



hotelbeds

GLOSSARY

The Main Hotel
Management Concepts
Made Simple

Thanks for downloading this resource

If you are reading this, it means you're interested in broadening your knowledge of the fascinating world of hotel management. And it's no secret that the language used in this industry can be tricky.

Also, in this dynamic sector, hoteliers must keep up with new trends and be willing to learn from them. Being ahead of the curve can be challenging at times, which is why **Hotelbeds wants to help**.

In this handy **glossary**, we've compiled the **main concepts about hotel management** to help you better understand them. Ensure that it's easily accessible for you and your staff at all times.

Also, you'll not only find explanations of these terms, but also **links to some insightful resources** to expand your knowledge on specific topics. We hope you find it useful!

And remember: With Hotelbeds, you have direct **access to more than 71,000 travel distributors**, including 64,000+ travel agencies, 4,500+ tour operators, plus 1,260+ other partners such as airlines and affiliates. Distribute your rooms to high-value clients who book in advance and stay for longer periods.

[Register your property here and start your journey with us!](#)

A

Average Daily Rate - ADR

Average Daily Rate (or **ADR**) is the average income generated by each booked room, on a daily basis.

It's an important performance metric for hotels, providing insights on the income generated, on average, by rooms booked.

How to calculate it:

Total amount of revenue generated by bookings / Total amount of rooms booked

Example: If you have 90 rooms booked for a night, and each room's price is \$100, then the income generated for that night will be \$9,000 and the ADR will be = \$100

Average Length of Stay - ALOS

The **Average Length of Stay** (or **ALOS**) indicates how many days, on average, customers will stay in a hotel, for a given period of time.

B

B2B Hotel Distribution

The **B2B Hotel Distribution** allows travel providers to search and book inventory effortlessly, without establishing a pre-existing relationship with the hotel. Hotel rooms, services, and products are distributed to companies, not to the end consumer. Hotelbeds is a clear example of a key player within B2B Hotel Distribution, as we **distribute directly to travel agencies** and other wholesalers in the travel industry.

Bedbank

A **bedbank** is the prime B2B wholesaler available to hoteliers. Bedbanks provide hotels easy access to hard-to-reach B2B distributors globally including retail travel agents, tour operators, airlines and affiliate programs. For hotel suppliers, such channels offer an opportunity to diversify their distribution strategy, reduce dependence on large OTAs and drive incremental growth.

Best Available Rate - BAR

BAR is a pricing mechanism used in the hotel industry that offers the best rate for room bookings during a specific time period.

Bleisure

Bleisure is a term formed by merging the words 'business' and 'leisure'. The term describes a recent travel trend in which a customer extends his business trip to enjoy a leisure stay and activities at the same location.

Booking Pace

The **booking pace**, alternatively known as 'pick-up pace', it's a metric that shows what's the speed at which bookings are made for a specific date or period. Normally, it's represented by an upward curve.

C

Cancellation Rate

It's the ratio of cancelled reservations on total bookings for a given period.

How to calculate it:

$(\text{Number of cancelled bookings} / \text{Total number of bookings}) \times 100$

Shall not be confused with the 'Cancellation fee' - the pre-defined amount a hotel can retain in case of cancellations.

Channel Manager

The **channel manager** serves as a digital control panel that allows hoteliers to easily manage multiple sales channels. One of its main features is that synchronises your inventory and rates across all connected channels.

By working with a channel manager, you avoid overbookings and rates disparity across all distribution channels. This system integrates seamlessly with your existing tech stack — for instance, **Hotelbeds is 100% compatible with most channel manager options** as we've agreements with 200+ of the most popular channel managers.

Competitive Set, or COMP - SET

The term **competitive set**, or simply comp-set, refers to a group of hotels or hotel chains that can be seen as direct competitors of a specific hotel. In the hotel industry, the comp-set is often used by revenue managers to benchmark and compare a hotel's rate against their competition.

Cross-selling

Cross-selling is the process of selling supplementary, ancillary services and products along with a hotel booking or reservation. Cross-selling techniques aim to increase the revenues by adding to the initial service with extra or complementary services (for example, a spa treatment or a car-rental service).

D

Direct Channel

In **direct channel distribution** (often referred to as dotcom or brand.com), bookings are made directly via the hotel's own website, point-of-sale system, mobile app or affiliate websites. One of its main advantages is that there are no intermediaries between the hotelier and the guests, therefore no commissions to reduce profits. However, generating traffic to a hotel website can incur significant costs, which can diminish overall profits.

Drive-in Market

The term '**drive-in market**' refers to the group of customers that are located within driving distance to your hotel. Usually, it includes those source markets that are considered domestic or local and neighbouring countries.

Fly-in Market

Fly-in-Market defines the customer base that requires a flight to reach the destination of your hotel. Usually, it includes those source markets that are considered international, non-domestic or long-haul.

