

Glossary

As the silos in hotel organizations continue to erode, commercial professionals are increasingly expected to engage at a higher level with asset managers and owners (not to mention GMs and colleagues in other commercial disciplines).

In those interactions, commercial leaders must demonstrate their knowledge of their own discipline AND all the hotel's operations and functions that run parallel with it. This kind of business acumen validates your proficiency and shows colleagues and stakeholders that they can trust and rely on your performance.

One easy way to brush up on business acumen is to sharpen an understanding of the acronyms, jargon, and terminology used in and around the business of hotels. It will strengthen skills, build a reputation as a knowledgeable team member, and form the foundation for future success.

Addendum	Additional document added to a contract with further terms and conditions.
ADR (RevPOR)	Average Daily Rate (Revenue Per Occupied Room): Indicates the average value received for rooms sold Calculation: Revenue / Occupied Rooms
ADR Index	A measure of a hotel's ADR performance relative to a group of hotels. An ADR Index of 100 equals fair share of ADR, compared to the group of hotels. An ADR Index greater than 100 represents more than a fair share of the group's ADR performance. An ADR Index below 100 reflects less than a fair share of the group's ADR performance. ADR Index = (Hotel ADR / Group of Hotels' ADR) x 100
ALOS	Average Length of Stay: Important stat for profit since longer LOS has lower costs than same amount of room nights/revenue with 1-night turnovers Calculation: # of Occupied Room Nights / # of Reservations
Amortization	An accounting term that refers to the process of allocating the cost of an intangible asset over a period of time. It also refers to the repayment of loan principal over time. When a hotel amortizes expenses, it helps tie the cost of the asset with the revenues it generates. For example, if a hotel sales office buys a ream of paper, it writes off the cost in the year of purchase and generally uses all the paper the same year. Conversely, with a large asset like a building, the owner reaps the rewards of the expense for years, so it writes off the expense incrementally over several years. A related term, depreciation, refers to tangible assets.
Ancillary Revenue	Revenue generated from goods or services that differ from or enhance the main services or product lines of a company. For example, spa and wellness treatments, mini bar, transportation, etc.
Ancillary Revenue Per Room	Determines total value of sold rooms beyond solely the room rate; can be broken down by segment to understand most valuable guests even if they do not pay the highest room rate Calculation: Total Non-Room Revenue / Total Available Rooms
Annual Goals	Can be applied to any metric for the year Calculation: Actual / Goal
Attrition	A contract clause that outlines the client's commitment to pay for a specific number of rooms/meeting space and, should the room/meeting space number decrease, this reduction of numbers may require a payment as a penalty.
Attrition Collection	Performed by Accounting in partnership with Sales to achieve target; should have protocols to ensure hotels collect all revenues owed since they are usually pure profit Calculation: Total Contracted Attrition / Total Attrition Collection Actualized = Attrition Collection Success
Average Daily Rate (ADR)	Metric derived by dividing actual daily room revenue by the total number of rooms sold ADR = Actual Daily Room Revenue / Total # of Rooms Sold

