

# Revenue Management Definitions

- Actual** • Actual revenue results (occupancy and average rate included)
- Ask For Rate** • You sell this rate only after the caller asks for it
- Average Rate** •  $\text{Room Revenue} \div \text{Rooms Sold}$
- Average Length of Stay** • Calculated average for all hotel guest stays
- Base** • Fixed rate and contracted business such as government, preferred corporate, consortia etc. This is generally lower rated business a hotel would accept to help reach the goal of 100% occupancy.
- Blocking** • Reserving a particular room type or room number for a guest
- Close-Outs** • You can completely close your hotel to accepting reservations for any date (s)
- Closed to Arrivals** • **(CTA)** A restrictor that stops guests from arriving at your hotel on a specified date
- Confidential Rate** • You don't tell the guest their rate. This usually involves tour rates or special package rates
- Definite** • Group room contract that has been signed or rooms are guaranteed for arrival or until cut-off date
- Demand** • The desire for a commodity together with the ability to pay for it
- Denial** • Rejected business
- Duration Controls** • Restrictors such as: time constraints; no one night arrival; or minimum length of stay
- Elasticity** • a measure of sensitivity of demand for goods or services to changes in price or other marketing variables such as advertising
- Fenced Rates** • Fenced rates are a reservations department sales tool which provides a series of options to the guest. Guests are not forced to accept these restrictions but their rate is determined by which (if any) fences they accept. Examples of fenced rate options include nonrefundable and non-cancelable reservations, advanced purchase reservations, and staying over a weekend.
- Forecast** • Expected revenue results based on analysis, (occupancy and average rate included)

<b>Guarantees</b>	<ul style="list-style-type: none"> <li>• You may require advance deposits, credit card deposits or credit card guarantees</li> </ul>
<b>GSI</b>	<ul style="list-style-type: none"> <li>• Guest Satisfaction Index</li> </ul>
<b>Incremental Revenue</b>	<ul style="list-style-type: none"> <li>• Revenue above and beyond what was originally budgeted</li> </ul>
<b>Inventory</b>	<ul style="list-style-type: none"> <li>• You can control what type of rooms and how many rooms you make available to a particular market segment. Caution: Travellers are smart and many will call both your hotel and the CRS. If the traveller discovers that she can get the room she wants from your hotel but not the CRS, it damages your credibility</li> </ul>
<b>IT Reservations</b>	<ul style="list-style-type: none"> <li>• Individual traveller</li> </ul>
<b>Lead Time To Book</b>	<ul style="list-style-type: none"> <li>• The time difference between the reservation booking date and the date of arrival</li> </ul>
<b>Market Segment</b>	<ul style="list-style-type: none"> <li>• Group of guests with similar traits and purchasing habits. <i>For example</i>, corporate, seniors, government, etc</li> </ul>
<b>Minimum Length of Stay</b>	<ul style="list-style-type: none"> <li>• <b>(MLOS)</b> A restrictor that allows you to accept reservations only from guests staying a minimum number of nights specified by you.</li> </ul>
<b>No Show</b>	<ul style="list-style-type: none"> <li>• Guests who have guaranteed reservations, do not cancel and do not arrive at the hotel on the reserved date of arrival</li> </ul>
<b>Occupancy %</b>	<ul style="list-style-type: none"> <li>• <math>\text{Rooms Sold} \div \text{Rooms Available}</math></li> </ul>
<b>Overbooking</b>	<ul style="list-style-type: none"> <li>• Practice in revenue management where more reservations are taken than rooms available</li> </ul>
<b>Pace</b>	<ul style="list-style-type: none"> <li>• The speed at which rooms in a market segment are reserved (pick-up)</li> </ul>
<b>Perishable Hotel Room</b>	<ul style="list-style-type: none"> <li>• Can't be put on the shelf and sold tomorrow</li> </ul>
<b>Pick-up</b>	<ul style="list-style-type: none"> <li>• Typically refers to group blocks. The number of reservations that are made and deducted from the group block</li> </ul>
<b>Regrets</b>	<ul style="list-style-type: none"> <li>• Reservation calls that do not result in a completed reservation and are logged</li> </ul>
<b>Revenue Management</b>	<ul style="list-style-type: none"> <li>• The practice of maximizing profits from the sale of perishable assets by controlling price and inventory and improving service</li> </ul>
<b>RevManager</b>	<ul style="list-style-type: none"> <li>• Management position responsible for maximizing hotel revenue and profits</li> </ul>

<b>Revpar</b>	<ul style="list-style-type: none"> <li>• Revenue per available room</li> <li>• room revenue ÷ available rooms</li> <li>• occupancy % x average rate ÷ 100</li> </ul>
<b>R. O. I.</b>	<ul style="list-style-type: none"> <li>• Return on Investment</li> </ul>
<b>Room Revenue</b>	<ul style="list-style-type: none"> <li>• Rooms sold x average rate</li> </ul>
<b>Sell Directed Rate</b>	<ul style="list-style-type: none"> <li>• The rate you sell first to the caller</li> </ul>
<b>Sell Through</b>	<ul style="list-style-type: none"> <li>• This restriction allows you to put an exception on dates you have completely closed out. Any time you apply a Close-out to a date, a Sell Through (if you have set one) will automatically activate.</li> </ul> <p>The Sell Through feature consists of 2 numbers. The first is the number of rooms you want the CRS to sell through the closed-out date and the second is the minimum number of nights you will accept.</p> <p>Example: If you set your Sell Through at <b>10/5</b>, it means that the CRS will sell 10 rooms through your close- out date for guests staying a minimum of 5 nights</p>
<b>Stay Pattern</b>	<ul style="list-style-type: none"> <li>• The days (or pattern) that guests typically follow when staying at a particular hotel. <i>Usually varies by market segment</i></li> </ul>
<b>Supply</b>	<ul style="list-style-type: none"> <li>• The amount of a commodity available at a given price</li> </ul>
<b>Tentative</b>	<ul style="list-style-type: none"> <li>• Reservations that are not guaranteed, but holding space until final decision is made</li> </ul>
<b>Walk-in</b>	<ul style="list-style-type: none"> <li>• Guest who arrives at the hotel desiring a room and does not have a reservation</li> </ul>
<b>Wash</b>	<ul style="list-style-type: none"> <li>• Difference between group block and what we expect they will actually pick up</li> </ul>
<b>Yield Management</b>	<ul style="list-style-type: none"> <li>• The practice of maximizing profits from the sale of perishable assets by controlling price and inventory and improving service</li> </ul>