



Companium Hospitality has created a hospitality glossary to help you learn all key acronyms, words and concepts of our industry

## *The Hospitality Cheat sheets*

### **ADR**

Average Daily Rate. Also called ARR Average Room Rate

Goal: to calculate the **average rate for each room sold** for a specific date

ADR = Room revenue / paid rooms sold (occupied)

Example:

Total revenue: 14 000 €

Rooms sold: 70

ADR = 14 000 / 70 = 200 €

### **All inclusive**

A rate plan including 3 meals, as well as the beverages

### **Allotment**

A certain number of blocked rooms which have been negotiated between a property and a third party: TO, Wholesaler, travel agent, OTA.

Allotments have deadlines (= cut-off dates or release dates): the client can release the booking up to this date  
For instance, 3 Standard Rooms per day, on weekday, and 5 Standard rooms per day on week-end days, with a release day of 7 days prior to arrival.

### **ALOS**

Average Length of stay

### **ARI**

The performance of the hotel ADR compared to a specific CompSet during the same period (if your average rate is €100 and average of competition € 95, then your ARI is  $100/95 = 1.05$ )

### **Attendee**

Participant to an event

Ex: 100 attendees to a cocktail

### **Availability**

Number of rooms available that can be sold for a specific period of time





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### **BAR**

Best Available Rate - The lowest rate of the day available for guests to book. The BAR rates are available to the general public, does not require pre-payment and does not impose cancellation or change penalties and/or fees

### **Barter agreement**

In hospitality, this is the fact to exchange goods or services for other things rather than money.

Example: Room nights (RN) in exchange of a service with an agency, a media (for paid communication)

### **Benchmarking**

In Hospitality industry, benchmarking is a process in which a hotel / hospitality structure compares itself (product and service) and methods with those of the most successful competitors, in order to try to improve its own performance

### **“Bleisure”**

The combination of the words "business" and "leisure”

More and more business travellers extend their business trips => leisure breaks as well.

It can refer to leisure time before, after or even during the business trip.

It can also refer to the fact that some people work during their holidays (specially Millennials, with Internet possibilities)

The lines are blurred

### **Block Business**

Used for MICE business: a certain number of rooms booked in the reservation system, called a PMS (ex: 200 rooms)

### **Booking window / lead time**

Period of time between the booking date and the arrival date

### **Cardex**

Profile of a client in the reservation system, PMS

### **Chatbot**

This is the contraction of “chat” and “robot”: chatbots are computer programs designed to simulate conversation with human users, on Internet.

They can answer most frequently asked questions.

Many hotels use them nowadays.

They bring an immediate answer to clients / guests, before or after their stays.

In most cases, guests / clients do not know that they have a conversation with a robot. If this is correctly done, the person has the feeling to talk to a human being.

### **Check-in**

First contact with the guest for his stay, key of the room, confirmation of the information



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### **Check-out**

Departure time; settle the guest account, update room status, check satisfaction

### **Client**

Person who books and pays the room or the event, can be different from a guest who is the final client; the person who is staying in the room.

The guest can also be a client if he books directly. Or else, the client is the intermediary (the company, the travel agent, the wholesalers etc...)

### **Commission**

Part of the money which is given to an intermediary when a booking is done.

For instance: commission given to Travel Agents, OTA. Can be between 10 to 30%.

The commission is different from the mark-up.

### **CompSet**

This is the competitive environment

A set of hotels that are similar in terms of size, chain scale / star rating; location, targets of clients

Used in the STR analysis to compare the performance of the hotel with competitors' performance.

### **COMP**

This abbreviation means "Complimentary".

Usually refers to room which are given for free, with no revenue.

For instance: rooms given to Travel Agents, journalists, bloggers or any person that the hotel would like to invite to showcase the hotel.

### **Continental rate plan**

Same as Room BB, this means that the room rate includes the breakfast.

That does not mean the breakfast is free.

### **CORP A – B – C**

Names for the 3 grids of Corporate rates applied to companies

Those rates are fixed and negotiated according to the potential of RN (Room nights) that companies commit to book in the hotel per year.

### **RN**

Stands for Room Nights

Used for instance to evaluate the potential of an account.

Example: "This corporate client has a potential of 200 RN / year."





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### **Corporate rates**

They are fixed rates agreed with a company, in exchange of a potential number of RN (room nights).

The company is the client. Guests are usually the employees of this company.

Guests can be occasional OR regular, but the company is a regular client.

Different type of Corporate rates, they are offered according to potential. Usually there are 3 rate grids, called A, B and C.

In most cases, only one or 2 room types are concerned by the rate negotiation: entry level (ex: Classic room), and an upgraded option (Ex: Deluxe room)

Negotiation can be done directly with the corporate local office, or via RFP (Request For Proposal), through a system called Lanyon: bidding online with Global Head of Purchase, an invitation is required to bid. No one-to-one meeting.