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Average Length of Stay (ALOS)	<p>Important stat for profit since longer LOS has lower costs than same amount of room nights/revenue with 1-night turnovers</p> <p>$ALOS = \# \text{ of Occupied Room Nights} / \# \text{ of Reservations}$</p>
B2B	Business to Business
B2C	Business to Consumer
BAR	Best Available Rate
Best Available Rate (BAR)	<p>The non-qualified, publicly available rate that serves as the baseline for comparison between hotels. This rate serves as the benchmark and typically drives discount and package pricing based on a percentage or dollar amount above or below this rate. BAR replaced Rack Rates as revenue management evolved and became more dynamic.</p>
Bounce Rate	<p>The percentage of visitors to a website that leave without clicking or interacting with any portion of the page. For example, if 100 people visit a website, and 50 of them immediately leave, the website has a bounce rate of 50%. Websites aim to have as low a bounce rate as possible, and averages tend to be between 40-60%.</p>
Brand Contribution	<p>Percent of business received from the property's affiliated brand; shows the value of the brand with ultimate goal of high direct bookings vs. third-party bookings</p> <p>Calculation: Total affiliated brand contribution / total hotel business (either room nights or revenue)</p>
Brand Costs	<p>This exact calculation is unique per hotel, but should consider what fees are clearly in support of the brand / flag (e.g., all hotels would incur a GDS transaction fee, so that fee may not be unique to the brand, but an additional call center fee to support the specific brand could be included)</p> <p>Calculation: Loyalty + Redemption Loss + Comp Upgrade + Marketing Fees + Reservation Fees = Brand Costs</p>
BT	Business Travel
Campaign	<p>A series of advertising messages that share a theme, and market a product or service. In the context of digital marketing, campaigns can be run through search and display network advertising platforms (e.g., Google, Bing), social media, email, and/or other online platforms.</p>
Cancellation Clause	<p>This contract clause summarizes the fee owed by a group if its event does not take place. There is often a sliding scale that indicates the fees owed based on when the meeting cancels.</p>
Cancellation Rate	<p>Valuable for understanding market segment behavior, future pace development, and net ROI for marketing campaigns when some bookings will cancel</p> <p>Calculation: Total Cancelled / Total Booked = % Cancellation Rate</p>
CapEx	<p>Capital Expenditure. Money spent by a company to upgrade or acquire physical assets such as buildings or equipment.</p>
Capitalization Rate	<p>A ratio that can be used to estimate the value of income-producing properties. Put simply, a cap rate is the net operating income of an asset divided by its sales price or value expressed as a percentage. A cap rate is determined by evaluating the financial data of similar properties which have recently sold in a specific market. For example, a US\$1-million sale price of an apartment building that produces an annual net cash flow of US\$90,000, results in a calculated capitalization rate of 9 percent. $[90,000/1,000,000 = .09]$</p>
Catering Contribution Per Group Room Night	<p>The amount of banquets/catering revenue a group produces in relation to the room nights they use</p> <p>Calculation: Banquets/Catering Revenue Divided by Group Room Nights</p>
Catering Segment Mix	<p>% of catering business associated with group vs. local (social) catering; useful for understanding total revenue value of groups and sales goals for targeting and prospecting</p> <p>Calculation: Group OR Local Catering Revenue / Total Catering Revenue</p>
Chain Scales	<p>Chain scale segments are a method by which branded hotels are grouped based on the actual average room rates. Independent hotels, regardless of their average room rates, are included as a separate chain-scale category. The chain-scale segments are:</p> <ol style="list-style-type: none"> 1. Luxury 2. Upper Upscale 3. Upscale

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	<p>4. Upper Midscale 5. Midscale 6. Economy 7. Independents</p>
Channel Mix	<p>Percent of business received from a given channel. Useful for creating action plans for optimal mix based on channel cost and missing share according to Demand360 or other tools</p> <p>Calculation: Bookings from channel x / total bookings OR Revenue from channel x / total revenue</p>
Class	<p>An industry categorization which includes chain-affiliated and independent hotels. The class for a chain-affiliated hotel is the same as its chain scale. An independent hotel is assigned a class based on its ADR, relative to that of the chain hotels in its geographic proximity.</p>
Closed to Arrival (CTA)	<p>A room inventory control function. Indicates that a reservation cannot be confirmed for arrival on this date.</p>
Commission	<p>A charge that a hotel pays to a third party (e.g., travel agent, OTA) for selling its hotel rooms. It is usually a fixed percentage of the room rate.</p>
Comp Set	<p>Competitive Set. Comparable hotels that compete for guests.</p>
Concession	<p>Cost or consideration given by a seller to motivate the buyer to complete the purchase.</p>
Constrained Supply	<p>The condition that exists when sellers cannot readily increase the amount of the product or services available for sale as consumer demand for them increases.</p>
Conversion Rate	<p>The rate at which visitors to a website complete the predefined goal. It is calculated by dividing the number of goal achievements by the total number of visitors. For example, if 100 people visit a website and 10 of them complete the conversion goal (like filling out a contact form) then the conversion rate is 10%.</p>
COPE Revenue	<p>COPE is Contribution to Operating Profit & Expense; revenue after all booking costs are deducted from Guest Paid Revenue, including commissions, channel and transaction fees, loyalty fees, and consortia amenity costs; metric is also applied to ADR and RevPAR</p> <p>Calculation: Hotel Collected Revenue - Booking Costs (channel cost, transaction fee, loyalty fee, consortia fee)</p>
Cost of Sales	<p>Direct and indirect costs associated with making a booking; applicable to all revenue streams in order to set profitable pricing for goods and services, limit promotions and marketing tactics to profitable levels, and evaluate optimal business mix by channel and segment cost</p> <p>Calculation: Rooms = TA Commissions + GDS fees + cost of loyalty points awarded + system pass-through + attributed marketing dollars + Sales' salaries and benefits F&B = ingredients + service + waste</p>
CPC	<p>Cost Per Click: Specific to PPC (pay-per-click) campaigns where you bid for your ad to be displayed vs. competitors' ads; highest bid wins, but is only charged when the viewer clicks on the ad, so CPC should be viewed in conjunction with Impressions and CTR for these campaigns</p> <p>Calculation: Campaign Ad Spend / # of Clicks</p>
CPOR	<p>Cost Per Occupied Room: Indicates the average cost associated with the sale of a room; by assessing if those costs are reasonable and comparing them to industry benchmarks, hotels can optimize rooms profitability</p> <p>Calculation: Total Rooms Departments Cost / Number of Rooms Sold</p>
CRM	<p>Customer Relationship Management. Refers to practices, strategies, and technologies that companies use to manage and analyze customer interactions and data throughout the customer lifecycle, with the goal of improving business relationships with customers, assisting in customer retention, and driving sales growth (e.g., Salesforce)</p>
CRO	<p>Conversion Rate Optimization. A branch of digital marketing that aims to improve the conversion rate of web pages, thus making the pages more profitable. Conversion rate optimization combines psychology with marketing and web design to influence the behavior of the web page visitor. CRO uses a type of testing called "A/B split testing" to determine which version of a page (version A or version B) is more successful.</p> <p>Can also stand for "Central Reservations Office."</p>

