Dynamics of Hotel Financial Performance Based on Operational and Profitability Indicators: A Case Study of Hotel Mercure Bandung Nexa Supratman

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This study aims to analyze the financial performance dynamics of the Mercure Bandung Nexa Supratman Hotel during the 2022–2025 period based on operational and profitability indicators. The study uses a quantitative descriptive approach with a case study method. Secondary data were obtained from the hotel's internal management reports on Occupancy Rate (OR), Average Daily Rate (ADR), Revenue per Available Room (RevPAR), Gross Operating Profit (GOP), as well as Budget and Actual data. The analysis was conducted using Trend Analysis, Growth Analysis, and Budget versus Actual Analysis. The results show that Occupancy Rate, ADR, RevPAR, Total Revenue, and GOP fluctuated during the study period. Hotel performance increased until 2024, but declined in 2025 as indicated by declining occupancy rates, revenue, and profitability. Budget versus Actual analysis shows a favourable variance in 2022–2024 and an unfavourable variance in 2025. These findings indicate that increased revenue is not always followed by increased profitability because it is influenced by operational cost control. The novelty of research on the integration of operational indicators, profitability, and budget achievement in a single evaluation framework for the dynamics of hotel financial performance as a basis for strategic decision making.
Keywords: Financial Performance, Occupancy Rate, ADR, RevPAR, Gross Operating Profit, Budget

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1. Introduction

The hotel industry is one of the service sectors that faces increasingly fierce competition, so hotels need to increase operational efficiency to maintain competitive advantage and business sustainability [1]. Changes in market demand, occupancy rate dynamics, and room pricing strategies also affect hotel financial performance, so effective operational management is required [2]. This condition encourages hotel management to carry out continuous financial performance evaluations as a basis for making strategic decisions [3].

The financial performance of a hotel is not only reflected in the amount of profit earned, but is also influenced by operational indicators such as the level of revenue per available room (Revenue per Available Room/RevPAR) and the effectiveness of operational cost management which reflects the success of management in managing the hotel business [4]. Occupancy Rate, Average Room Rate (ARR/ADR), and Revenue per Available Room (RevPAR) are key indicators used to evaluate occupancy rates, room pricing strategies, and a hotel's ability to generate revenue. Meanwhile, Gross Operating Profit (GOP) demonstrates a hotel's ability to generate profit from operational activities, making it an important indicator in assessing hotel profitability [5].

Based on the management report of the Mercure Bandung Nexa Supratman Hotel for the 2022–2025 period, the hotel's financial performance shows fluctuating conditions. The Gross Operating Profit (GOP) value increased from IDR 16.47 billion in 2022 to IDR 20.97 billion in 2023, then decreased to IDR 18.88 billion in 2024, before increasing again to IDR 22.66 billion in 2025. This condition indicates that the increase in operational indicators has not always been followed by a consistent increase in profitability, so an evaluation of the dynamics of the hotel's financial performance is necessary [6].

Although numerous studies have been conducted on hotel financial performance, previous research has been dominated by partial analysis of operational indicators such as ADR/ARR and RevPAR in increasing hotel revenue. Other research indicates that occupancy rate and ADR play a significant role in increasing room revenue, while RevPAR is the primary indicator in evaluating the effectiveness of hotel revenue management [7]. Patterns of changes in financial performance over time through trend analysis, growth analysis, and variance analysis are still rarely carried out [8]. Hotel profitability is influenced by Occupancy Rate and RevPAR, but the discussion is still limited to the relationship between variables without evaluating the dynamics of financial performance over time [9].

The development of research based on research gaps means that research that integrates operational indicators (Occupancy, ARR, RevPAR) with profitability indicators (GOP) using internal management reports through Trend Analysis, Growth Analysis and Budget vs Actual Analysis approaches is still very limited [3], [5].