### **Corporate contracts**

- Rate could be Room only, or Room BB
- Rate could be LRA or NLRA: Last Room Availability, meaning that the client can book the last room available of the inventory. NLRA means that the hotel has the right to refuse to sell the room at this rate to this client, especially if demand is really high

### **Credit facilities**

Agreement between the property and a client to accept that the payment will be done by the company after the guest's departure. The guest is not paying his stay and an invoice is sent to the company. The company who has an account with the property has usually 30 days after the invoice's date to pay it.

### **Crews / Airlines**

Contract negotiated with airlines to accommodate the crew when the flight attendants can't go back home after a flight abroad.

Can be a small crew (5 pax) up to a large crew (20 pax)

Long term contract (few years)

Negotiated a long time in advance

Rate is usually quite low, each Airline has its "city cap".

Check-in / check-out are not done on standard time of the day (can be very early or very late)

Rate includes a range of special benefits (BB, meals, special discounts as they use a "per diem" for their expenses, access to the spa, etc..)

A block business: not flexible on the number of rooms needed!

- **Advantage:** A base business, secured business
- **Drawbacks:** The hotel must be organized to accommodate a crew (shift: housekeeping, reception etc...). Cannot be cancelled if the hotel needs the rooms for a large MICE business, for instance





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### **CRM**

Customer Relationship Management

CRM is an approach to manage a company's interaction with clients / guests.

### **Cross-selling**

“relates to sales activities that identify, suggest, and sell related items such as accessories or services to a prospective or existing customer” (A. Pizam),

Example: A massage at the spa during their stay, A restaurant reservation, An airport transfer: sold by the hotel; Can also be services from partners / suppliers: city tour, an outside restaurants, booked through the Concierge: Clefs d'Or

### **Cut-offs / release dates**

deadlines to release allotments or confirm a booking. Can be used for block business too

### **Daily operation reports**

“This report contains a summary of a hotel’s financial activities during a 24-hour period. The daily operations report provides a means of reconciling cash, bank accounts, revenue, and accounts receivable. The report also serves a posting reference for various accounting journals and provides important data that must be input to link front and back office computer functions. Also included in the daily operations report are room statistics and occupancy ratios and comments and observations from the accounting staff. The hotel’s night auditor prepares the daily operations report, from which the general manager and different department heads can review: (a) revenues, (b) receivables, (c) operating statistics, (d) front office cash receipts and disbursements, (e) departmental reports on revenue and expenditures and, (f) a credit report, which lists guests accounts remaining unpaid three days after billing, and any unusually large guest charges or balances.”

Source of definition: International Dictionary of Hospitality Management. Holcomb, Pizam.

### **Day use**

Rooms sold only for few hours per day (generally 6 hours, in the middle of the day)

### **Fixed rates / static rates**

The fixed rates do not depend on occupancy, negotiated on a contract. Contrary of dynamic rate.

They are rates negotiated with a client.

In a contract, it is possible to have different period, high and low season for instance, with 2 different static rates.

### **Dynamic rates**

Dynamic rates usually depend on the rate used on a specific date: BAR (a percentage of discount on the rate of the day).

That means the contract does not mention a static rate; but a rate which is dynamic.

For instance: BAR – 20%





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### **Early / Late arrival or check-in or out**

Normal check-in time is usually at 3:00 pm and check-out at 11:00 am. This may vary depending on properties. Early check-in means the client asks to arrive before 3:00 pm. This could be offered complimentary, depending on the occupancy and the client's loyalty, this could also be charged, if this is more than a couple of hours. If it is charged, it is guarantee. If it is COMP, it's usually "to be confirmed upon arrival"

### **Early bird**

Special rate / discount for clients who book a long time in advance. The goal is to create a base business

### **Extras**

Extras are all the expenses which are not covered by the rate plan

It can be breakfast if the rate plan was Room Only.

It can be drinks, meals, spas, drivers etc

They are to be paid upon check-out

### **EBITDA**

Earnings Before Interest, Taxes, Depreciation and Amortization

how profitable a company or business is with regards to its operations

EBITDA = Operating profit + Amortization expense + depreciation expense

Or: revenue – expenses (excluding taxes, interest, depreciation and amortization)

Measures : financial performance, can be used to compared hotels' profitability, as it eliminates the effects of financing and accounting decisions

### **F&B**

The food and beverage department is responsible for :

- Restaurants
- Bars
- Kitchen
- Clean up services
- Room service
- Banquets and event

F&B department is usually divided into two parts:

- Kitchen: Responsible for food preparation including main food, dessert, side food, and beverage.
- Restaurant: Responsible to provide dining room operation, waiter service, food runner, and clean up service.

