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Why Has TRevPAR Become the Key Indicator of Hotel Performance Today?

TRevPAR, short for Total Revenue per Available Room, is a key performance indicator for a hotel's business. It represents the **total revenue divided by the number of available rooms**.

This metric is derived not only from room sales but also from **all ancillary facilities and upgrades** that the hotel offers.

To provide some examples, total revenue can encompass revenues from a restaurant, bar, spa, upgraded rooms, rooms with fantastic views, a golf course, and airport pickups. All of these amenities and services **contribute** to the overall income.

When you look at TRevPAR, you gain a clear perspective on how hotels are **performing** at a given moment or over a specific period.

Why is this metric important more than ever?

In the hospitality landscape, fierce competition dictates the trends. Hotels use various methods to attract guests, such as **all-inclusive packages**, special deals, or luxury amenities.

Extra perks **increase the overall value** and give guests a reason to book even if the price is higher, as they feel they're getting their money's worth.

Hotels aren't just selling rooms - they're offering **a complete experience**. We're not only talking about food and beverage - it includes all the little extras that make a guest's stay exceptional.

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This applies to **couples on a romantic getaway** and **business travelers**. For example, people on business trips are willing to pay more for added comforts that will reduce stress and make them feel comfortable.

Furthermore, **smart and hybrid work arrangements** are becoming more common worldwide, which can affect the income gained from corporate clients in the long run. So, it's important to use strategies to boost TRevPAR on all fronts.

Additional amenities and tempting upgrade offers are the key to keeping guests happy and encouraging them to **spread the word** about your hotel both online and offline.

The key difference between RevPAR and TRevPAR

RevPAR is a straightforward metric, indicating **revenue per available room**. Unlike TRevPAR, it doesn't include add-on services, focusing solely on income per available room.

Traditionally, RevPAR is seen as a key indicator of a hotel's earnings, but it has its **limitations**.

Hotels are increasingly evolving beyond mere places to sleep. Now, more than ever, they are shaping their image around additional services and amenities.

Calculating total revenue per room offers revenue managers **a clear and more accurate picture** of the hotel's performance than RevPAR alone.

Rev PAR fails to consider the size of a hotel and **the mix of room types**. That's particularly important if your hotel has a mix of low and high-priced rooms.

Where RevPAR fails short, we look at TrevPAR.

How do you calculate TRevPAR?

The calculation is straightforward: divide the total revenue for a specific day, month, or period by the total number of available rooms.

Total Revenue / Total Available Rooms = TRevPAR

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Employ this formula to monitor the **hotel's performance over time**, to come to more informed decisions regarding marketing and sales activities.

How do you increase a hotel's TRevPAR?

By understanding TRevPAR, managers, and owners can determine the **contribution of each amenity to the hotel's revenue**. With this insight, you can fine-tune pricing and create targeted offers for specific customer segments.

After you've done the math, seasonal variations and **spending behaviors** of each customer type will become apparent. Distinctions based on customers' **geographic origin or travel purpose** will come to light.

Specifically, you can increase TRev PAR in many different ways like:

Include additional services in the offer

Additional services play a significant role in customer satisfaction by providing guests with **talking points for their reviews**.

These reviews contribute to the hotel's reputation and attract future guests. Instead of receiving generic 'everything was fine' reviews that suggest a bland and lackluster offering, you'll have **enthusiastic guests** recommending your hotel.

Enhance the guest experience

From the moment a guest reserves a room until check-out, they experience a seamless process, **free of any hurdles**.

When the hotel's operations run smoothly, and communication with staff is both efficient and professional, you increase your chances of getting repeat customers.

Adding some **thoughtful details** can enhance the guest experience and justify premium rates guests will be willing to pay.

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Leverage technology

There are numerous technological improvements you can implement to boost TRevPAR, including **contactless payments, automated check-in, data-driven upselling, revenue management tools**, and more.

An excellent hotel management system minimizes the potential for human error and leaves little to chance. It's essential for hotels to have **a reliable cloud-based solution** to maintain high and consistent revenue.