This problem, therefore, requires a study on the development of hotel financial performance by integrating operational indicators (Occupancy Rate, ARR, and RevPAR) and profitability indicators (GOP) in one analytical model to evaluate the dynamics of the financial performance of the Mercure Bandung Nexa Supratman Hotel during the 2022–2025 period. Previous research focused on the influence between variables, but to obtain novelty, this research uses a trend analysis approach, growth analysis, and variance analysis (Budget vs. Actual Analysis) so as to provide a more comprehensive picture of changes in operational performance and hotel profitability as a basis for strategic evaluation for management. In addition, research that utilizes internal management reports containing Budget and Actual data as a basis for evaluating hotel financial performance is still very limited. Most studies use published financial reports so they do not describe the operational performance evaluation process.

2. Literature Review and Problem Statement

Hotel financial performance reflects the company's ability to generate revenue, control operational costs, and achieve optimal profitability levels as an indicator of successful sustainable business management [10]. In the hotel industry, financial performance evaluation is not only profit-oriented, but also takes into account operational indicators that are able to describe the level of hotel productivity [11], [12].

Operational indicators used in the hotel industry include Occupancy Rate, Average Daily Rate (ADR), and Revenue per Available Room (RevPAR). Occupancy Rate reflects the utilization rate of available rooms, ADR indicates the average rate of rooms sold, and RevPAR measures a hotel's ability to generate revenue from all available rooms. These indicators are key metrics for evaluating a hotel's operational effectiveness because they demonstrate the success of marketing strategies, room capacity management, and revenue optimization [13].

In addition to operational indicators, hotel performance evaluations need to consider profitability indicators, one of which is Gross Operating Profit (GOP). GOP reflects a hotel's ability to generate profit from operational activities before accounting for non-operating expenses, making it a more representative indicator of operational efficiency than revenue alone. Integrating operational indicators with profitability indicators provides a more comprehensive evaluation of hotel performance [12]. This shows that hotel performance measurement should combine operational and profitability indicators to provide more accurate information for managerial decision making [12], [13]. The integration of these two indicators provides a more comprehensive evaluation of hotel performance and supports managerial decision making.

3. Method

This research uses a quantitative descriptive approach with a case study method at the Mercure Bandung Nexa Supratman Hotel. This approach aims to analyze the dynamics of the hotel's financial performance based on operational and profitability indicators during the 2022–2025 period.

The data used is secondary data obtained from the internal management reports of the Mercure Bandung Nexa Supratman Hotel, including Occupancy Rate (OR), Average Daily Rate (ADR), Revenue per Available Room (RevPAR), Gross Operating Profit (GOP), as well as Budget and Actual data. All data are analyzed descriptively to illustrate changes in the hotel's financial performance during the study period.

Data analysis techniques used Trend Analysis, Growth Analysis, and Budget versus Actual Analysis. Trend Analysis is used to identify patterns of changes in operational and profitability indicators from year to year. Growth Analysis is used to measure the annual growth rate of each indicator using the equation [14]:

$$Growth\ Rate\ (\%) = \frac{X_t - X_{t-1}}{X_{t-1}}\ x\ 100\%$$

Description:

Growth Rate (%) = growth rate in percent.

Xt = variable value in period t (current period).

X(t-1) = variable value in the previous period.

Furthermore, Budget versus Actual Analysis is used to evaluate the level of target achievement through analysis of the difference between the budget and realization with the equation [15]:

Budget Variance = Actual Result – Budgeted Result

Description:

BV = Budget Variance

A = Actual

B = Budget

This analysis is used to identify favorable variance if the realization exceeds the income target or costs are lower than the budget, as well as unfavorable variance if the realization does not reach the target or costs exceed the budget [15]. All analysis results are presented in the form of graphs and descriptive discussions to provide an overview of the dynamics of financial performance.

4. Results And Discussion

Operational Performance Trend Analysis

The study results show that the operational performance of the Mercure Bandung Nexa Supratman Hotel fluctuated during the 2022–2025 period. The occupancy rate was recorded at 84% in 2022, then decreased to 63.54% in 2023. In 2024, the occupancy rate increased again to 83%, but then declined again to 72% in 2025. These fluctuations indicate that the hotel's occupancy rate is still influenced by market demand dynamics, hotel industry conditions, and the implementation of marketing strategies.

The average daily rate increased from IDR 473,471 in 2022 to IDR 805,754 in 2023, then decreased to IDR 668,556 in 2024 and remained relatively stable at IDR 660,946 in 2025. These changes indicate adjustments to the hotel's pricing strategy to maintain a balance between occupancy and room revenue.

