

Preno

16 ways how to increase hotel revenue (RevPAR)

How to calculate RevPAR &
increase Revenue Per Available
Room for your hotel

RevPAR

Introduction

As an accommodation owner, one of the most important metrics to your business is RevPAR – Revenue Per Available Room.

While your mission as an accommodation business is to provide memorable and exceptional guest experiences for your guests, your goal is to earn capital and grow revenue.

This means, you must be both resourceful and innovative, in order to reap the most benefits of the services you have to offer.

This means, optimising Revenue Per Available Room (among other things).

In this article, we'll answer the question 'what is RevPAR', show you how to calculate RevPAR, and describe in detail 16 ways how to increase hotel revenue (RevPAR) for your hotel.

Let's dive in.

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RevPAR?

What is RevPAR?

As mentioned earlier, 'RevPAR' stands for 'Revenue Per Available Room'. RevPAR is a key metric in the hotel industry, which is used to measure business performance, by understanding how much revenue is being generated per individual hotel room.

What is the significance of hotel RevPAR?

Because hotel rooms are individual commodities (valuable products on offer for customer purchase) - understanding and calculating how much Revenue Per Available Room a property is generating, is crucial to a hotelier's understanding of how well their business is doing.

RevPAR calculation

Making sense of the importance of RevPAR, starts with understanding how to calculate RevPAR. Find out your Revenue Per Available Room by using the following RevPAR calculation:

Average Daily Rate (ADR) x Average Occupancy Rate (AOR) = RevPAR

When learning how to calculate RevPAR, you must first understand and calculate your 'Average Daily Rate' (ADR) and your 'Average Occupancy Rate' (AOR), as it is these two figures that'll help you determine your RevPAR.

ADR Definition: An accommodations ADR, or Average Daily Rate, refers to the average revenue earned by a hotel room on any given day.

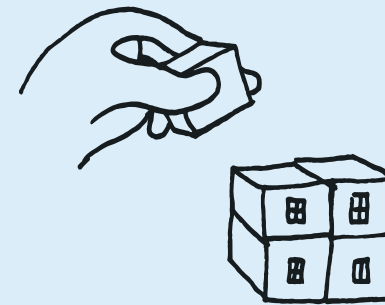
AOR Definition: An accommodations AOR, or Average Occupancy Rate, refers to the average percentage of hotel rooms booked out over a period of time.

Learn how to calculate hotel ADR and AOR [here](#).

So now that we know what RevPAR is, let's explore 23 ways how to increase RevPAR...



Order bump's



What are they?

One of the many tactics that you can use when considering how to increase RevPAR for hotels, is to increase revenue with small guest add-on's. It is often the extras that bump up a guests bill, and so you must encourage guests to purchase these.

Order bumps (also known as upselling and cross-selling) are the "extras" or "add-ons" that you encourage a customer to purchase. In the fast food industry for example, a famous line is "would you like fries with that".

In the hotel industry, this works the same way when you add optional extras in a guest hotel booking process.

PRENO TIP

Order bumps are little optimisations that you can do to improve profitability, increase bookings, and overall, improve hotel RevPAR. If you had 100 guests per month, even if just 1 of those opted for an extra (or 'order bump'), this is extra capital, your hotel would otherwise not have had.

Let's learn some examples of order bumps that boost Revenue Per Available Room...

Order bump: Airport transfer

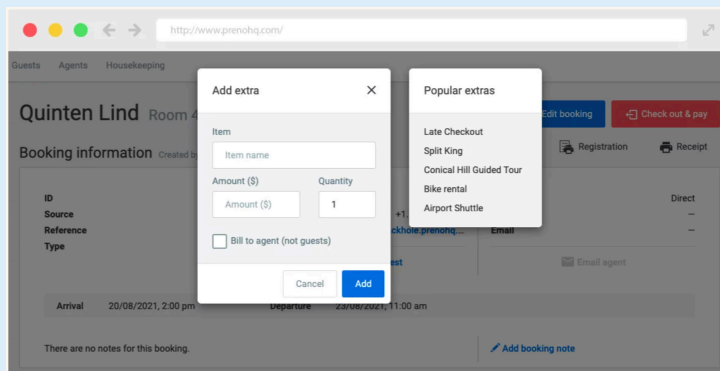


Fig. 1 - How to add an airport transfer order bump to your Preno booking engine

How to increase RevPAR with 'airport transfer' order bumps

One common tactic that hoteliers (and businesses of all kinds) use to increase RevPAR, is by creating "order bumps". Order bumps are "extras" that hoteliers can offer at the final booking stage, before a guest completes their booking.