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CRS	Central Reservation System
CTA	<p>Call to Action. A type of online content that drives the user to click-through to engage with a brand. This can be an image, button, link, etc. that encourages someone to book, download, register, call, or act in any way.</p> <p>Can also stand for "Closed To Arrival."</p>
CTR	<p>Click Through Rate: Applies to eblasts, PPC, remarketing, and any other digital marketing; more meaningful than impression or recipient count, since these are the individuals who showed interest in the messaging and acted on it, most likely of all stats to convert to bookings</p> <p>Calculation: % of Recipients who clicked on a digital ad / Total # of Recipients</p>
Customer Relationship Management (CRM)	Refers to practices, strategies, and technologies that companies use to manage and analyze customer interactions and data throughout the customer lifecycle, with the goal of improving business relationships with customers, assisting in customer retention, and driving sales growth (e.g., Salesforce).
Demand Change YoY	<p>Demand change equates to both ADR and occupancy potential and is needed to understand if demand is keeping up with supply changes.</p> <p>Calculation: Total Occupancy Previous Year - Total Occupancy Current Year = Change Value</p>
Demand Indicators	Factors such as behaviors or events that will have a direct impact — either positive or negative — on the demand in a market and/or for a hotel.
Direct Traffic	Website visits with no referring website.
Displacement Analysis	Compares the value of different pieces of business to identify the one that brings the most value to the hotel. For instance, use a displacement analysis to calculate the value of a group sale by contrasting it to transient business that it would displace.
DMC	Destination Management Company. A locally based, for-profit tourism business that provides (mostly) groups with travel, meeting, and entertainment needs.
DMO	Destination Marketing Organization. Similar to Convention & Visitors Bureaus (CVB). An organization that promotes a town, city, region, or country in order to increase the number of visitors to it.
DOM	Director of Marketing
DORM	Director of Revenue Management
DOS	Director of Sales
DOSM	Director of Sales and Marketing
EBITDA	<p>Earnings Before Interest, Taxes, Depreciation, and Amortization: The profit from all revenues and expenses; in addition to including departmental expenses and undistributed operating expenses, also includes non-operating expenses that are mostly outside of the management team's control. These items include insurance, property tax, lease expense, ownership expense, etc. EBITDA is used to evaluate the overall health of an asset. It is worth noting that EBITDA differs from NOI in that it includes restricted cash (as opposed to unrestricted cash which NOI shows).</p> <p>Other options to calculate EBITA include:</p> <p>= Operating Income + Depreciation & Amortization (where Operating Income is profit after subtracting operating expenses)</p> <p>= Gross Operating Profit – Management Fees – Fixed Expenses/Income (Insurance, Property Tax, Ownership Expenses, Lease Expenses/Income, Other Expenses/Income, etc...)</p> <p>Can be calculated in different ways, but the most common method for hotels is: Net Income + Taxes + Interest Expense + Depreciation & Amortization</p>
Email Automation	A marketing system that uses software to automatically send emails based on defined triggers. Multiple automated emails in a sequence are used to create user funnels and segment users based on behavior. For example, an automation funnel could be set to send email 1 when a person provides their email address, then either email 2a or 2b would be sent based on whether the person clicked on the first email.
Engagement	Number of social media account followers who are actively engaged in the account, liking and responding to posts; more meaningful stat than follower count alone, since these individuals are active enthusiasts of your product and more likely to respond to marketing and share it with their connections