Changes in OR and ADR impact RevPAR. RevPAR increases from Rp254,964 in 2022 to Rp512,004 in 2023 and reaches Rp550,984 in 2024 before declining again to Rp477,755 in 2025. This finding indicates that the increase in room revenue is influenced by a combination of occupancy rates and room rate setting strategies.

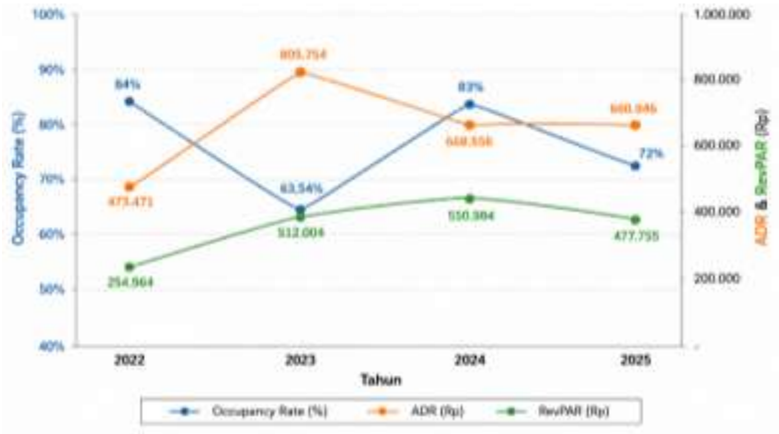

Fig. 1. Occupancy Rate, ADR, and RevPAR Trends

Fig. 1 shows a fluctuating pattern of changes in occupancy rate, ADR, and RevPAR. Although occupancy rates declined in 2023, the increase in ADR drove RevPAR upwards. Conversely, the decline in occupancy rates in 2025 caused RevPAR to decline, despite relatively stable room rates.

Hotel Revenue and Profitability

The revenue structure of the Mercure Bandung Nexa Supratman Hotel during the study period was still dominated by Room Revenue, contributing approximately 65–73% of total revenue. Food and Beverage (F&B) contributed approximately 25–35%, while Modifications & Others contributed only around 1–2%. This indicates that the hotel's revenue source remains heavily dependent on room sales.

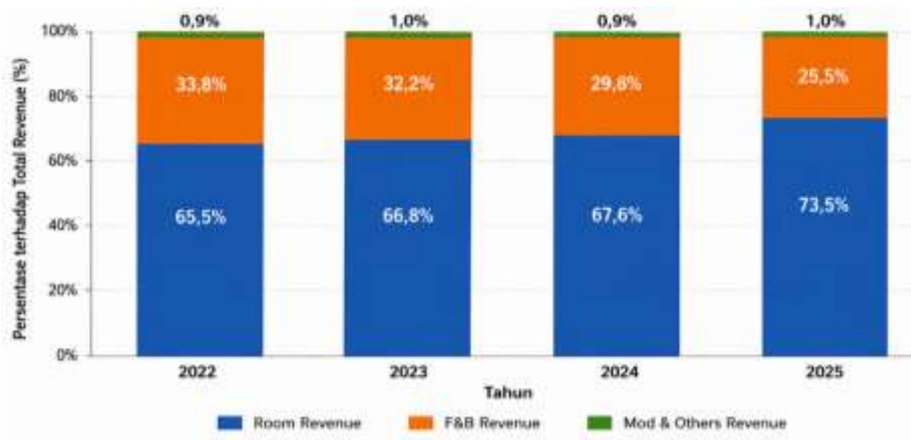

Fig. 2. Hotel Revenue Composition

Fig. 2 shows that Room Revenue continues to dominate total hotel revenue each year. Meanwhile, F&B Revenue's contribution tends to decline in 2025, causing the revenue composition to become increasingly concentrated in room revenue. Furthermore, Total Revenue increases from approximately IDR 42.64 billion in 2022 to IDR 50.63 billion in 2023 and reaches IDR 52.65 billion in 2024. However, in 2025, total revenue declines again to approximately IDR 42.95 billion.

