



Revenue Academy

Revenue Management Solutions
that transform business

AN INTRODUCTORY GUIDE TO REVENUE TERMS

START SPEAKING THE LANGUAGE
OF REVENUE MANAGEMENT.
NO JARGON, JUST CLARITY.



www.revenueacademy.co.uk

An Introductory Guide to Revenue Terms

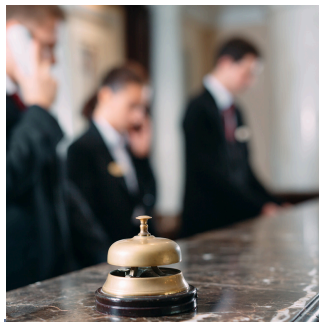
You're great at what you do. You know how hotels run, how guests behave, how to make things happen on the floor. But when the conversation turns to pricing strategy or channel performance, it can feel like you're locked out of a different room altogether.

We made this guide to help you open that door.

Inside, you'll find the most important revenue terms you'll hear in meetings – broken down simply, with real-world context to help you actually understand them. Not just for tests or interviews, but for your own confidence and clarity.



[Read more >>](#)






About Revenue Academy

At Revenue Academy, we believe commercial confidence should be accessible to everyone, not just the experts. Whether you're joining your first revenue meeting or aiming to become a Revenue Manager, we're here to help you grow.

Our courses are built by industry professionals and designed to give you practical skills, plain-English explanations, and real confidence, so revenue management feels like something you get, not just something you sit through.

- 01 Revenue Management: What Is It, Really?
- 02 Room Performance Metrics You'll Hear in Meetings
- 03 How Distribution Channels Impact Revenue
- 04 Measuring Guest Value – Not Just Room Nights
- 05 Metrics from Other Revenue Centres (F&B, Spa, Events)
- 06 Extra Terms You'll Definitely Want to Know





Every expert was once a
beginner.

Step confidently into your
revenue journey.

Clarity and growth await.

1

Revenue Management: What Is It, Really?

REVENUE MANAGEMENT

Selling the right room, to the right guest, at the right time, for the right price, through the right channel.

→ Think of it as matching supply and demand in the smartest way possible.

DEMAND FORECASTING

Predicting how many guests will want to book, and when – so pricing and availability can be adjusted ahead of time.

→ Like checking the weather before planning a beach day.

RATE FENCING

Putting conditions around cheaper rates (e.g., “non-refundable” or “minimum two nights”) to protect higher ones.

→ You're giving a discount, but for a reason.

DISPLACEMENT ANALYSIS

Asking: “If I take this group booking, will I lose out on higher-paying guests?”

→ It's about choosing bookings that bring in the most value overall.

YIELD MANAGEMENT

The tactical side of RM: adjusting prices to match demand and max out revenue.

→ Think: last-minute surge pricing when a big event hits town.



Why it matters:

Revenue management isn't just about numbers, it's about making smarter decisions every day.

Whether you're setting prices, choosing which bookings to take, or figuring out demand, understanding these core principles gives you a seat at the commercial table.




Room Performance Metrics You'll Hear in Meetings

OCCUPANCY (%)	What % of rooms were sold? → $(\text{Rooms Sold} \div \text{Rooms Available}) \times 100$
ADR (AVERAGE DAILY RATE)	The average room rate per sold room. → $(\text{Room Revenue} \div \text{Rooms Sold})$
REVPAR (REVENUE PER AVAILABLE ROOM)	Combines ADR and occupancy to measure revenue performance overall. → $(\text{Room Revenue} \div \text{Rooms Available})$
TREVPAR (TOTAL REVENUE PER AVAILABLE ROOM)	All hotel revenue (not just rooms), divided by available rooms. → A fuller picture of total performance.
GOPPAR (GROSS OPERATING PROFIT PER AVAILABLE ROOM)	The big one – it includes costs and shows how profitable the hotel really is.

Why it matters:

These are the numbers revenue managers live by. Knowing what they mean, and how they're calculated, helps you join the conversation, spot trends, and contribute to smarter decisions.

A woman with long brown hair, wearing a light-colored coat and blue jeans, stands on a balcony with a black metal railing. She is looking out over a cityscape with a large dome in the background. The image has a blue tint and a semi-transparent white text overlay.

You don't have to know it all
to get started — but every
term you learn brings you
closer to the table.

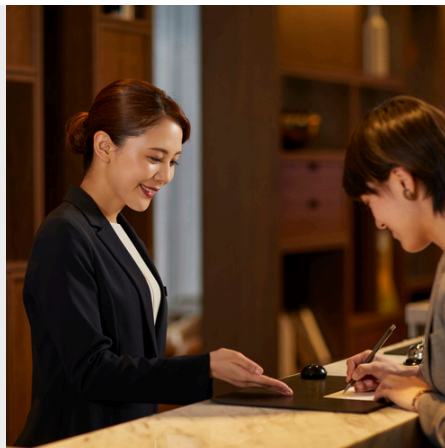
Keep going.
You're building real commercial confidence.

