

Miand Asia's Hotel metrics formula sheet

It's important to use metrics to understand what data means for your hotel performance and base your future strategies off it. Here's a list of the most common hotel metrics, and their formulas, all in one place so you can easily calculate them at your property.

RevPAR - Revenue per available room

To calculate:

Simply multiply your average daily rate (ADR) by your occupancy rate.

For example if your hotel is occupied at 70% with an ADR of \$100, your RevPAR will be \$70.

You should use RevPAR to understand the best way to maximise the revenue generated per room. If the RevPAR of your property is increasing, it must mean your average room rate or occupancy rate is increasing - or both!

TrevPAR - Total revenue per available room

To calculate:

TrevPAR is calculated by dividing total revenue by total number of rooms.

So if your hotel revenue for a day was \$15,000 for example and your hotel has 110 rooms, TrevPAR would be \$136.

Since TrevPAR takes into account all revenue of the hotel and relates it back to the number of rooms, you could argue that it provides a better 'big picture' view than RevPAR does. However, TrevPAR fails to take into account any costs incurred or the actual occupancy rate of your hotel.

RevPASH - Revenue per available seat hour

To calculate:

To calculate RevPASH you need to divide total outlet (e.g outlet) revenue by the available seats multiplied by opening hours.

For example $\$15000 / (50 \text{ seats} \times 8 \text{ hours}) = \text{RevPASH of } \37.5 .

Once you know how to calculate RevPASH you can start thinking through how you can enhance the revenue of your hotel restaurant.

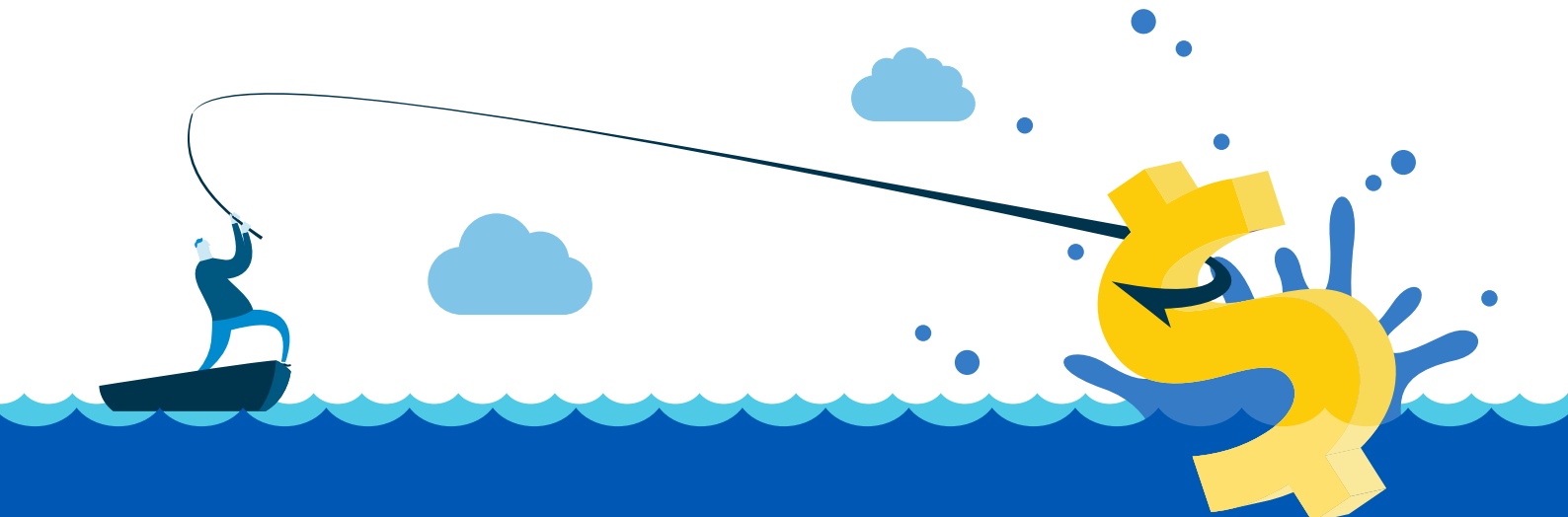
Hotel occupancy rate

To calculate:

Divide the number of rooms booked by the total number of rooms.

If you have a 100 room hotel and 70 are booked tonight then your occupancy rate is 70%.

Your occupancy rate is a clear indicator of how popular your hotel is and can have a big impact on the amount of revenue your property generates. While you can increase revenue without increasing occupancy, the more guests you have coming in the more opportunity you'll have to maximise revenue.





ADR - Average daily rate

To calculate:

To find out what the ADR is for your hotel divide the revenue earned from your rooms by the amount of rooms sold.

For example \$3850/35 rooms sold for one night = ADR of \$110

When calculating your ADR for a longer time period it gets slightly more complicated. For example, if you want to know what your ADR is across a monthly period you need to divide your room revenue by the number of rooms and the amount of days in the month.



EBITDAR - Earnings before interest, taxes, depreciation, amortisation, and restructuring or rent costs

To calculate:

$EBITDAR = EBITDA + \text{Restructuring/rental costs}$

Where:

EBITDA = Earnings before interest, taxes, depreciation, and amortisation

EBITDAR is not unique to the hotel or hospitality industry; it can apply to any company that wants to make and keep track of profits. Using EBITDAR in analysis helps to reduce variability from one company's expenses to the next, in order to focus only on costs that are related to operations.

GOPPAR - Gross operating profit per available room

To calculate:

GOPPAR is calculated by dividing the gross operating profit (GOP) by the number of available rooms in the hotel. This is similar to RevPAR except it eliminates fees and expenses from the revenue figure first. For example if you want to measure it for the period of a year:

$100 \text{ rooms} \times 365 \text{ days in a year} = 36500 \text{ available rooms in the year}$

Total hotel revenue, including room revenue, food and beverage etc = \$6 million

Expenses including supplies and salaries etc = \$2.5 million

GOP = \$3.5 million

$GOPPAR = \$3.5 \text{ million} / 36500 = \96

So this means in the chosen year, each room is earning a profit of \$96.

GOPPAR is a beneficial metric to consider because it not only provides you with an insight of the revenue that you are generating per room, but also the costs that are associated with generating this revenue. It is one of the most effective ways to analyse the bottom line of hotel performance and develop plans to improve it.

ALOS - Average length of stay

To calculate:

You can calculate the average length of stay by dividing the total occupied rooms nights by the number of bookings.

For example if you have 70 room nights booked across the month represented by 14 individual bookings, your ALOS would be 5. This means in that particular month your guests stayed an average of five nights.

Understanding the average length of stay at your hotel across all room nights is important for seeing how it affects the other hotel metrics you're tracking. If this metric shows you that you've been accommodating more short stays than usual, then you can make revenue management adjustments, such as offering a better rate on average for stays that extend past two nights.

See how Miand Asia can help your hotel

Contact us