Offering an airport transfer is a perfect example of an order bump, when considering how to increase RevPAR in hotels.

You can simply add this order bump or "extra" to your booking engine to increase the chances of upselling a guest's stay with you, and therefore help increase hotel RevPAR.

1.0

Order bump: Champagne on arrival

How to increase RevPAR with 'champagne on arrival' order bumps

Another example of an order bump, commonly used in the accommodation industry, is adding an option of a small extra, such as “champagne on arrival”.

A guest may be booking a room for a special occasion (e.g. an anniversary or birthday), and by offering the “extra” of a bottle of champagne in the guests room, they are then likely to spend more money at your property on something they may not have even thought to ask for.

This extra revenue advantageously adds to your Revenue Per Available Room, before the guest even arrives at your property.

This order bump is another way how to increase RevPAR in hotels, and can be added to your booking engine in the same way (see fig. 1).

2.0

Order bump: Local activity partnership - 5% discount

How to increase RevPAR with 'local activity partnership' order bumps

3.0

One other common order bump tactic used in the tourism and hospitality industries to increase hotel RevPAR, is to partner up with other travel operators and offer a discount.

It might be that your hotel is based in close proximity to a ski field, and so you partner up and offer a packaged deal, where the guest saves 5% (in comparison to paying full price, if they were to book this activity separately).

This order bump can also be added to your booking engine, in a way to upsell a guest's stay with you and increase hotel RevPAR, simply by the click of a button.

Order bump: Massage at hotel spa

**How to increase RevPAR
with 'massage at hotel spa'
order bumps**

4.0

Depending on your accommodation type - you might be a small lodge, a boutique hotel, or something else - you will offer varying services and add-on's.

A common order bump that you can add to your hotel booking engine is a massage at the hotel spa - this can easily jump a guest's spend with you by \$100 or more. Simply by having the option for guests to click "add massage", you have provided more opportunities to increase your hotel RevPAR. See how simple it can be?

You can add a hotel massage (or other unique service), as a way how to increase RevPAR in hotels, in the same way that you can add other order bumps to your booking engine.

Email automation



How do you optimise it to increase RevPAR?

In the hotel industry, email automation is one of the most effective ways to market and re-market to guests, as a way of increasing hotel RevPAR.

By creating and scheduling emails in your hotel management system, you can send out pre-arrival, and post-departure emails to upsell extras, and encourage guests to return.

PRENO TIP

Create automated emails in Preno to send to guests before they stay with you, straight after their visit, and even 1 year later. Send them upgrade offers, ask for reviews, and offer discounts to welcome them back. E.g. "Thanks for staying with us last year, here's a 10% discount for your next stay with us." Emails like this are a proven tactic when considering how to increase RevPAR in hotels.

Let's explore some examples of email messaging you can use to help increase your Revenue Per Available Room...

Email automation: \$50 upgrade - 5 days before arrival

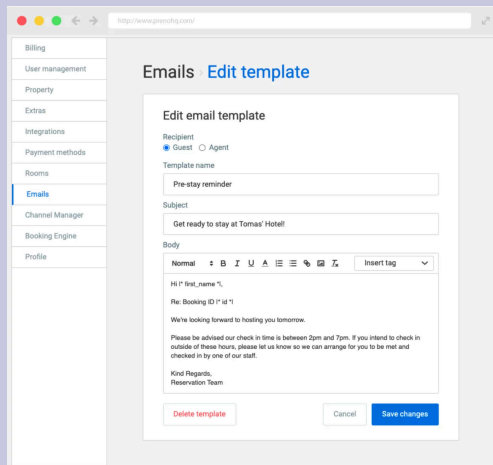


Fig. 2 - You can customise and schedule emails within Preno effortlessly

How to increase RevPAR by offering an upgrade via email

Another common tactic used to increase hotel RevPAR, is with the use of email automation.

There are innumerable ways how to increase hotel RevPAR, and often these ways come in small add-on's to guest stays (as we delve into earlier).

