

Glossary of Terms and Acronyms Used in Hospitality

No.	Acronym / Term	Meaning
A	ADR	Average Daily Rate Total Rooms Revenue divided by the number of occupied rooms for a given period.
	ALOS	Average Length of Stay The average number of days that guests stay. This is calculated by dividing total occupied room nights by total bookings.
	ARI	Average Rate Index ARI shows the rate premium over or under the market average rate. Calculated as ADR of the subject hotel divided into the competitive set ADR as reflected in an industry benchmark report.
	AV / AV System	Audio Visual / Audio Visual System
B	BAR	Best Available Rate This is a property's published base rate that doesn't require pre-payment and doesn't impose additional cancellation fees outside of the property's standard policy.
	Base Fee	The standard fee paid to the operator. Can be a fixed amount but usually a % of (room or total) Revenue
	BEO	Banquet Event Order A form that documents all the arrangements agreed between the client and the event team on an event
	BFR	Best Flexible Rate Lowest rate available that still offers flexibility of cancellation without penalty (up to specified period,)
	BOB	Business on the Books Measures bookings made in advance for a particular day or period
	BOH	Back of House Generally, refers to the service areas and personnel that are not accessible to guests
	Booking Engine	Technology that allows reservations to be made on a website
	Boutique Hotel	A small, hotel differentiated by its service or product offering, typically at higher rates

	Brand Standards	The minimum levels of product and service expectations as prescribed by the operator.
C	CAPEX	Capital Expenditure
	CAPEX Budget	The budgeted capital cost or estimated total investment for the planned hotel development. This is likely to include all building costs, professional fees and all costs for furniture, fixtures and equipment.
	CRS	Central Reservation System A system used by multiple hotels in a chain to maintain hotel information, inventories, rates and facilitate reservations.
	Chain Scales	The categories applied to hotels to group them into similar standard/ facility levels. In the past this would have been categorised as 5-star, 4-star, 3-star levels. Now classified as Luxury, Upper Upscale, Upscale, Upper Mid-Scale, Midscale, Economy and Independent.
	Channel Management	The systems and techniques used by hotels to update property information, room inventory and rates in each of their distribution channels.
	Competitive Set	A group of direct competitors that can be used as a benchmark against which the property can measure its performance.
	Corkage	Charge on wines and spirits purchased elsewhere that are brought into a hotel or restaurant
	Cover	The number of diners who dined in a restaurant (e.g. 30 covers per day= 30 people dined per day)
	CRO	Central Reservations Office Centralised location, away from the property, that handles bookings for the property
	CRM	Customer Relationship Management Commonly automated to include pre and post stay elements, along with loyalty programmes, etc.
D	DBB	Dinner Bed and Breakfast Type of accommodation which includes breakfast & dinner.
	DDR	Delegate Daily Rate The daily cost for an individual delegate (participate) at a conference or meeting.
	Department Expenses	Expenses directly incurred by the relevant revenue generating department in the property (e.g. rooms, F&B)
	DH	Department Head – The head of a hotel departments such as F&B, Rooms, Housekeeping, Engineering, Finance, etc.
	DMO	Destination Marketing Organisation A company/group responsible for the promotion of an area

	Dynamic Pricing	A way of maximizing revenue by selling the same products at different prices to different customers.
E	EBITDA	Earnings before interest and taxes, depreciation and amortisation (typically used to approximate cash flow purely from operations)
	ESG	Environmental, Social and Governance
	Fair Market Share	A metric measuring a hotel's performance against its immediate competitors. This is the number of rooms a property would sell if demand were distributed evenly across the hotel and its competitive set.
F	FAMTRIP	Familiarisation Trip A complimentary or reduced rate travel programme for travel agencies and/or airline employees that is designed to acquaint them with a specific destination to stimulate the sale of travel.
	F&B	Food & Beverage
	FF&E	Furniture, Fixtures and Equipment (e.g. beds, kitchen equipment, curtains, etc)
	FF&E Reserve	See Replacement Reserve
	FOC	Free of Charge - A service or a good not requiring any payment.
	FOH	Front of House Generally, refers to guest facing staff
	Franchise Fee	The fee paid to a Franchisor for the use of the brand name. Usually calculated as a % of (room or total) revenue.
	Full Board	Rate that includes bed, breakfast, lunch and dinner
	Full Service	A property that provides a full suite of services, - usually F&B, room service, portorage and laundry,
G	GDS	Global Distribution System Computer networks such as Sabre, Galileo, Amadeus and Worldspan that pass hotel inventory and rates to travel agents and allow them to make bookings.
	GOP	Gross operating profit Total revenue less Departmental Expenses less Undistributed Operating Expenses
	GOPPAR	Gross Operating Profit per Available Room This is total GOP divided by total available rooms
	GM	General Manager
	GRR	Gross Rooms Revenue The total amount of revenue generated by rooms bookings.