F

Force Majeure

Force majeure is a contractual term that defines unforeseeable events preventing one of the parties to fulfil the terms of a contract.

In other words: an unavoidable circumstance beyond the control of both parties of a contract, that frees one or both from liabilities and obligations.

Forecasting

Forecasting is the process of gathering and analysing data that leads to making predictions about future events. It's a crucial element of any revenue strategy in order to make decisions regarding pricing, and distribution, based on anticipated demand and performance.

Gross Operating Profit - GOP

It's a Key Performance Indicator (KPI) extremely useful to measure the operational profitability of a hotel.

How to calculate it:

Gross Operating Profit = Total amount of profits - Total of related operating expenses

H

Hotel Extranet

A **hotel extranet** is a controlled-access web platform provided by a distribution channel (Bedbank or OTA) which allows the hotelier to list its inventory and manage the property data such as availability, rates, images, descriptions, and special offers. For example, [**Hotelbeds' Hotel extranet**](#) is one of the most powerful extranets in the industry, allowing hoteliers to manage inventory, availability, rates, check invoices, sign up for webinars, among others.

Hotel Market Segments

Market segments are groups of consumers that share common character traits. In the hotel industry, each segment can be defined by specific behaviours related habits (for example length of stay, cancellation rate, booking lead time) in order to facilitate the process of targeting your audience.

Lead time

Lead time is the time between a customer's reservation or booking, and the actual check-in date.

Long-haul markets or travellers

This term refers to travellers coming from overseas or distant markets. Travellers in this category usually book further in advance and allocate more resources to their time at the destination. They usually stay for a longer period of time and cancel less frequently. Therefore, it's important that hoteliers invest time and effort in enhancing their hotel reach to long-haul travellers. Here you can find some [**advice on how to tap into this segment**](#).

M

Metasearch

Metasearch engines are websites or platforms that allow travellers to compare accommodation rates, flights, etc., across different sources, such as OTAs and airlines' websites.

N

Net Rate

From the hotel perspective, to distribute **net rates** means that the hotel knows how much they will receive (net rate) but the decision on the mark-up and end price is on the third-party distributor. This end price may be contractually agreed between the parties. This rate distribution model is called 'Merchant model' and is the most common way to distribute via wholesalers.

Non-Refundable Rate - NRF

Non-Refundable Rate, or simply **NRF**, refers to hotel rates that don't guarantee a refund in case of cancellations. These are commonly the lowest rates or promotions offered by a hotel across its distribution channels.

O

Occupancy Rate

The occupancy rate (or **OCC**) is the percentage of booked rooms on the total amount of available rooms. It's one of the most important metrics to measure a hotel's success, as it provides useful insights to forecast revenues and cash flow.

How to calculate it:

$$(\text{Total number of booked rooms} / \text{Total amount of available rooms}) \times 100$$

Example: In a hotel with 100 rooms, 80 of which are booked, the occupancy Rate is = 80%

Online Travel Agency - OTA

Online Travel Agencies (or **OTA**) are online companies functioning as an intermediary between consumers and travel service providers through online portals or websites.

Revenue Management

Revenue Management is a process that starts with data analysis and helps to predict guest's preferences and behaviour, to optimise your pricing and distribution strategy in order to boost revenues and profits.

R

Revenue per Available Room - RevPAR

The **RevPAR** is a classic key performance indicator in our industry that measures the performances of a hotel within a specific period.

How to calculate it:

1. Average Daily Rate (ADR) x Occupancy Rate

Example: If your hotel is booked at 90% with an ADR of \$100, your RevPAR will be = \$90

2. Income generated by bookings on a specific period / Available rooms in the same specific period

Example: In a night when 90 rooms are booked at the price of \$100 each, the income generated for that night will be \$9,000. If this hotel has a total of 100 rooms, the RevPAR will be $9000/100 = \$90$

S

Source Market

Source market refers to the country or continent of origin of the guests of a hotel, or destination. Also known as feeder markets or countries. For example, at Hotelbeds, you have the opportunity to attract travellers from 190+ source markets.

Staycation

Staycation is a term formed by merging the word 'stay' and 'vacation'. Staycation refers to a type of holiday in which travellers will spend their holiday in their own town, region or country rather than abroad.

Sustainable Tourism

Sustainable Tourism refers to sustainable practices in the tourism industry that take full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities. Discover in our [comprehensive article](#) how hoteliers and property owners can actively participate in **[sustainable tourism](#)**.

U

Upselling

It's a technique that aims to sell upgrades on a purchase, a booking or a reservation, in order to encourage a guest to opt for superior service or a higher rate. E.g. Upgrade to a superior room. Learn more about our [best upselling techniques for hotels](#).

Y

Yield Management

It's a pricing strategy specifically designed to maximise revenues through inventory control and management. The aim of every Yield Management strategy is to sell a room reservation at the right price, at the right time, to the right customer.



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