Profitability analysis shows that GOP increases from IDR 16.47 billion in 2022 to IDR 20.97 billion in 2023, but declines to IDR 18.88 billion in 2024 and again to IDR 16.75 billion in 2025. These results indicate that the increase in revenue has not been fully accompanied by efficiencies in operational cost control.

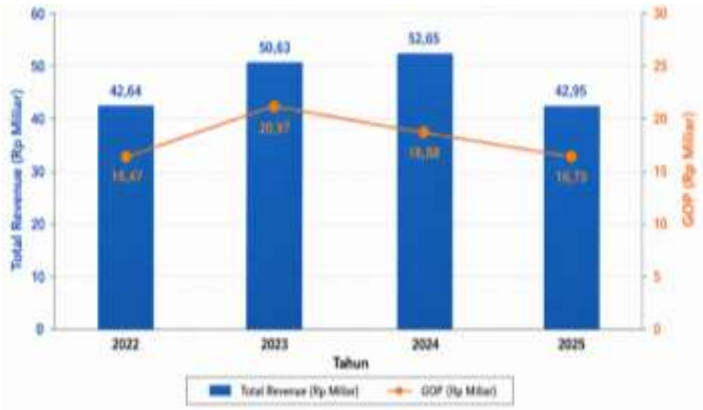

Fig. 3. Total Revenue and GOP Trends

Fig. 3 shows that an increase in Total Revenue is not always accompanied by an increase in GOP. This indicates that changes in operating profit are influenced not only by revenue but also by the hotel's operating expenses.

Growth and Budget Variance Analysis

The growth analysis results show that operational and financial indicators experience fluctuating development. 2023 was the period with the highest growth, while in 2025, most indicators experienced a decline. The Budget versus Actual analysis also shows that hotel target achievement is inconsistent. Occupancy Rate, RevPAR, and GOP exceeded targets in some periods, but fell short in others. This indicates that target achievement is heavily influenced by changes in market demand, revenue management strategies, and the effectiveness of operational cost controls.

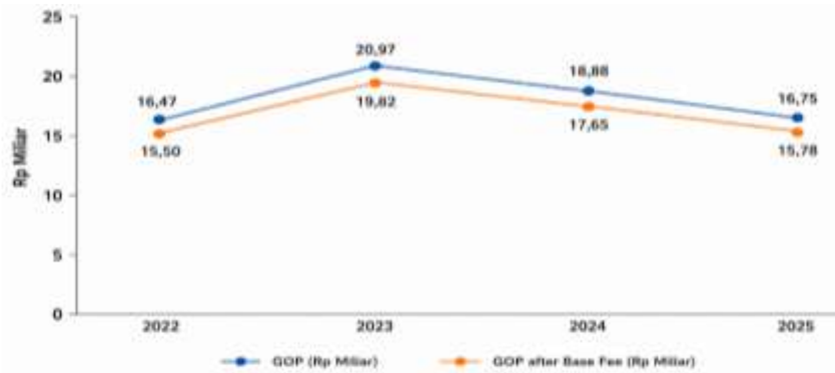

Fig. 4. Trends in GOP and GOP after Base Fee

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Fig. 4 shows that GOP after Base Fee is consistently below GOP, but exhibits the same pattern of change. This indicates that base fees impact the hotel's net operating profit.

Budget versus Actual Analysis

A comparison of budget and actual performance shows that some indicators exceeded targets, while others fell short. Occupancy Rate exceeded targets in 2022 and 2024, but fell short in 2023 and 2025. A similar trend occurred for RevPAR and GOP, which showed favorable variance in some periods and unfavorable variance in others.