H	Half Board	Rate that includes bed, breakfast and either lunch or dinner
	HCD	Hotel Content Database Content management system used to distribute static information about hotels to 3 rd parties including GDS, OTA and others
	HMA	Hotel Management Agreement The agreement that allows the chosen operating company to run the hotel on behalf of ownership.
	Holdover	When a hotel holds a room for a guest with a broken stay (E.g. guest staying Monday and Wednesday, room held on Tuesday)
I	IATA	International Air Transport Association.
	IATA Number	An 8-digit number issued by IATA. It is a unique numeric code, which enables instant recognition for each and every agency location. UK numbers begin with 912, Germany 232 and France 202.
	Incentive Fee	Performance based part of the Management Fees, usually calculated as a % of NOP or ANOP
	IRR	Internal Rate of Return
K	KPI	Key Performance Indicators – Used to measure performance and progress towards pre-agreed targets
L	Lifestyle Hotel	A cross between a chain hotel and boutique hotel. Typically less expensive than a boutique
	Limited Service	A hotel or property that may not offer the full range of services such as a restaurant or porter.
	LNR	Locally Negotiated Rate - A rate that is negotiated directly between an hotel and a local company in that marketplace. These are normally medium to small size businesses that can produce a large number of room nights for one hotel.
	LRA	Last Room Availability Reference for contracts between a company and a hotel and this ensures the hotel will honour an agreed rate regardless of how many rooms are left to sell
M	Management Fees	Fees paid to the operator usually comprising Base Fee and Incentive Fee
	MICE	Meetings, Incentives, Conferences (or Conventions), and Exhibitions (or Events) MICE is used to refer to a particular type of tourism in which large groups, usually planned well in advance, are brought together for some particular purpose. Recently, there has been an industry trend towards using the term "Meetings Industry" to avoid confusion from the acronym.

	MPI	Market Penetration Index Also known as occupancy index and shows the share of room nights sold over or under the average of the "market" being measured
N	Net Rate	The sell rate not including the commission for a booking facilitated by an OTA, travel agent or other distribution partner. Also known as a wholesale rate allowing a 3 rd party mark-up
	NPV	Net Present Value This is the sum of all the discounted future cashflows from a business. It is used to determine whether a project or investment will result in a net profit or loss.
	NS	No Show A guest with a reservation that doesn't show up
O	OSE	Operating supplies and equipment (small, frequently replenished items such as towels, cutlery, tea kettles)
	Occ	Occupancy This is a percentage which is calculated as the number of rooms occupied divided by the number of available rooms for a given period.
	Operator	A hotel management company managing a hotel under a HMA
	OTA	Online Travel Agency They specialise in offering planning sources and booking capabilities. Generally, OTAs are associated with websites on the world wide web, that are dedicated to travel i.e hotel rooms. The site may be focused on travel reviews, the booking of travel, or a combination of both.
P	Pace / Pickup	Pace / Pickup is the rate at which reservations are made for a particular date
	PMS	Property Management System A system used by hotels to allow for guest check-in and check-out, as well as for other day-to-day operations such as housekeeping, maintenance and billing.
R	Replacement Reserve	A reserve set aside in the hotel P&L to allow for replacement of FF&E (usually set as a % of Revenue)
	Rev	Revenue Money that is made by or paid to a business or an organization. Rooms revenue is generated by consumed guest room bookings. Food and beverage revenues are typically generated from the hotel's restaurant or banquet and catering sales.

	Revenue Management	The art and science of predicting real-time customer demand in order to optimise the price and availability of rooms/products to match the demand
	RevPAR	Rooms Revenue per Available Room - Total Rooms Revenue divided by the number of available rooms for a given period. This is also computed by multiplying Occupancy by Average Room Rate. This is the key measure of successful rooms sales, and the most important metric in analysing hotel performance.
	RGI	Revenue Generation Index Also known as RevPAR index, yield index or effective rate index. This shows the share of rooms revenue calculated as an index over or under the average of an agreed competition set .
	RFP	Request for Proposal
	ROI	Return on Investment EBITDA/Total development cost (including pre-opening costs)
	Rooms Available	Total room inventory multiplied by the period of measurement (eg per annum = x 365)
	Room Night(s)	Number of nights the room is occupied. E.g. a guest booked 5 room nights= a guest stayed in 1 room for 5 nights
	Room Inventory	The volume of rooms available to be sold
	Rooms Yield	Average revenue of all rooms divided by the number of rooms in a hotel, divided by 365 nights
S	SEO	Search Engine Optimisation Process by which a website owner uses techniques and tools to obtain strong organic positioning on a search engine, e.g. ensuring the content on the website matches the main keywords a user would use to search for it.
	Soft Brand	A Brand that is focused more on uniqueness and personalisation rather than uniformity and brand standards
	SOP	Standard Operating Procedure Established procedure to be followed in carrying out day to day operations
	Stabilised Year	The year when the hotels trading achieves stability, typically after an opening build up period
	Sustainable Tourism	Tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities
	SWOT	Strengths, Weaknesses, Opportunities and Threats

T	TA	Travel Agent An individual who acts as a private retailer to provide travel and tourism related services on behalf of suppliers such as airlines, car rentals, cruise lines, hotels, railways, and package tours.
	TREVPAR	Total Revenue Per Available Room Measures total revenue generation matrix for the property by dividing total revenue generated by the business by total rooms available
	TREVPOR	Total Revenue Per Occupied Room Measures total revenue per rooms sold
U		
U	Undistributed Operating Expenses	Operating expense not directly attributable to a particular revenue generating department. Usually includes admin & general, sales & marketing, property operations and maintenance, IT and utilities.
	USALI	Uniform System of Accounts for the Lodging Industry. A standard for hotel accounting practices providing parties with standardised operational information
V		
V	VCRO	Virtual Central Reservations Office A tool for hotels to divert their in-house after office hours reservation calls to the nearest CRO.
W		
W	Walk In	A guest that hasn't pre-booked but merely walks in and reserves a room
	Wholesale	The bulk sale of rooms, usually at a discounted rate
Y		
Y	YTD	Year to Date Includes data from the first day of the year through the current date.
	Yield Management	The practice of raising or lowering prices based on demand