In the restaurant industry, for instance, restaurant owners often gain more profits from upselling bottles of wine, entrees and desserts - the main meal is often just the baseline to break even.

This works the same way in the hotel industry. Where the hotel room is the main product, massages, room service and upgrades are where operators get that extra boost in their hotel RevPAR.

Sending guests an automatic email 5 days before arrival, encouraging them to upgrade to a more luxurious room for just \$50 is an example of how you might boost Revenue Per Available Room.

5.0

Email automation: Coffee delivered each morning - 2 days before arrival



How to increase RevPAR by offering extras (e.g. coffee) via email

Another example of an email upsell is setting up an automatic email to offer guests the option to have a coffee delivered to their room each morning.

This tactic will not only show guests that you're going the extra mile to make their stay with you personable and exceptional; but also provides opportunities to grow your hotel RevPAR.

If a guest opts to add a coffee per day to their booking, this will be an extra \$5 per day (or more if there are multiple guests per room) of revenue that would otherwise not have been attained.

You can create automated emails in Preno like this one, in the same way as shown in Fig. 2.

6.0

Email automation: After stay - ask for a review

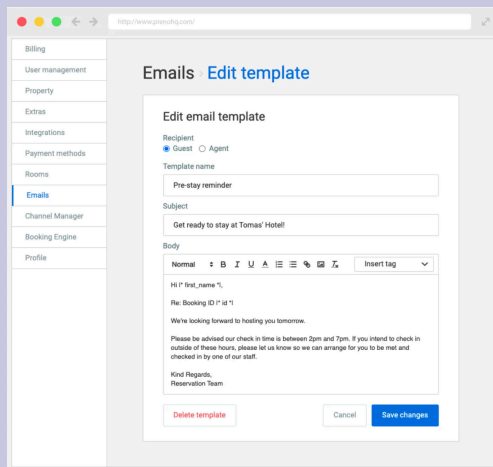


Fig. 2 - You can customise and schedule emails within PreNo effortlessly

How to increase RevPAR by asking guests for a review via email

Shortly after a guest stays with you, you should always follow up asking for a review. This not only shows guests that you care about their opinion and seek to improve upon their experience for next time, but also provides you with invaluable feedback and criticism, for which you can then use to make improvements to your hotel business.

How does this help to increase hotel RevPAR? The customer voice is powerful, so the more positive guest reviews you have, the more potential guests will stay with you, and the higher your occupancy rates and Revenue Per Available Room will be.

Set up a “leave a review” email in the same way shown in fig. 2.

Learn more about [how powerful hotel guest reviews are](#), and [how to respond to negative reviews](#).

7.0

Email automation: Guest discount code for friends & family

How to increase RevPAR by giving guests a discount code for referrals

One of the most common ways that travellers choose accommodation and activities, is by asking friends and family for recommendations.

If you provide guests with a friends and family discount code, they could then pass this on to a number of their contacts, which would increase the chance of them coming to stay at your property.

While discount codes sell your rooms at a cheaper price, they increase the chances of more people booking, hence can contribute favourably to your hotel RevPAR.

You can set up an ongoing discount code with the Preno team, and then create an automated email to add this to.

Learn more about hotel [word of mouth](#), and how guest recommendations can boost your occupancy rates and RevPAR.

8.0

Email automation: 12 months later - “stay with us again”



9.0

How to increase RevPAR by
optimising automation to reach
out to guests a year later

Imagine being able to send a guest an email inviting them to return, one year after their stay with you. Might be hard to remember, right?

With email marketing automation, you can create and schedule automated emails, so that you can invite guests for a return visit (without having to do this manually).

By scheduling emails with automation, guests that you would have previously forgotten about, will now receive an email one year later. In your automatic email, you might offer a discount or free upgrade, and immediately you have a market of potential repeat visitors.

Imagine how much extra Revenue Per Available Room you could earn with this tactic!

Set up an automated email in Preno (fig. 2) when a guest stays with you so that one year later your software reaches out to them.

Hotel inventory



Hotel inventory management – how do you optimise rooms?

As a hotel owner, your inventory is the rooms in your hotel. Everyday, it is your mission to fill as many rooms as possible, in order to optimise opportunities for revenue.