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	Calculation: % of Engaged Followers / Total # of Followers
External Analysis	Provides hoteliers with a view of what is happening within the market. This includes consumer trends (demand) and competitors (supply).
F&B Minimum	The total dollar amount of catered events (not including service charge and sales tax) required by the hotel, based on the meeting space and dates being held.
Fair Share	Fair share can be thought of as the subject hotel's "piece of the pie" in the market. For example, if the subject hotel's ADR is \$50 and the ADR of its competitive set is \$50, the subject hotel's index would total 100. If the subject hotel's ADR totaled \$60, its index would be 120, indicating the hotel has captured more than its fair share. If the subject hotel's ADR totaled \$40, its index would be 80, indicating the hotel has captured less than its fair share.
Fixed Cost	An expense that remains constant despite increases or decreases in volume and must be paid regardless of hotel occupancy.
Fluctuating Demand	Demand that changes due to many factors, some predictable, and some not predictable, including seasonality, market-level demand drivers, the macroeconomic environment, and many others.
Force Majeure	This contract clause removes liability for natural and unavoidable catastrophes that interrupt the expected course of events and restrict participants from fulfilling obligations. Commonly referred to as an "act of God" or "impossibility" clause, it is often used during natural disasters that make it impossible for the guests to travel either out of their city or to the hotel's city.
Forecast Accuracy	The percent of actual revenue compared to budgeted or forecast revenue; when measuring multiple periods (typically months) Mean Absolute Percent Error (MAPE) should be factored to most accurately calculate Forecast Accuracy (e.g., if the absolute variance for January is 8.0 and the absolute variance for February is 6.0, the MAPE for those two months would be 7.0) Calculation: Actualized Revenue / Forecasted Revenue
Forgone Potential of Group Revenue (FPGR)	If one group takes up too much space for the rooms booked, the hotel is unable to book another group requiring meeting space "on top of it" and optimize the hotel's revenue.
FPGR	Forgone Potential of Group Revenue
FY	Fiscal Year
GDP	Gross Domestic Product
GDPR	General Data Protection Regulation. A legal framework that sets guidelines for the collection and processing of personal information of individuals within the European Union (EU). The GDPR sets out the principles for data management and the rights of the individual, while also imposing fines that can be revenue-based. The General Data Protection Regulation covers all companies that deal with data of EU citizens, so it is a critical regulation for corporate compliance officers at banks, insurers, and other financial companies. GDPR came into effect across the EU on May 25, 2018.
GDS	Global Distribution System
Global Distribution System (GDS)	Computerized reservation networks through which users — travel agents, airline employees, or travelers — view data on a wide range of travel services, including air, hotel, auto rental, and the like. Several GDSs provide their services to users worldwide (e.g., Amadeus, Sabre) while others provide regional or national coverage.
GOP	Gross Operating Profit: The profit from all controllable revenues and expenses; it is the balance of total departmental revenues (rooms, F&B, communications, other) less total departmental expenses and undistributed operating expenses (A&G, information & telecommunications, sales & marketing, maintenance, utilities, etc.). This metric is largely used to measure profitability and the operating performance of the hotel and its management team, since the items included are within their control. Calculation: Total Departmental Revenues – (Total Departmental Expenses + Undistributed Operating Expenses)
GOPPAR	Gross Operating Profit Per Available Room: Reflects the residual income that remains after accounting for all the costs of doing business divided by the number of available rooms Calculation: GOP / Available Rooms

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Gross Domestic Product (GDP)	GDP is the total of all goods and services produced in an economy. As it measures the market value of all final goods and services produced by a nation, it is a fundamental indicator of an economy's performance. GDP is highly correlated with personal incomes and standard of living. It can be looked at as a true measure of the value added by an economy.
Gross Operating Profit Per Available Room (GOPPAR)	$\text{GOPPAR} = (\text{Revenue} - \text{Expenses}) / \text{Number of available rooms}$
Group Catering	Business associated with a group that is utilizing overnight guest rooms. Also called or group banquet.
Group Ceiling	The maximum number of rooms at a hotel that will be allocated to groups each night.
Group F&B Contribution	How much food & beverage revenue a group is bringing to the hotel; when evaluating groups, it is important to consider the Group F&B Contribution in addition to the Room Revenue in order to maximize Total Hotel Revenue; a property's average Group F&B Contribution helps set group parameters for peak and off-peak periods Calculation: $\text{Total Group F\&B Revenue} / \text{Total Group Room nights}$
Group Mix	Percent of total business received from group guests; determines marketing plans and strategies based on group mix goal; useful to compare against comp set in STAR to understand group potential Calculation: $\text{Group Segment Bookings} / \text{Total Bookings}$ OR $\text{Group Revenue} / \text{Total Revenue}$
Group Slippage	Crucial for forecasting group revenues and optimizing revenue by setting appropriate oversell factors Calculation: $\text{Contract Group Rooms} - \text{Actualized Group Rooms} = \text{Slippage Value}$
GTD	Guaranteed
Guest Paid Revenue	The amount of revenue a guest pays for a booking, whether they pay the hotel directly or a third party; differs from charged room revenue mainly for wholesalers and OTAs that upcharge guests from the negotiated discount provided by hotel; metric can be applied to ADR and RevPAR Calculation: $\text{Room Revenue} + \text{OTA/Wholesale Margin}$
Hotel Collected Revenue	Tracks the revenue earned only on the portion collected directly by the hotel so excludes any wholesale commissions paid to third party wholesalers or OTAs; metric is also applied to ADR and RevPAR Calculation: $\text{Guest Paid Revenue} - \text{Commissions}$
Indemnification	A contract clause in which one party (the group or the hotel) agrees to be financially responsible for specific damage or loss incurred by the other party. Indemnification clauses in hotel contracts should be reciprocal and should make each party responsible for their own negligence.
Index	Indices measure a hotel's performance relative to an aggregated set of comparable hotels (e.g., competitive set, market, or submarket); utilize indices to measure performance in the three key areas of Occupancy, ADR, and RevPAR; an index of 100 means a hotel is capturing its fair share compared to the set; an index greater than 100 represents more than fair share; an index below 100 reflects less than fair share Calculation: $(\text{Hotel Metric} / \text{Comp Set Metric}) \times 100$ Additionally, index refers to all the web pages that Google has crawled and stored to be shown to Google searchers (e.g., "The Google index has billions of websites"). When used as a verb, it refers to the act of Google copying a web page into their system (e.g., "Google indexed my website today, so it will start appearing in their search results").
Internal Analysis	Provides hoteliers with an understanding of what is happening within their own hotel or company that can influence their position within the market.
KPI	Key Performance Indicator. A measurable value that demonstrates how effectively a company is achieving key business objectives.
Last Room Availability	LRA. An agent's ability to book the last available room in a hotel.

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Lead Response Time	<p>A time stamp that shows how long it takes sales to respond to inbound inquiries/marketing qualified leads; indicates sales effectiveness and potential staffing level and/or automation/system needs; proven linkage to conversion</p> <p>Calculation: Date of first lead response - date lead received (in hours or days)</p>
Lead Volume	<p>Measures # of inbound leads over a specific time period to determine capacity needs, and value of inbound tools; can be used in sales goals to ensure proactive selling practices and higher production</p> <p>Calculation: # of Prospects / Designated Time Frame</p>
Local Catering	<p>Business that is not connected with any overnight guest rooms. Also called local banquet.</p>
Lookalike Audience	<p>A targeting option offered by Facebook's ad service. This audience is created from a source audience (e.g., fans of your Facebook page, an email list), and from this list Facebook will identify common characteristics between audience members. Facebook will then target users that exhibit similar interests or qualities.</p>
Loyalty Mix	<p>Percent of business received from members of hotel's loyalty program; evaluates effectiveness of program and associated costs</p> <p>Calculation: Loyalty program bookings / total bookings OR Loyalty program revenue / total revenue</p>
LRA	<p>Last Room Availability. An agent's ability to book the last available room in a hotel.</p>
LTV	<p>Loan-To-Value. The percentage of the loan to the overall property value. The value may be the purchase price, the development cost, the appraised value, or the current value + renovation costs; typically between 60% and 70%; = loan ÷ value.</p>
MAR	<p>Minimum Acceptable Rate.</p>
Market	<p>Set of actual and potential customers. Also defined as a specific geographic area.</p>
Market Penetration	<p>The ratio comparing a hotel's total occupied rooms with the total occupied rooms of a competitive set.</p> <p>Market Penetration = Total occupied rooms in hotel / Total occupied rooms in competitive set</p>
Market Segments	<p>Different customer groups with different buying habits, preferences, and willingness to pay (price sensitivity)</p>
Market Share	<p>The percentage of the market for a product or service that a company supplies. In the case of hotels, it is the total number of rooms in a hotel as a percentage of total rooms within a competitive set.</p> <p>Market Share = (Total # of rooms in hotel / Total # of rooms in competitive set) x 100 [results in a percentage]</p>
Mark-Up	<p>The difference between the cost of a product and its selling price.</p>
Maximum Length of Stay	<p>A room inventory control function. Indicates that a reservation for arrival on a particular date may not extend past a certain number of days.</p>
Menu Engineering	<p>Evaluation of popularity and profitability of menu items in order to set optimal pricing; remove poor performing items and push highest profit items</p> <p>Rev Gen as generated by POS system or Accounting systems</p>
Minimum Length of Stay	<p>A room inventory control function. Indicates that a reservation for arrival on a particular date must be for a minimum number of nights (two or more).</p>
Multi-Channel Distribution	<p>Channel management which includes the techniques and systems used by a hotel in line with its distribution policy. This management method includes content management as well as data reconciliation in various distribution channels. It involves the updating of hotel information, room rates, and availabilities across all distribution channels, such as the hotel's website, third parties (OTAs, IDS, ADS), and the CRS/GDS.</p>
Net Operating Income	<p>NOI. A company's operating income after operating expenses are deducted but before income taxes and interest are deducted. If this is a positive value, it's referred to as net operating income, while a negative value is called a net operating loss. NOI often is viewed as a good measure of company performance. Some believe this figure is less susceptible than other figures to manipulation by management.</p>