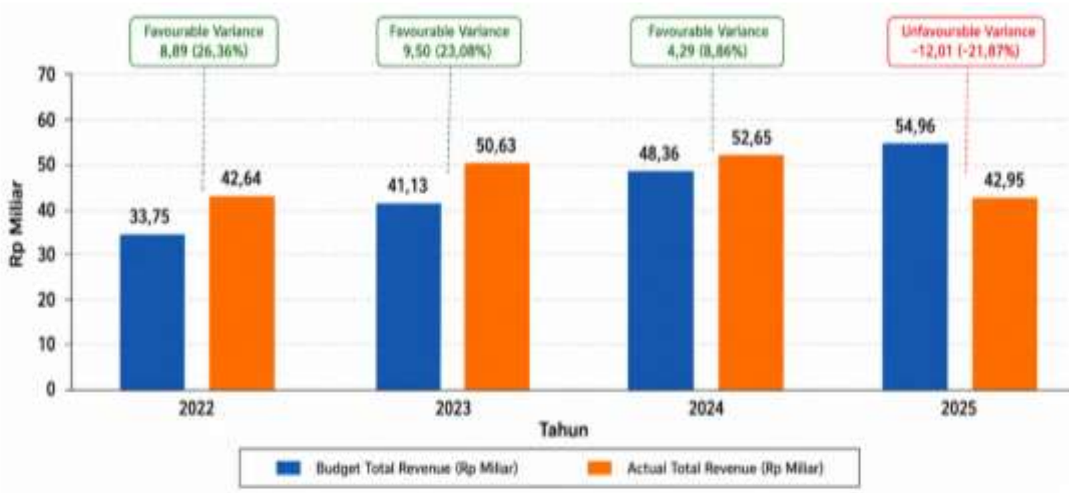

Fig. 5. Budget versus Actual Analysis

Fig. 5 shows that Total Revenue exceeded the budget in 2022–2024, indicating above-target revenue performance (favorable variance). However, in 2025, revenue was below budget with an unfavorable variance of 21.87%. This indicates that the hotel's revenue target achievement is inconsistent and is still influenced by changes in market demand and the effectiveness of revenue management strategies and operational controls.

Discussion

The Budget versus Actual Analysis results show that the revenue performance of the Mercure Bandung Nexa Supratman Hotel experienced changes during the 2022–2025 period. In 2022, 2023, and 2024, Total Revenue exceeded the established target with favorable variances of 26.36%, 23.11%, and 8.86%, respectively. This achievement demonstrates that the hotel's operational and revenue management strategies were able to generate revenue above budget targets. This success was supported by increases in Occupancy Rate, ADR, and RevPAR, which directly increased room revenue, the main contributor to total hotel revenue.

Conversely, in 2025, an unfavorable variance of 21.87% occurred, with Total Revenue only reaching Rp42.95 billion, lower than the target of Rp54.96 billion. This decline indicates that the revenue target has not been optimally achieved. This situation is influenced by a decline in the occupancy rate from 83% in 2024 to 72% in 2025, which will result in a decrease in RevPAR and a reduction in room revenue. Although ADR remains relatively stable, the decline in occupancy rates means that hotel revenues will not be able to meet planned targets.

These findings indicate that achieving hotel revenue targets is influenced not only by room pricing strategies but also by management's ability to increase occupancy rates, optimize room capacity, and adapt marketing strategies to changing market demand.

Therefore, budgeting needs to take dynamic market conditions into account to ensure that targets are realistic and achievable. The results of this study are in line with Herath et al., who stated that revenue management plays an important role in improving hotel financial performance through optimizing occupancy rates and pricing strategies [3]. In addition, research by Mulet-forteza et al., shows that hotel performance evaluation needs to consider operational and financial indicators simultaneously because changes in occupancy rates and room rates will affect the achievement of hotel revenue and profitability [11]. Therefore, Budget versus Actual Analysis is an important evaluation tool for management to identify performance deviations, evaluate strategies, and formulate improvement policies at the Mercure Bandung Nexa Supratman Hotel.

5. Conclusion

The results of the study indicate that the operational and financial performance of the Mercure Bandung Nexa Supratman Hotel during the 2022–2025 period experienced fluctuations. Increases in Occupancy Rate, ADR, and RevPAR contributed to increased hotel revenue, but were not always followed by an increase in GOP because they were still influenced by operational costs. Recommendations: A comprehensive evaluation of hotel financial performance needs to be carried out by integrating operational, revenue, and profitability indicators as a basis for strategic decision-making to improve the competitiveness and sustainability of the hotel business. Further research can develop a hotel financial performance prediction model by integrating operational indicators, financial indicators, and external factors through a panel data approach, VAR, or Machine Learning.

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