

Key terms

01

ADR (AVERAGE DAILY RATE)

Used to assess pricing strategy and revenue performance.

$$\text{ADR} = \frac{\text{Total Room Revenue}}{\text{Number of Rooms Sold}}$$

02

LOS (LENGTH OF STAY)

Helps in demand forecasting and pricing strategy.

$$\text{LOS} = \frac{\text{Total Number of Nights}}{\text{Number of Bookings}}$$

OCCUPANCY RATE

Indicates demand and hotel utilization.

$$\text{OR} = \left(\frac{\text{Rooms Sold}}{\text{Rooms Available}} \right) \times 100$$

03

REVPAR (REVENUE PER AVAILABLE ROOM)

Key metric for total revenue efficiency.

$$\text{RevPAR} = \frac{\text{Total Room Revenue}}{\text{Rooms Available}}$$

04



Key terms

05

PROFIT MARGIN

Indicates overall business health.

$$\text{Profit Margin} = \left(\frac{\text{Net Profit}}{\text{Total Revenue}} \right) \times 100$$

06

GOP (GROSS OPERATING PROFIT)

Critical for understanding operational efficiency.

$$\text{GO} = \text{Total Revenue} - \text{Operating Expenses}$$

CANCELLATION RATE

High rates can disrupt forecasting.

$$\text{Cancellation Rate} = \left(\frac{\text{Cancelled Bookings}}{\text{Total Bookings}} \right) \times 100$$

NET REVPAR

Shows true room revenue efficiency.

$$\text{Net RevPAR} = \left(\frac{\text{Room Revenue} - \text{Distribution Costs}}{\text{Rooms Available}} \right)$$

07

08