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	Hotel industry example: A hotel's net operating income percentage is most closely tied to its occupancy, although it is also influenced by average daily rate, market segment, property's age, and brand affiliation.
Net Revenue	Calculates base revenues for profitability after all costs are deducted; metric is also applied to ADR and RevPAR Calculation: COPE Revenue - Sales & Marketing Expenses
Net RevPAR	Net Revenue Per Available Room. A hotel's daily revenue after removing sales and marketing expenses divided by the total number of rooms at that hotel. Net RevPAR = Net revenue / Total # of available rooms in hotel
NOI	Net Operating Income: The profit/cash flow from the property before debt service; another way to say it is net operating income/profit after subtracting all of the operating expenses from the revenues generated by a hotel; the biggest difference between EBITDA and NOI is that NOI accounts for the fact that properties typically put cash into a reserve bank account to save up for any future renovations; used to see whether a hotel is making more than it spends or is operating at a loss. Calculation: EBITDA – FF&E Contribution (where FF&E is Furniture, Fixtures, and Equipment)
OBT	Online Booking Tool
OCC (Penetration) Index	An index designed to measure a hotel's share of the segment's (comp set, market, tract, etc.) demand (demand = rooms sold). (Hotel Occupancy / Segment Occupancy) x 100 = Occupancy Index Fair share can be thought of as the subject hotel's "piece of the pie" in the market. For example, if there are 1,000 rooms in the competitive set and the subject hotel has 100 rooms, the subject hotel's fair share is 10.00%. If the subject hotel accounts for 10.00% of the room nights generated within the competitive set in a given time period, the subject hotel's actual share equals its fair share, giving it an occupancy index of 100%.
Occupancy	Defines usage rate of rooms as indicator of demand Calculation: Occupied Rooms / Available Rooms
Online Travel Agency (OTA)	Website that specializes in the sale of travel products to consumers. Some agencies sell a variety of travel products including flights, hotels, car rentals, cruises, activities, and packages. Examples include Expedia and Booking.com.
Onward Distribution Channels	Commonly referred to as third-party distribution channels, onward distribution channels are intermediaries that facilitate a hotel's ability to sell itself to the traveling consumer.
OTA	Online Travel Agency. Allows users to book hotel rooms, flights, train tickets, etc. These sites may be focused on travel reviews, trip fares, or both. Examples include Expedia and Booking.com.
Overbooking	Also called overselling, this is the practice of accepting more reservations for a particular day than there are actually rooms in the hotel. It is usually done strategically and carefully, with decisions based on the history of no-shows and last-minute cancellations.
P&L	Profit and Loss. It refers to a financial statement that summarizes the revenues, costs, and expenses incurred by a business during a specific period, usually quarterly or annually. The purpose of the Profit and Loss statement is to show whether a company has generated profit or incurred losses during the specified period by subtracting expenses from revenues. It provides valuable insights into the financial performance and profitability of a business.
Pace to Budget	The % of Rooms, ADR, RevPAR, or Revenue On-The-Books (OTB) versus Budget (e.g., if budget is \$100, 000 and OTB is \$65, 000 then pace to budget is \$65, 000/\$100, 000 = 65%) Calculation: (OTB / Budget) x 100 (OTB can expressed in terms of Room Nights, ADR, RevPAR or Revenue)
Perceived Value	The worth that a product or service holds in the mind of the consumer.
PMS	Property Management System
Price Discrimination	Occurs when a business charges different groups of consumers different prices for what are, more or less, the same products or services.