Elaborate the menus and the offers

### **Finance Department**

The financial department's role is to: Record financial transactions, prepare and interpret financial statements and deal with cost accounting and cost control

Main missions are accounting, Finance operations, Purchasing, Storeroom, Audit, F&B controller, Credit control, Cost control



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### **FamTrip**

Familiarization trips are organized to develop loyalty with clients, to show them the property and the service, to promote the destination and the hotel.

A FamTrip can be organized with an Airline (COMP tickets), a TO, a Tourism Board or other DMOs representing a destination, the purpose is to educate agents / press about their products & services and promote them.

### **FIT**

Frequent Independent Traveller: Individual, not a group.

Type of travellers: Business or leisure, walk-in or with a reservation, not a long stay guest

### **Forecast**

A forecast is an estimation of the future situation in term of revenue, occupancy rate and RevPar for a specific period of the year.

The forecast is done yearly: this is called the budget

Then the budget is revised every month, week, day (depending on RM and hotels) to be as precise as possible, and to include OTB

### **Half board**

A rate plan including 2 meals, usually breakfast and dinner

### **Full board**

A rate plan including 3 meals. (All-inclusive means that beverages are also included in the rate plan)

### **Guest**

A guest is the final client; the person who is staying in the room. This is different from a client, who is the person who is booking and paying the room or the event. This is also different from an attendee

### **GDS**

Global distribution System

A reservation tool used by TA to make a booking (hotel, airline ticket, car, or other travel service)

Inventory and rates are available in live

Ex: Galileo, Amadeus

### **GOP**

Gross Operating Profit

One of the most important KPIs to measure the performance of a property / activity

$GOP = Revenue - Operating\ expenses$

Operating expenses: direct costs, labor, production of the service

Measures: operational profitability of a hotel / structure



### **Group**

Usually, more than 10 rooms, with negotiated rates and special conditions: release dates, cancellation policy

### **Guest profile**

The guest profile is the PMS (Opera) gives information about the guest and his preferences.  
This is called the Cardex.

### **Human resources - HR**

The human resources department is given the responsibility to handle:

Employee recruitment, and contracts, induction

Arrange staff training

Career management / promotions

Disciplinary decisions

Salaries

and check staff attendance

The two main challenges of HR are: How to recruit / attract staff? / How to retain employees?

### **Incentive**

An incentive is something that encourages a person to do something.

In Hospitality Management, an incentive is an event (usually few days in a great destination) to motivate, reward employees or clients.

- Group size: usually quite small (between 10-50)
- Destination: usually upscale hotels or resorts in dreamy destinations.
- Targets: corporate but the trip is "Leisure oriented": unique amenities and facilities
- Lead time: usually more than 1 year

### **KPI**

Key Performance Index / indicators, such as revenue, RevPar, ADR, RevPor

Used daily to measure the performance of the hospitality structure

### **Long stay guest**

Minimum 30 days, can be up to 3 years

Long stay guests live in the hotel, its's "home away from home": they have all the facilities: rooms, restaurants, spa, laundry, and sometimes social networks.

Usually contracts are signed with their company

Competition of this kind of contracts: Serviced Apartment

Very negotiated rate

Tailored-made, bespoke contract, usually a package with special conditions. Example: rate is including F&B discount, massage, half-board, laundry discount.



- Advantage: A base business, secured business
- Drawbacks: Rates might be very low, and guests are not flexible.

### Loyalty program

A 'Loyalty Program' Loyalty program encourages guests / clients to return to hotels where they frequently stay in order to get points and benefits.

They can redeem points to get complimentary nights for instance; or benefits such as complimentary upgrade.

Example: SPG, a strong loyalty program in hospitality industry.

### LRA / NLRA

Last room availability / Non Last room availability.

Those terms are used when a rate is negotiated between a company and a hotel: corporate contracts.

Rates could be LRA or NLRA:

LRA: Last Room Availability, meaning that the client can book the last room available of the inventory.

NLRA: Non Last Room Availability, meaning that the hotel has the right to refuse to sell the room at this rate to this client, especially if demand is really high

### Market penetration Index

MPI - Measured by occupancy. occupancy 70% vs average of market 80%, your MPI index is 0.88.

Used to analyse STR performance, for instance

### Market segmentation

Segmentation allows to identify the **trends of groups of clients, who have common behaviours:**

Length of stay (short or long stay), Day of weeks stays (week days or week-ends); Average Revenue per room, Type of rooms booked, Booking Lead Time – booking window, Period of stay, Cancellation rate, No Show ratio, Rooms only or other expenses (spa, F&B etc...), Etc ...

### Market share

Hotel's percent of total. One of the KPIs used to evaluate the performance of a property compared to the competition.

Used for instance to analyze the STR performance

### Marketing mix

In Hospitality industry, the marketing mix combines the 4 P below:

- