about Quality of Products and Services

When the guest arrives at the front desk to check out, the cashier should inquire about the guest's satisfaction with the accommodations, food and beverages, and miscellaneous services provided by the hotel (Figure 9-1). Cashiers should be alert to possible problems.

FIGURE 9-1

Guest checkout is a time for inquiring about guest services and determining method of payment. Photo courtesy of Wyndham Reading Hotel, Reading, Pennsylvania.



Incidental comments about a cold room, low water pressure, leaky plumbing, or damaged furniture should be noted and passed along to the appropriate department heads.

Because guests often do not verbalize complaints or compliments, all lodging properties should have guest comment cards available as an optional source of communication. In many leading lodging chains, the chief executive officer answers these cards personally. The general manager of an independent lodging property can provide a similar personal touch by acknowledging negative comments. A good public relations program can be enhanced by addressing minor problems experienced by the guest that might indicate lack of concern. Also, concern for guest satisfaction affects the financial success of the hotel.

Retrieving the Room Key

Lodging properties that use a hard-key system must request the return of the hard key. The security of the guest as well as the financial investment in the hard-key system mandates that this procedure be a part of the guest checkout. Guest security is jeopardized if keys are lost or not returned. A 200-room property with approximately five keys per room that must be constantly replaced finds that a great deal of money is spent to maintain the key supply. Some properties require a key deposit, returnable on guest checkout.

The hotel with a PMS and/or an electronic key system can easily change the electronic code on a key for future entrance to the guest room. Although the initial financial investment in such a system is substantial, security is the ultimate objective in adopting this technology.

FRONTLINE REALITIES



On checkout, a front desk clerk asks a guest if his accommodations were acceptable. The guest says the heater in the room didn't work last night. Because the hotel has a 100 percent satisfaction guarantee, the desk clerk is obliged to comp the room. If you were the front office manager, what would you do to follow up on this incident?

Retrieving and Reviewing the Folio

In a front office with a PMS, the cashier uses the folio option of the checkout module to retrieve the electronic folio by entering the guest's name or room number. A hard copy is printed for the guest.

The guest and the cashier should both review the folio. The cashier reviews the obvious charges: room fee and tax for the number of nights spent in the hotel (day of arrival through last night), incidentals (such as movie rental, personal phone calls, and purchases at the gift shop) paid for by the individual rather than a corporation, and the like. The cashier must inquire if late charges were incurred at the restaurant or other hotel department or if last-minute phone calls were made.

The guest must also be shown a copy of the folio for a final review. The front office manager should develop an empowerment procedure based on a list of tasks in which to follow if charges are questioned. Typical questions concern charges for phone calls that were not made, meals not eaten, gifts not purchased, flowers not received, laundry not sent out, or in-room movies not viewed. Using the list provided by the front office manager, the front desk clerk or cashier may adjust these charges up to a certain dollar amount. A thorough cost control procedure to track the total adjustments by each employee can help keep such adjustments in line. Large dollar amounts that are questioned by the guest should be referred to the front office manager. The adjustments option of the checkout module in a property management system can be used to make changes.

This empowerment concept is important to develop in staff members because many guests do question postings made to their accounts. Employees must learn listening skills that will enable them to discern just what form of satisfaction the guest is asking for. Employees should be encouraged to try several techniques to determine which will meet the needs of the guest within the financial and service limitations.

In-Room Guest Checkout

Before proceeding with the guest checkout procedure, it is important to note the guest's option to use **in-room guest checkout**, a computerized procedure that allows guests to settle their accounts from their rooms (Figure 9-2). In some PMSs that feature in-room guest

FIGURE 9-2

This hotel guest is reviewing his folio on the television screen in his room prior to finalizing guest checkout. Photo courtesy of ITT Sheraton Corporation.



checkout, the guest can initiate the guest checkout the night before departing by following instructions located near the television set in the guest room. The guest can view a final version of the folio on the television screen on the morning of checkout. This expedites the process by alerting the front office to have a hard copy ready for payment. If the guest indicates that he or she will pay by credit card or direct billing (bill-to-account), the guest does not have to stop by the front desk to check out. A control procedure is built into the PMS to prevent cash customers from using in-room checkout. A guest who is going to pay with cash has not established a line of credit with the hotel.

Determining Method of Payment and Collection

During registration, the guest indicates the method of payment he or she plans to use. Possibilities include credit cards, direct billing (bill-to-account), cash or personal check, traveler's checks, or debit cards. During checkout, the guest confirms the method of payment.

Credit Cards

Today's business and leisure travelers usually pay with a credit card. "Plastic money" has advantages for the cardholder as well as for the hotel. The cardholder is assured instant credit to satisfy debts incurred. The extensive travel required of some businesspeople would make the almost constant requests for cash advances by corporate employees difficult to manage. The advantage for the lodging establishment is that payment is assured (less a discount paid to the corporation issuing the credit card). It is important to note that with the increased use and advances of computers in the business world, the reimbursement period can be reduced to none—the hotel is immediately credited with payment. As these advances occur, the ready acceptance of various credit cards will change.

The front office, in cooperation with the controller, usually establishes a priority system for accepting credit cards based on cash flow requirements and the effect of the discount rate offered. The average guest is probably not aware of the discount rate and may be willing to use whatever credit card the front desk clerk requests.

Processing a credit card in an automated hotel follows a standard procedure. The objectives of the procedure include accurate recording of the amounts of charges and tax, name (address and phone number of cardholder are optional), verification of the credit card dollar limit, and capture of fraudulent credit cards. The procedure includes the following steps:

1. Note the credit card expiration date.
2. Enter the approval of the amount of the charge on the PMS checkout screen.
3. Verify the credit limit available by using the credit card validator.
4. Allow the guest to review folio and sign.
5. Check the guest signature on the folio against the signature on the card.
6. Give the card and the guest copy of the folio to the guest.

Once the procedure is developed, it must be followed to the letter, without exception. The fraudulent use of credit cards takes a great toll on the profits of the hotel. An incentive system for cashiers and front desk clerks can be built into the procedure for processing credit cards to encourage the capture of fraudulent cards. The small monetary reward is nominal compared to the cost of a hotel bill that may never be recovered. In addition, hotels should develop a procedure for retrieval of fraudulent credit cards. The safety of front desk staff is extremely important in this procedure.

Bill-to-Account (Direct Billing)

Hotel guests, both corporate representatives and private guests, may also use the **bill-to-account**, a preauthorized account that allows guests to have their charges processed on a regular billing cycle without the use of a credit card (sometimes referred to as *direct*

billing) to settle an account. Direct billing requires prior approval of the credit limit of an organization (corporate representatives) or an individual (private guest). Usually the corporation requesting direct billing completes an application for credit approval. The controller in the lodging establishment then performs a credit check to determine a credit rating and a credit limit. This **house limit** of credit, a credit limit set by an individual hotel, varies depending on the amount of projected charges and the length of time allowed for charges to be paid. The credit rating of the corporation in question plays a large part in assigning a credit limit.

The application usually lists people who are authorized to use the account as well as authorized positions within the corporation. Identification cards with an authorization number are issued by the hotel. It is the responsibility of the corporation applying for credit to monitor the authorized use of the credit. The cashier must verify identification of the corporate guest.

The bill-to-account option should be reviewed with an eye toward cost-effectiveness. Although the hotel does not have to pay a 3–8 percent discount rate to the credit card agency, the cost incurred by the controller's office (credit checks, billing, postage, collection of bad debts) must be considered. The question of cash flow—almost immediate payment from the credit card agency versus a four- to eight-week waiting period for corporate accounts—should also be considered. The marketing implications of direct billing deserve attention as well. The status conferred by this option may be desirable to corporate representatives and private guests.

The following procedure is used to process a bill-to-account payment:

1. Request corporate or personal identification.
2. Check to be sure the individual is authorized by the account holder to bill to the account.
3. Note credit limit per employee.
4. Note red flags on the credit file due to nonpayment of bills.
5. Note authorized signature.
6. Enter charges into the point-of-sale terminal along with bill-to-account identification. When this information is entered into the POS, it is also entered into an electronic folio in the city ledger of the PMS.

Cash and Personal Checks

When guests indicate during registration that they will pay their bills with cash or a personal check, the front desk clerk should immediately be on the alert. Such a guest may well charge everything during his or her stay (perhaps only one day in length) at the hotel and then exit without paying. Consequently, most hotels require cash in advance from guests who choose this method of payment, as the guest has not established a credit rat-

ing with the hotel. In addition, close monitoring by the night auditor and front desk clerks of the guest's charge activity is in order. Such guests are not allowed charge privileges at other departments in the hotel. In properties with a PMS, the guest name and room number are entered to block charges at point-of-sale areas. In a hotel without food and beverage, gift shop, and health club POS terminals, the front office must alert those departments that this guest has not been extended charge privileges.

To process a cash payment, the following procedure can be used:

- 1.** Check the daily currency conversion rate when converting foreign into national currency. Take time to ensure the math is accurate.
- 2.** Retain the amount tendered outside the cash drawer until the transaction is completed.
- 3.** Maintain an orderly cash drawer, with bills separated by denomination.
- 4.** Develop an orderly procedure to make change from the amount tendered.
- 5.** Count the change out loud when giving it to the guest.
- 6.** Perform only one procedure at a time. Refuse to make change for another bill of a different denomination if a previous transaction has not been completed.
- 7.** Issue a receipt for the transaction.

Most lodging properties simply do not accept personal checks; the opportunity for fraud is too great. This policy often comes as a surprise to guests, who may protest that this is the only means of payment they have. However, the hotel can use commercial check authorization companies and credit card companies that guarantee a guest's personal check.

The procedure for processing personal checks is as follows:

- 1.** Request a personal check-cashing card.
- 2.** Refer to the list of persons who are *not* allowed to present checks as legal tender.
- 3.** Compare the written amount of the check with the figures to be sure they match.
- 4.** Note low-numbered checks. Low numbers may indicate a newly opened, unestablished account, and the check will require a supervisor's approval.
- 5.** Request identification (a valid driver's license and a major credit card) and record the numbers on the back of the check. Compare the name and address imprinted on the check with a valid driver's license.
- 6.** Compare the signature on the check with the requested identification.
- 7.** Validate the amount of the check and the credit rating of the guest with a commercial check authorization company or credit card company.

Traveler's Checks

Traveler's checks are prepaid checks issued by a bank or financial organization; they have been an acceptable form of legal tender for many years. These checks are a welcome method of payment in the lodging industry. Traveler's checks are processed like cash. Proof of credit is already established, and the hotel pays no percentage of the sale to a credit card agency, as the guest paid a percentage of the face amount of the traveler's check to the issuing agency. However, checking proof of identification (a valid driver's license or major credit card) should be a standard traveler's check-cashing policy. The guest should sign the traveler's check in the cashier's presence, and that signature should be compared with the signature already on the check. The list of traveler's check numbers that are not acceptable, supplied regularly by the check-issuing agency, must be consulted to ensure that the checks are valid.

Debit Cards

Debit cards, or check cards, are embossed plastic cards with a magnetic strip on the reverse side that authorize direct transfer of funds from a customer's bank account to the commercial organization's bank account for purchase of goods and services. Some examples of debit cards are MAC, NYCE, STAR, and PLUS. These are similar to credit cards in that they guarantee creditworthiness, against which the hotel charges the bill; however, the payment is deducted directly and immediately from the guest's personal savings or checking account and transferred to the hotel's account rather than being billed to the guest on a monthly basis. Debit cards continue to gain in popularity as the use of credit cards becomes more costly to the guest. However, the concept of **float**, the delay in payment after using a credit card, may remain a more attractive benefit for some guests. Some debit cards have a credit-card logo embossed on the plastic card, which indicates they are acceptable at places that accept that particular credit card and are processed through a credit card financial organization. Debit cards are processed similarly to credit cards.

To process a debit card payment, the following procedure is used:

1. Insert debit card into validation machine.
2. Have guest enter personal identification number.
3. Process debit-card voucher as a cash payment on the guest folio.

Assisting the Guest with Method of Payment

Guests may find they are short on cash or are otherwise unable to pay their bill due to an expensive emergency, overextension of credit card limits, or theft. When these situations occur, the front desk clerk or cashier should be ready to offer the following services.

Money Wire

Western Union provides **money wire**, an electronic message that authorizes money from one person to be issued to another person; this service has been available to travelers for many years, with a fee charged by Western Union. This convenient service should be established as an option for a guest. The front office manager should develop and communicate a procedure that includes the phone number and address of the nearest money wire center.

Travelers Aid Society

The Travelers Aid Society was founded for the purpose of aiding the down-and-out traveler beset by an unexpected emergency in an unfamiliar city. The phone number and address of this organization must also be communicated to the front office staff as an option of payment.

Auto Clubs

The auto clubs—AAA (American Automobile Association) being the best known—and private gasoline companies offer their members immediate cash advances in case of an emergency. Again, a listing of phone numbers of auto clubs for guest use not only helps the guest but ensures that the lodging establishment will be paid.

The method of payment, in the end, can affect the hotel's bottom line. The preapproval criterion for credit card and debit card holders is an important requirement when a hotel is extending credit to a guest from check-in to checkout. The discount rate charged by the issuing agency, which takes a percentage of the gross charges, affects the income statement as well. It is important, however, to show concern for the guest whose circumstances have taken a turn for the worse (serious accident, theft, unexpected illness, etc.). The front office should be equipped to offer information on alternatives such as auto clubs and money wires; this can be perceived as a display of genuine hospitality.

International Currency Exchange

When an international guest presents a credit card for payment at checkout, the credit card issuing agency processes the payment according to the current exchange rate between countries. If a guest wants to pay in his or her national currency, the cashier must compute the exchange. The daily international exchange rate can be found by calling a bank or other financial institution or reviewing the international exchange rates published in the *Wall Street Journal* in the Currency Trading section. Exchange rates for the U.S. dollar, pound, euro, peso, yen, and Canadian dollar are listed.

On January 1, 1999, the **euro** became the accepted currency for the following 11 member-states of the European Community: Belgium, Germany, Spain, France, Ireland,

Italy, Luxembourg, the Netherlands, Austria, Portugal, and Finland. In January 2001, Greece adopted the euro, and in January 2002, euro coins and bills were introduced. The euro provides ease in traveling throughout Europe, as travelers need not exchange currency at each participating country.

The goal in computing the exchange is to determine how much of the international visitor's national currency is required to pay the bill in the United States. With that goal in mind, here is a simple procedure to follow. If a Canadian guest at a U.S. hotel wants to pay a \$500.00 hotel bill in Canadian dollars with an exchange rate of \$0.80 (Canadian) to US\$1.00, use the following formula to compute the exchange:

$$\frac{\text{US\$500.00}}{\text{Canadian \$0.80}} = \text{\$625.00 Canadian dollars required to pay the bill at a U.S. hotel}$$

If an English guest at a U.S. hotel wants to pay a \$500.00 hotel bill in pounds with an exchange rate of £1 to US\$2.00, use the following formula to compute the exchange:

$$\frac{\text{US\$500.00}}{\text{£2.00}} = \text{250 English pounds required to pay the bill at a U.S. hotel}$$

It is important to consider the float time of the international currency collected and presented to a bank for deposit in a hotel's account; that is, it will take several days or weeks before the currency is credited to the hotel's account. Also, a different rate of exchange may be in effect at the time of the currency exchange transaction. For example, a U.S. hotel may deposit £10,000 from an English tour group thinking it will receive US\$20,000 (US\$2.00 for each English pound), but three weeks later, when the transaction occurs, the exchange rate may be US\$1.90 for £1. In this case, the U.S. hotel would receive approximately US\$19,000 ($10,000 \times 1.9 = 19,000$) instead of the US\$20,000 originally computed at the time of deposit. To compensate for this, the hotel must consider adding a surcharge to the rate used that day as well as to cover a transaction fee charge by banks. For example, in the case in which a U.S. hotel anticipates receiving US\$20,000 for a deposit of £10,000 based on an exchange rate of £1 for each US\$2, it may be better for the hotel to use £1 for each \$1.90 to cover a volatile exchange rate and a banking fee. The U.S. hotel would collect £10,526 ($\$20,000 \div 1.90 = \text{£}10,526$) at the time of checkout to compensate for the float time of the international currency.

FRONTLINE REALITIES



A guest from Europe has changed her mind about using a credit card to pay the outstanding folio balance and wants to pay with English pounds. How would you proceed?

Obtaining Future Reservations

Checkout, the last contact point with the guest, is the best opportunity for securing additional reservations. It is at this time that the cashier or front desk clerk can best assist the marketing and sales department. The front office manager should develop a standard procedure for the front office staff to follow, which may include these steps:

- 1.** At the beginning of the checkout procedure, inquire about the guest's stay. Maintain good eye contact and listen closely.
- 2.** Ask if the guest will be returning to the area in the near future or if he or she will need a reservation for a property in the hotel's chain or referral group. If so, ask whether he or she would like to make a reservation for that visit. Because all the guest data are already on file, a confirmation of the reservation can be sent later. If the guest is in a hurry, the reservation staff can follow up later. Your role is to plant the seed of a future sale as well as to accommodate a guest.
- 3.** Continue to check out the guest. Again, make eye contact. If the guest does not respond positively to the first inquiry, offer a departure brochure or directory that includes information about making additional reservations at the hotel's property or properties within the chain or referral group.
- 4.** Bid the guest farewell.
- 5.** Report to the shift supervisor any negative comments from the guest concerning his or her stay.
- 6.** Process future reservations or alert the reservation clerk to these requests.

This standard procedure should be part of the desk clerk's training program. As with other sales efforts at the front office, selling additional reservations at checkout should be rewarded through an employee incentive program. This procedure gives the front office personnel a basic structure to use in pitching the sale and accommodating the guest. The employee still has the opportunity to adapt the pitch to his or her own style.

Filing Documents

The paperwork documenting the day's transactions must be in place when the night auditor's shift begins. Guest folios, transfers, paid-out slips, and the like must be filed according to a standard system. This may seem like a simple task, but at a busy front desk with many checkouts and check-ins, it is easy to misplace documents. Care must be taken

to provide the night auditor with all the necessary proof of origination of charges and trail of payment options.

Relaying Guest Departures to Other Departments

It is essential that other departments be notified that a guest has checked out to ensure smooth operation of the hotel. The PMS allows the front desk clerk and the housekeeping employees to inform one another of guest departures, stayovers, room availability status, and other occupancy details as they occur. As mentioned earlier, once the electronic folio is cleared from active memory after checkout, the guest departure is indicated on all other modules of the system. The front desk clerk need not telephone the housekeeper to say that room 203 is vacant; the housekeeper need not spend hours reporting room availability status to the front desk clerks. Backup phone calls are still made for situations for which current information is needed from the maintenance department. The maid or houseman can inform the front desk clerk electronically of room availability status.

In addition to informing the food and beverage department of guests who have checked out, other departments where guests can incur charges must be notified as well to prevent acceptance of unauthorized guest charges. Other departments, such as gift shops, recreational activity centers, and valet service, are also notified so a guest who has already checked out is no longer able to charge a closed account. A system for notifying other departments, perhaps not interfaced in the PMS, of guest checkouts should be a basic operating procedure of the front office.

The entire communication system between the front office and other departments is enhanced when employees care about doing their jobs right. Desk clerks should ensure that rooms showing a ready status are indeed available. Housekeeping personnel must report when rooms are ready to be occupied. Careful screening of job candidates and proper training, which includes an explanation of the importance of maintaining communication with other departments, are vital to smooth operations. When everyone works together, the guest is satisfied, the lodging establishment receives a fair return on its investment, and the employee's career opportunities are enhanced.

Removing Guest Information from the System

In hotels with a PMS, removing guest information requires closing the electronic folio. This deletes the guest name and room number from the electronic guest database and the call-accounting system. These data are stored for future processing by the accounting office (see the following section) as well as the marketing and sales department for developing guest histories (discussed later in the chapter).

Transfer of Guest Accounts to the Back Office

Some methods of payment require transferring folio balances to the back office for further processing. Credit card payments are processed and added to the master credit card account according to type (such as Visa or JCB). The controller maintains this account as accounts receivable. Bill-to-account charges must also be transferred to the back office accounts receivable. The controller processes the account according to standard operating procedures, which are handled electronically in a property management system. The back office transfer option enables the controller or front office staff to transfer accounts that require special handling or adjustments.

Checkout Reports Available with a Property Management System

The front office manager should review and analyze data produced during checkout. Most of this information is financial. The data can be grouped into categories as the front office manager desires; method of payment and the respective amounts, total room sales, total room count, and total room sales by type are some sorting options. Room status and occupancy availability can also be tracked. The number of guests who actually checked out versus the number who should have checked out can be compared. An analysis of guests who understayed or overstayed their reservations can be made. The reports option of the checkout module in the PMS allows the front office manager, director of marketing and sales, controller, and other department heads to review these statistics. Figures 9-3, 9-4, 9-5, and 9-6 are examples of the reports available from this module.

FIGURE 9-3 Method of payment report option of a PMS.

2/15 Method of Payment		
Type	Gross	Net
V	\$ 456.98	\$ 431.56
MC/	598.01	565.20
JCB	4,125.73	3,202.11
Direct bill	105.34	105.34
Cash	395.91	395.91
TOTALS	\$5,681.97	\$4,700.12

FIGURE 9-4 Room sales report option of a PMS.

9/22 Room Sales				
Type	Occupied	Available	Sales	Guests
K	35	37	\$2,698.12	42
KK	50	50	2,965.09	65
KS	10	15	1,000.54	11
DD	45	50	2,258.36	68
TOTALS	140	152	\$8,922.11	186

FIGURE 9-5 Room status report option of a PMS.

11/1—2:19 P.M. Room Status			
DD	K	KK	KS
104 OCC	101 ON CHG	201 ON CHG	108 ON CHG
204 READY	102 ON CHG	202 ON CHG	109 READY
209 READY	103 ON CHG	203 OOO	205 READY
210 ON CHG	105 READY	206 READY	208 READY
211 ON CHG	106 OUT OF ORDR	207 READY	301 OCC
304 ON CHG	107 ON CHG	303 OCC	308 READY
309 READY	302 OCC	307 OCC	
310 READY	305 OUT OF ORDR		
311 READY	306 ON CHG		

FIGURE 9-6 Understay reservation report option of a PMS.

	Week beginning: 2/01				
	2/1	2/2	2/3	2/4	2/5
No. reservations	125	54	10	5	2
No. completed	125	50	7	3	1
Variation	0	4	3	2	1
Lost revenue	0	\$480	\$630	\$480	\$300
TOTAL LOST SALES:	\$1,890				

Guest Histories

Guest histories are marketing analyses of guests' geographic and demographic information that also provide information about guest activities while staying at the hotel. This analysis is simplified by the use of a PMS. The guest history option of the checkout module assists the front office manager in preparing reports of such data for the director of marketing and sales. The particulars of guest histories can also be obtained from registration cards, if the hotel still uses them, the electronic folio and the data from the reservation system in the PMS, or the Internet.

ZIP Code or Postal Code

The most useful part of the marketing data is the **ZIP or postal code**, an individual local postal designation assigned by a country. It provides the person who is developing marketing strategies with geographic indicators of populations who have tried the products and services of a particular lodging establishment. This geographic information can be matched with communications media, such as website, radio, television, and newspapers, that are available in that area and with demographic (age, sex, income, occupation, marital status, etc.) and psychographic (lifestyle) data. Matching website, radio stations, television stations, and newspapers to a group that constitutes the hotel's prime market as well as developing well-structured direct-mail campaigns can be a profitable marketing strategy. Defining the market for continued business is part of a sound business plan.

Developing Conventions and Conferences

The front office manager who reviews the registration cards and reservation cards for group affiliations finds data for potential development of guests by the marketing and sales department. Follow-up by the marketing and sales department to representatives of organizations that have stayed in the hotel may lead to the booking of future conventions and conferences.

The constant demand for meeting facilities does not just happen. Corporate clients that book facility space want to be assured that all details will be handled professionally. Trust in a hotel begins with the hotel's establishing a good track record in handling the small details of hospitality—efficiency in processing reservations, registrations, checkout procedures, and in the maintenance of clean and attractive facilities. This trust (along with a good room rate and adequate meeting space) increases room sales to small conferences.

FAM Tours

The guest history also provides information about the method of advertising that helped to secure the reservation and registration (Figure 9-7). If guest histories reveal that a large number of reservations originated with a particular travel or tour agency, then the

FIGURE 9-7 Referral sources analysis option of a PMS.

1/1-6.30 Guest History Analysis of Method of Referral		
Method	No.	%
Direct mail	300	19
Billboard	121	8
Reservation system	420	26
Local referral	89	5
Car radio	35	2
Newspaper	35	2
Website	600	38

marketing and sales department should maintain a strong relationship with that agency and develop relationships with other agencies within that particular point of origin as well. **FAM (familiarization) tours**—complimentary visits sponsored by the lodging property that host representatives of travel organizations, bus associations, social and non-profit organizations, and local corporate traffic managers—can produce an increase in future room revenue. During these tours, representatives can see firsthand what the property has to offer.

Origination of Reservation

A lodging property that has a 70 percent corporate client market might also want to review who makes the reservations for these business professionals at the corporate client's office. The administrative assistant, traffic manager, or executive secretary is probably the person who makes the reservations. If this is the case, the lodging establishment should put in place a program that encourages these people to call the lodging establishment for the reservation. Incentive programs that reward those who make a certain number of reservations over a specified period are an example.

Walk-in guests can also provide valuable marketing data. If guests indicate that “the billboard on Route 777N” was the means by which they learned about your hotel, you will have an idea about the cost-effectiveness of this type of advertising. If guests are being referred by the local gasoline station or convenience store, consider providing brochures and other information to these businesses. Perhaps complimentary dinners or escape weekends for the referral source personnel would be effective.

Frequency of Guest Visit

Data from the guest histories concerning frequency of visits also reveals areas for follow-up (Figure 9-8). The frequent guest, defined as a person who stays at the establishment

FIGURE 9-8 Corporate guest data option of a PMS.

1/1–1/31 Guest History—Corporate Guest Frequency		
Corporate Guest	Frequency	No. Rooms
Anderson Corp.	1/4	10
Anderson Corp.	1/7	2
Anderson Corp.	1/15	5
Dentson Co.	1/5	9
Dentson Co.	1/23	1
Hartson College	1/4	16
Montgomery House	1/20	7
Norris Insurance Co.	1/14	50
Norris Insurance Co.	1/15	65
Norris Insurance Co.	1/16	10
Olson Bakery	1/18	10
VIP Corp.	1/2	10
VIP Corp.	1/9	10
VIP Corp.	1/25	14
VIP Corp.	1/26	17
VIP Corp.	1/28	5
VIP Corp.	1/30	23

more than a specified number of times per month or year, might be offered a free accommodation as either a business or a personal guest. This person and his or her company should be entered into the database for follow-up with advertising promotions designed to attract that market segment.

Types of Room Requested

The guest history is useful in determining the types of rooms requested. Are rooms with two double beds requested more often than rooms with one king-size bed? Are rooms designated as nonsmoking being requested more often than rooms designated as smoking? Are suites with cooking facilities requested by corporate clients for long-term guests? Such hard, quantifiable data are what hotel owners use to make construction and purchasing decisions.

Room Rates Versus Occupancy Patterns

Reviewing room rates can assist the controller and director of marketing and sales in forecasting profit-and-loss statements. The frequency with which certain price categories

of rooms are rented indicates the price sensitivity of certain market segments. If price sensitivity is an indicator of room occupancy, then marketing programs that maximize profits in that area must be implemented.

Examining occupancy patterns helps the front office manager schedule personnel. In certain corporate market properties, the hotel may be full from Sunday through Thursday nights but nearly empty on Friday and Saturday. A lodging establishment with a large volume of tourist business on weekends experiences the opposite situation. The front office manager should schedule staff accordingly.

The guest history of the PMS checkout module gives the front office manager a sophisticated method of drawing on these data from a database of reservations and registrations. It is easy to group marketing patterns. The concepts already discussed help in developing the data that are readily available.

Last Impressions of the Hotel

The front desk staff has the vital responsibility in the hospitality industry to create the guests' last impression of the hotel. All the great service opportunities afforded the guest throughout his or her stay can be shattered or further advanced at the point of departure. Kind words, a speedy check out, an offer for directions to the airport, etc., all let the guest know you care. For example, Marriott International, Inc., offers At Your Service[®], which includes Internet resources of local weather reports, information on airport shuttle, and prior downloading of a future guest's email. All of these services allow guests to prepare for their visit and, when the time comes for check out, a good opportunity exists for the front office staff to create that last impression that continues the display of hospitality.¹

INTERNATIONAL HIGHLIGHTS



The Travel Industry Association of America indicates (2004) that travelers to the United States from China, India, Russia, and Poland will increase.² The implications of this type of prediction are that students preparing for a career in the hotel industry must become familiar with the needs of international visitors during checkout. Studying foreign languages, common cultural concerns, and differences in legal tender help students become valuable members of the hotel team. A hotel employee who can assist an international guest in understanding the guest folio and determining the rates of currency exchange greatly improves the chances that this guest will return.

Solution to Opening Dilemma

The following list of questions to ask the vendor may help justify the purchase of the guest history PMS:

- Does this module allow us to track registrations by ZIP code?
- Can we match ZIP code and media indicated on registration, such as radio, television, newspaper, billboard, third-party website, central reservation, travel agent, and direct mail?
- Can we print a list of guest business affiliations?
- Can we print a list of persons who initiate the reservations for corporate clients?
- Are we able to track frequency of individual guest reservations?
- Is there a means of showing how many times our suites are rented versus how many times our standard deluxe rooms are rented?
- Can that list of suite and standard deluxe room rentals be sorted by groups, such as corporate, tourist, government, or commercial?
- Can we track the number of denials we have had to issue because a certain type of room was not available?
- Does this module show our occupancy patterns by week, month, and year?

Chapter Recap

This chapter introduced the concepts and procedures required to organize and operate a guest checkout system in a hotel. The importance of communicating late charges to the front office and of notifying point-of-sale areas about checkouts was discussed. The procedure for checking out a guest was reviewed, with attention given to sales and hospitality aspects of the procedure. The chapter emphasized the importance of communication among the housekeeping department, the food and beverage department, and the front office to strengthen service and to ensure the profitability of the lodging property. The guest history, from which guest data are grouped and analyzed, was presented as an important source of marketing feedback.

End-of-Chapter Questions

1. Why should a front office manager be concerned about compiling a guest's late charges? Give an example of losses that can result if late charges go unpaid.
2. Why should a front desk clerk ask a guest who is checking out about the quality of products and services? Who needs this information?

3. Why is the retrieval of a room key so important to the guest? to the hotel?
4. Do you feel a guest should review the guest folio during checkout? Why?
5. If you have used an in-room guest checkout system while you were a guest in a hotel, describe the procedure you followed. Do you feel it was a convenience or a novelty?
6. Discuss the methods of payment available to the guest. Why does the hotel not consider these payment options financially equal?
7. Discuss the types of credit cards. Explain their advantages to the guest and to the hotel.
8. What does *bill-to-account* mean? What are the hidden costs involved with this method of payment?
9. Why is cash not an eagerly sought method of payment?
10. What is a debit card? How does it differ from a credit card?
11. Summarize the procedures to follow when accepting credit cards, bill-to-accounts, cash, checks, and traveler's checks as methods of payment.
12. A guest wants to pay her account of US\$439 in Canadian dollars. How would you proceed?
13. How do you feel about obtaining a reservation at the time of checkout? What steps would you suggest to a front office manager to secure future reservations?
14. Why does the night auditor want all paperwork in order before beginning the night audit?
15. Why must the front office communicate a guest's departure to the point-of-sale areas not interfaced with a PMS?
16. What types of guest accounts are transferred to the back office?
17. List the reports that can be generated by the checkout procedure and explain how they can assist management.
18. Discuss the role of the guest history in developing strategies by the marketing and sales department.

CASE STUDY 901

Margaret Chu, general manager of The Times Hotel, has received a phone call from the Service Feedback Agency, which she employs to provide feedback on customer service. The agent from this service said that 6 of 15 former guests indicated a lengthy delay in checkout and that the holdup in service was due to a desk clerk who repeatedly had to call for the supervisor to clarify how to operate the PMS. On another point of service, none of the 15 former guests was asked to make a future reservation.

Ms. Chu calls Ana Chavarria, front office manager, into the office to discuss this report. Ana finds the service feedback report disturbing and promises to rectify the matter. Later that day, she calls Vicente

Ramirez, head cashier, into her office. She asks him to write a step-by-step procedure for checking out a guest, with particular attention to use of the PMS. She also calls Angelo DeSalo, head reservation agent, into her office and asks why no future reservations are being requested at the time of checkout. Angelo indicates that desk clerks are busy and they just don't have time to request another reservation.

What steps do you think Vicente Ramirez will include in the procedure for checking out a guest? What suggestions can you give Ana Chavarria to motivate her desk clerks to ask for an additional reservation at checkout?

CASE STUDY 902

Margaret Chu, general manager of The Times Hotel, has returned from a meeting of the local hotel association. The head of the state government agency on international tourism made a presentation and asked the attendees to support the state's efforts to secure international visitors to the area. He said recent reports indicate that foreign visitors to the state will increase by 25 percent in the next two years. The economic impact of this tourism could mean more than \$100 million to the local economy.

Ms. Chu calls her hotel professor friend, Monica Blair, at the local university and asks if Dr. Blair

has a student or two who might want to take on a project of outlining concepts to use in preparing a front desk staff for international visitors. The students would work with Ana Chavarria, front office manager.

Prior to visiting Ms. Chavarria, the students are instructed to prepare an outline focusing on the question, "What does the international guest need to know to have a successful visit to our town?"

Help these two students develop a list of questions to use in their meeting with Ana Chavarria.

Notes

1. John Wolf, “Marriott Launches at Your Service® Pre-Arrival Planning Across 2.500 Planning Across Hotels Globally,” (January 1, 2005) http://www.hotel-online.com/News/PR2005_1stJan05_MarriottAtYourService.htm
2. “New TIA Report Examines Emerging Inbound Markets,” Travel Industry Association of America, 1100 New York Avenue, NW, Suite 450, Washington, DC 20005-3934. <http://www.tia.org/Travel>

Key Words

bill-to-account

debit cards

euro

FAM (familiarization) tours

float

guest histories

house limit

in-room guest checkout

late charges

money wire

traveler’s checks

ZIP or postal code