PRENO TIP

When considering how to increase RevPAR for hotels, one of the key areas to take into consideration is 'inventory management' – i.e. how you manage and optimise your available and unavailable rooms. Think of innovative ways to do this such as providing upgrades, reducing prices, and more.

Let's explore some examples of hotel inventory management.

Inventory management: Free upgrades on sold out rooms

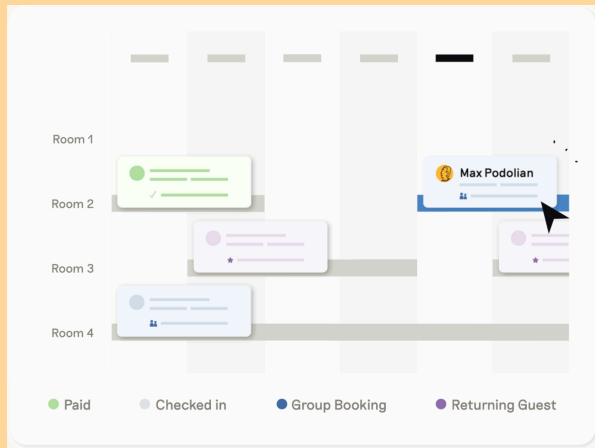


Fig. 3 - Effortlessly drag and drop guest bookings into different room types

How to increase hotel revenue by shuffling bookings with the 'drag & drop feature' to increase availability of popular rooms

When considering how to increase revenue (or 'hotel RevPAR'), you want to ensure that you are optimising all revenue opportunities, by undertaking clever tactics to fill up your hotel rooms.

A clever tactic to do this, is to use your hotel software's 'drag and drop feature' to shift bookings around and free up popular rooms.

For example, if one particular room is selling out, but other room types are empty, you can give guests a free room upgrade to free up space. This will make the guest happy, and provide more availability for popular room types, meaning that you will welcome more bookings, and hence, increase your hotel's RevPAR.

Effortlessly drag and drop guest bookings into different room types on the Preno grid as shown in fig. 3.

(Your powerful software will sync reservation data with your channel manager and booking engine to instantly update your availability on your website and OTA's.)

10.0

Inventory management:

ROOM TYPE	23 Aug 2021	24	25	26	27	28	29
One Bedroom	3	3	3	3	2	4	3
CONNECTED Rack Rate	140 1	140 1	140 1	140 1	140 1	140 2	140 2
Walk-In BASE RACK RATE DERIVED: +20.00 %	112 1	112 1	112 1	112 1	112 1	112 2	112 2

ROOM TYPE	23 Aug 2021	24	25	26	27	28	29
Two Bedroom	1	2	2	3	3	4	4
CONNECTED Rack Rate	200 1	200 1	200 1	200 1	200 1	200 2	200 2
Walk-In BASE RACK RATE DERIVED: +20.00 %	160 1	160 1	160 1	160 1	160 1	160 2	160 2

Fig. 4 - Edit and update room rates in Preno, to reduce prices

Reduce prices of unsold inventory

How to increase hotel revenue by reducing room prices

Another common tactic that hoteliers use, when considering how to increase hotel revenue, and ensure inventory is at full capacity, is price reduction.

When it comes near the date of stay, and your hotel is struggling to fill rooms, it is usually worth reducing prices to see if you can boost occupancy.

Of course, the ideal would be to sell inventory at full price, and earn a profit. But empty rooms equal loss of revenue (you still have to pay staff wages, pay bills to upkeep the property, etc.) – so sometimes, the best option is to reduce prices of unsold inventory, to ensure that you at least break even on those less popular days. (Price reduction is a common tactic during low travel seasons).

You can easily edit and update room rates in Preno, to reduce prices, as shown in fig. 4

[Learn 5 strategies how to increase hotel revenue during low season.](#)

11.0

Inventory management:

Increase prices on your sold out inventory

How to increase hotel revenue by increasing room prices

In the same way that you would decrease prices for less popular rooms, a common tactic to increase hotel RevPAR, is to increase prices for sold out rooms.

In the previous section, we explained the tactic of optimising the drag and drop feature, in order to shift bookings around to free up popular rooms and fill empty ones.

When a specific room type is sold out, you can give guests a free upgrade to open up availability for the popular rooms. Once you've done this, you can try increasing the price of popular rooms, so that the next guests that pay, are paying slightly more, and hence, you are not only filling more rooms, but also earning more Revenue Per Available Room. (This will also help make up for the free upgrade given to other guests).

Edit room rates and increase prices on your website and OTA listings instantly by editing room rates in Preno in the same way as shown in fig. 4.

12.0

Inventory management:

Don't let people check in on public holidays

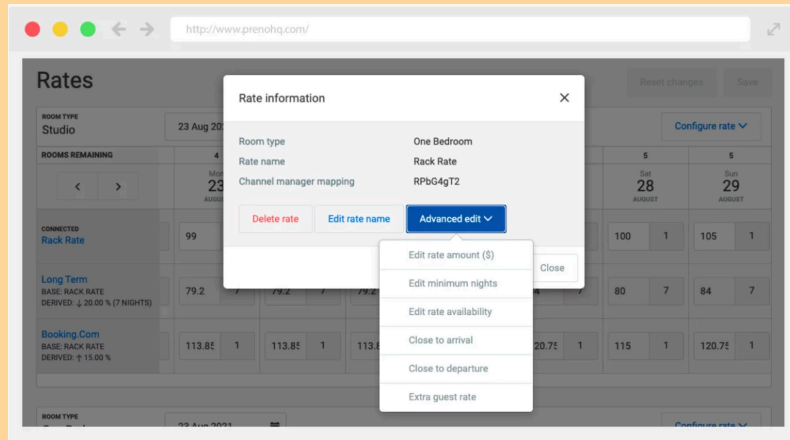


Fig. 5 - Set 'closed to arrival' rules in Preno

How to increase hotel revenue by setting 'closed to arrival' availability rules

During high travel season, you will have certain weeks and days that are fully booked – but how do you optimise these busy days to increase your hotel RevPAR even further?

You can of course increase room prices during special holidays like Christmas, but another proven tactic for hotel inventory management is to not let guests check in on public holidays like Christmas day.

Your hotel is going to be busy, so the last thing you want is to be checking in guests on Christmas day. Set rules in your hotel software system so that guests can only book a certain number of days before. This way, the guest will also be more likely to stay extra nights with you – meaning that your Revenue Per Available Room will increase.

Set 'closed to arrival' rules in Preno as shown in fig. 5.

13.0

Inventory management:

Don't let people check out on public holidays

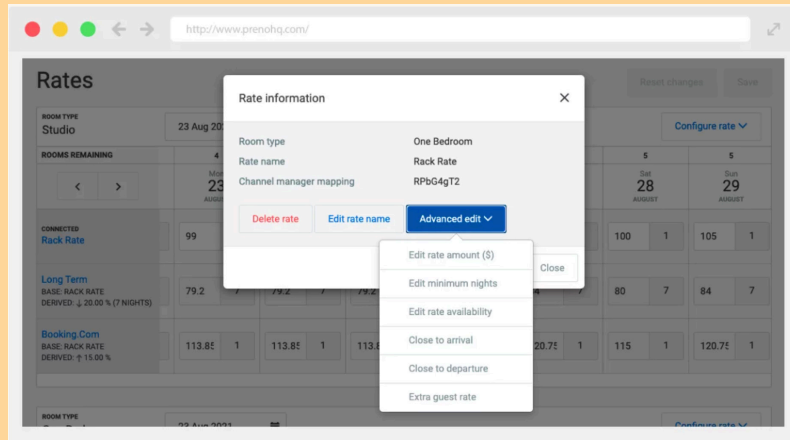


Fig. 5 - Set 'closed to arrival' rules in Preno

How to increase hotel revenue by setting 'closed to arrival' availability rules

In the same way that you wouldn't want guests to check in on public holidays, and waste valuable time and inventory during busy season, you also don't want people to check out on public holidays.

Set rules within your hotel management software to ensure that on busy days like Christmas, availability is closed to departure. This way, guests will book an extra night's stay with you, increasing your overall Revenue Per Available Room.

Set 'closed to departure' rules in Preno, the same way that you would set 'closed to arrival' rules, as shown in fig. 5

14.0

Inventory management:

Minimum night stays

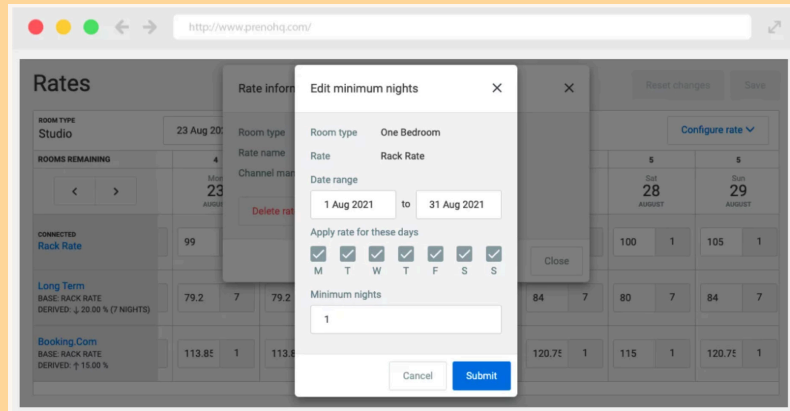


Fig. 6 - Set minimum night stays in Preno

How to increase hotel revenue by setting 'minimum night' stay rules

Another key tactic to optimising your inventory, is to set minimum night stay rules. When searching for an accommodation property, often guests might look to book at a hotel for just 1 night, but if you set minimum night stays, this will increase their chance of staying with you longer (and therefore spending more).

This tactic shouldn't be used all year-round, but there are certain times where it is applicable. For example, during high season, you don't want a popular date wasted by a 1 night stay, when there are likely a pool of potential guests who would book for a 2, 3, or even 4 night stays.

Set minimum night stays in Preno as shown in fig. 6.

15.0

Inventory management:

Charge extra per guest

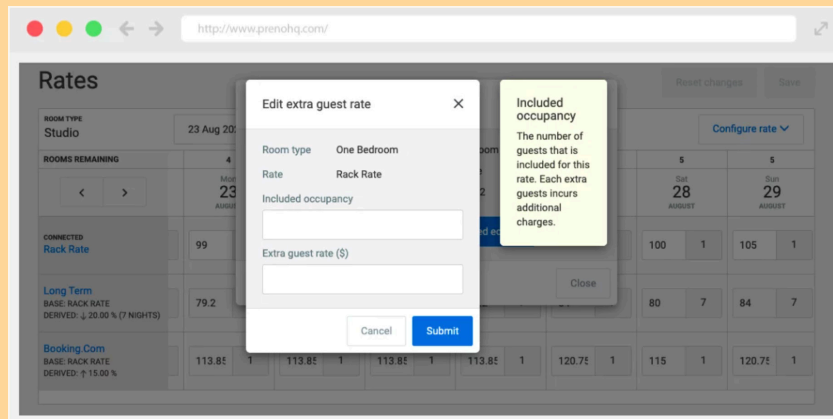


Fig. 7 - Set rules to charge extra per guest in Preno.

How to increase hotel revenue by charging extra per guest per room

Another way to optimise your hotel RevPAR, when considering how to increase hotel revenue, is by charging extra per guest.

Within your hotel management system, you can easily set rules so that guests are charged extra per guest per room. For example, a common approach hoteliers use is a flat rate for x2 guests, and then an additional cost per extra guest, per room.

Here's an example: You could set your hotel room price at \$100 per night for x2 guests, and then set rules to charge an extra \$20 per night, per additional guest.

Easily set rules to charge extra per guest as shown in fig. 7.

16.0

Preno

Excel your hotel growth by increasing your Revenue Per Available Room

Now that you have the answers to 'what is RevPAR' and 'how to increase hotel revenue', you're one step closer to growing your business

Searching for a powerful hotel management system that'll increase your RevPAR?

[Trial Preno for free today.](#)

When it comes to increasing hotel revenue, there is no one way – but there are a wealth of proven tactics to boost your Revenue Per Available Room – each of which contribute to boosting your hotel growth.

Whether you try order bumps, optimise email automation, or try a variety of inventory management tactics – the important thing to remember is that you won't know until you try.

Every little tactic you try, and every little bit of extra revenue you earn, may seem small in the interim, but it all adds up in the long run.

Offer daily coffees to increase a guests booking by \$5 per day, send pre-arrival and post-departure emails to upsell and welcome guests back, set availability rules like minimum night stays – be proactive and grow your hotel with innovative RevPAR tactics.