3

How Distribution Channels Impact Revenue

CHANNEL CONTRIBUTION (%)

How much revenue each channel (e.g., website, OTAs, corporate bookings) brings in.



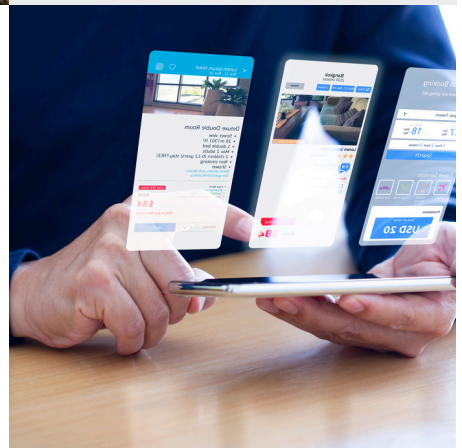
NET ADR

The true room rate after deducting costs like commissions or fees.



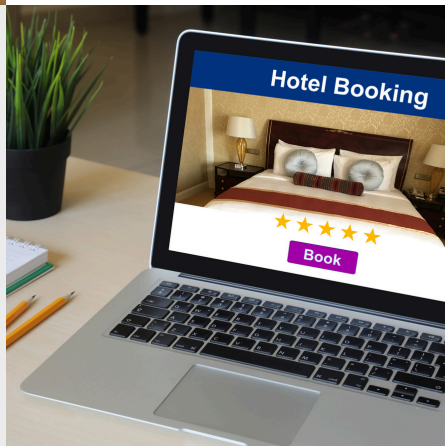
COST PER BOOKING

Total cost to get one booking from a channel - includes commissions, marketing spend, etc.



LOOK-TO-BOOK RATIO

How many people look at your property vs how many actually book.
→ A sign of how compelling your offer is.



BOOKING WINDOW

How far in advance people tend to book.
→ Crucial for setting strategy and early forecasting.

Why it matters:

Not all bookings are created equal. Knowing where your revenue comes from, and what it costs to get it, helps you focus on the most profitable channels. It's about working smarter, not harder.


4

Measuring Guest Value, Not Just Room Nights

REVPG (REVENUE PER GUEST)	Total revenue (rooms + extras) divided by guest count.
SPEND PER GUEST	How much a guest spends across their stay – including F&B, spa, etc.
NET REVPG	Guest spend minus the cost of getting and serving them.
GUEST LIFETIME VALUE (LTV)	Estimated total value of a guest over time – repeat stays, upgrades, loyalty.
PROFIT PER GUEST	A full view of how valuable each guest is to your business.

Why it matters:

Guests aren't just room nights. They're revenue generators across your whole business. Understanding guest value helps you spot the most profitable behaviours and drive smarter strategies.



The more you understand
the business, the more
impact you can make.

It's all connected and
you're ready to see the
bigger picture.



Metrics from Other Revenue Centres (F&B, Spa, Events)

REVPAS (REVENUE PER AVAILABLE SEAT – RESTAURANT)

→ Restaurant revenue ÷ available seats.

REVPASH (REVENUE PER AVAILABLE SEAT HOUR)

→ Helps measure restaurant performance during key hours.

REVPAM (REVENUE PER AVAILABLE MEETING ROOM)

→ Meeting space revenue ÷ number of meeting rooms.

REVPASM (REVENUE PER AVAILABLE SPA MINUTE)

→ Total spa revenue ÷ available treatment time.

REVPATT (REVENUE PER AVAILABLE TEE TIME)

→ For golf resorts: revenue ÷ total tee times offered.



Why it matters:

Rooms aren't the only revenue drivers.

From restaurant tables to spa minutes, understanding these metrics means you can spot new opportunities to grow profit across the whole property, not just the front desk.



Extra Terms You'll Definitely Want to Know

SEGMENTATION

Grouping guests by type (e.g., corporate, leisure, group) to customise strategy.

BUSINESS MIX

The blend of those segments. A healthy mix reduces risk.

PRICE ELASTICITY

How sensitive guests are to price changes.
→ If demand drops with higher prices, it's "elastic."

UNCONSTRAINED DEMAND

The total number of people who would book if there were no limits on price or availability.

OVERBOOKING

Accepting more bookings than rooms to offset cancellations.
→ Risky, but necessary when done right.

INVENTORY CONTROL

Managing what's sold, to whom, at what price – and when.
→ Like a puzzle of timing, value, and guest type.

Why it matters:

These are the building blocks behind every revenue decision. The more familiar you are with them, the easier it is to understand strategy, challenge assumptions, and grow your commercial confidence.

Final Word

You don't need to memorise all of this today.

But the more you start recognising these terms, the more confident you'll feel in commercial conversations, and the more doors will open for your future.



Author: Ally Northfield
Publish date: 22nd July 2025



www.revenueacademy.co.uk