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Price Elasticity of Demand	<p>A measure used in economics to quantify the responsiveness of the quantity demanded of a good or service to changes in its price. It is calculated as the percentage change in quantity demanded divided by the percentage change in price.</p> <ul style="list-style-type: none"> • If the result is negative, it indicates that the good or service is "price elastic," meaning that a percentage change in price leads to a larger percentage change in quantity demanded. • If the result is positive, it indicates that the good or service is "price inelastic," meaning that a percentage change in price leads to a smaller percentage change in quantity demanded. • If the result is zero, it indicates that the quantity demanded is unaffected by changes in price, making the good or service "perfectly inelastic." <p>Price elasticity of demand helps businesses understand how sensitive consumers are to changes in price and can influence pricing strategies, revenue projections, and more.</p>
Price Parity	To ensure an even playing field of pricing or rates across all channels based purely on the price points. Also referred to as Rate Parity.
Price Sensitivity	The degree to which the price of a product affects consumers' purchasing behaviors.
Product Parity	To ensure an even playing field of pricing or rates across all channels based on products and fences around rates.
Profit per Available Room (ProPAR)	<p>Profit earnings for each room available in the hotel. ProPAR is based on operating profit, which accounts for movements in both revenues and expenses. Often confused with Net RevPAR which only takes into account distribution costs.</p> <p>ProPAR = [Revenue – All Operating Costs] / number of available rooms</p>
ProPAR	Profit Per Available Room
Property Improvement Plan (PIP)	A requirement by hotel brands that owners undertake renovations and upgrades to meet current chain standards. PIPs are generally required when a hotel joins a brand system, when a branded hotel is sold, or when a franchise or membership agreement comes up for renewal.
Property Management System (PMS)	The computer system in a hotel that contains information about available and occupied guestrooms, historical and future reservations, and guest charges.
Quarterly Goals	<p>Can be applied to any metric for the quarter</p> <p>Calculation: Actual / Goal</p>
Rack Rate	The official or advertised price of a hotel room, on which a discount is usually negotiated.
Rankings	A general term for where a website appears in search engine results. A site's "ranking" may increase or decrease over time for different search terms, or queries. Ranking is specific to each keyword, so a website may have keywords that rank on the first page, and others that don't. Google ranking is made up of 200+ components or ranking factors to determine where a website ranks.
Rate Efficiency	<p>Identifies opportunity in pricing structure if retail pricing varies significantly from discounts, group rate, and other rates that make up the bulk of occupancy</p> <p>Calculation: Total ADR by Room Type / ADR by Room Type Differential Target</p>
Rate Parity	Ensures an even playing field of pricing or rates across all channels based purely on price points. Also referred to as Price Parity.
Rebooking Clause	In the case where a financial penalty is owed the hotel, this contract clause enables a portion or all of the penalty to be applied to a future meeting or meetings.
Reciprocal Link	Two websites linking to each other, typically for the express purpose of increasing both search engine rankings. These types of links are sometimes deemed manipulative by search engines, which can incur a penalty or devaluation against both sites.
REIT	Real Estate Investment Trust. A special type of corporate entity that invests in real estate (on the debt or equity side). This type of company has special tax benefits (e.g., a lower tax rate), but has certain restrictions and is required to distribute 90% of its profits to shareholders.
Remarketing	Also known as retargeting, a type of paid ad that allows advertisers to show ads to customers who have already visited their site. Once a user visits a site, a small piece of data called a "cookie" will be stored in the user's browser. When the user then visits other sites, this cookie can allow remarketing ads to be shown.

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	Remarketing allows advertisers to "follow" users around in attempts to get the user back to the original site.
Revenue Generation Index (RGI)	RGI is a ratio of the hotel's RevPAR divided by the RevPAR of the competitive set. Formerly known as RevPAR Index (RPI). RGI = Hotel's RevPAR / Competitive Set RevPAR
Revenue Optimization	The science of managing a limited amount of supply to maximize revenue and profits, by dynamically controlling the price and quantity offered by distribution channel. Often used interchangeably with "revenue management."
Review Response	Best practice is to respond to negative reviews on the major review channels: Google My Business, Brand Website, Expedia, Booking.com, TripAdvisor, Yelp, other OTAs Calculation: % of response to negative reviews
RevPAR	Revenue Per Available Room: measures a hotel's revenue success regardless of occupancy or rate strategy skews Calculation: Room Revenue / Available Rooms OR Occupancy x ADR
RFI	Request for information
RFP Conversion Rate	Indicator of the success of the Sales team at closing deals as a percentage of total opportunities Calculation: RFPs in definite status / total RFPs received
RGI	Revenue Generation Index: Measures the relative performance of a hotel's RevPAR compared to a fixed competitive set Calculation: Hotel RevPAR / Comp Set RevPAR
RMS	Revenue Management System. The system a hotel uses as a tool to assist with the maximization of revenue. The system typically contains information on the hotel's availability, room types, stay patterns (future and historical), ALOS, etc. A system can be automated or manual.
ROAS	Return on Ad Spend: Different from ROI in that campaign cost is not factored out of the revenue profit; with ROAS, marketing is considered a necessary cost of normal business vs. ROI where marketing is an investment for added incremental revenues Calculation: Earned Revenue / Campaign Costs
ROH	Run of House
ROI	Return on Investment: Most important measurement for campaign success when campaign has a specific revenue directive (not general exposure or top-funnel awareness); goes beyond impressions and clicks to see how many bookings were made; all campaigns should have booking tracking Calculation: (Gained Revenue - Costs) / Costs
Room Mix Efficiency	Based on total rooms revenue, measures whether each room type achieved its fair share of revenue; evaluates demand for the room types to be able to price them effectively Calculation: Room Type Mix % / Room Type Mix Revenue Achieved = Room Mix Efficiency Percent
SAM	Strategic Account Management
Sellout Efficiency	Measures revenue management's ability to harness demand on busy nights to oversell effectively and achieve a perfect sell to increase revenues Calculation: Measuring days that achieved 90-95% occ / number of actualized at 100% (fully sold out) = Sellout Efficiency Percent
SGR	Space to Group Room Ratio
SMM	Strategic Meetings Management is a disciplined approach to managing enterprise-wide meeting and event activities, processes, suppliers, and data in order to achieve measurable business objectives that align with the organization's strategic goals/vision, and deliver value in the form of quantitative savings, risk mitigation, and service quality.
Space to Group Room Ratio (SGR)	The amount of meeting space a group requires compared to the number of hotel rooms the group will need. SGR = Total Square Footage / Sleeping Rooms for that Day

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STAR Report	The STAR program from STR is used by the global hotel industry as a vital revenue optimization tool. The report benchmarks a hotel's performance against its competitive aggregate and local market. The STAR program tracks and delivers monthly, weekly, and daily data.
STR	STR, formerly known as Smith Travel Research, is an American company based in Hendersonville, Tennessee, that tracks supply and demand data for multiple market sectors, including the global hotel industry.
Supply Change YoY	This can be defined by market, sub market, or class type and include or exclude temporary closures and renovations; could include total lodging (like # of active short-term rentals in a market, which would require the use of a scraped data tool) Calculation: Total Number of Units Previous Year - Total Number of Units Current Year = Change Value
Third Party	A person or company involved in a purchase who is neither the purchaser nor the provider of the goods or services. In the hotel industry, third parties may be contracted to assist, in whole or in part, in the arrangements of customer meetings, events, conferences, and/or exhibitions. Third parties also include OTAs, GDS, and more.
TMC	Travel Management Company
Total Spend Per Guest	The amount spent per stay, by revenue outlet, per guest or guestroom. This identifies the incremental revenues during the stay.
Transient	Guests who book individually rather than with a group.
Transient Segment Mix	Percent of business received from non-group guests; useful for breaking down further by sub-segment, day of week, and source to determine hotel's optimal mix of business Calculation: Transient Segment Bookings / Total Bookings OR Transient Segment Revenue/ Total Revenue
TRevPAR	Total Operating Revenue Per Available Room: Provides total revenue value of rooms and local guests beyond solely room revenues in order to evaluate value and potential of outlets and ancillary streams Calculation: Total Revenue / Total Available Rooms
Turnover/New Hire Costs	The cost associated with the loss of an employee, both the loss of time associated with leaders searching/interviewing/etc. as well as the loss of business related to not having a person in the chair Calculation: Overtime + HR Salary + Missed Business
Unconstrained Demand	The amount of demand for a hotel in the absence of any pricing and inventory constraints.
Upgrade	To provide a guest with a more expensive or luxurious accommodation than the customer reserved, without charging more.
Upsell	To encourage a customer or guest to purchase a more expensive room (or other item).
Upselling	Measurement can be used for Front Desk goals to create additional revenue and ADR for little extra cost Calculation: Booked - Post Booking Change to Higher ADR or Added Value Item = Total Upsold Revenue Value
USALI	Uniform System of Accounts for the Lodging Industry. USALI is the guide for hotel owners, managers, and other parties for reporting and presenting hotel financial statements. The resulting standardization established by the USALI permits internal and external users of financial statements to compare the financial position and operational performance of a specific hotel with similar types of hotels in the lodging industry.
Variable Cost	An expense that increases or decreases depending on the number of rooms sold. Variable costs will change and are dependent on the total number of additional sales. An example is an additional housekeeper who is scheduled to work only after a certain number of rooms are sold.
Wash	The difference between a group's contracted room block and what the hotel expects will actually materialize, considering the hotel's estimate of no-shows, cancellations, and early departures.
Willingness to Pay (WTP)	The maximum amount an individual is willing to sacrifice to procure a good or service.

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Year-Over-Year (YoY) Growth	Applied to all metrics to evaluate improvement and change from prior year's performance Calculation: (Current Year Revenue — Last Year's Revenue) / Last Year's Revenue x 100 OR (Current Year Rm Nts — Last Year's Rm Nts) / Last Year's Rm Nts x 100
YOY	Year Over Year
YTD	Year To Date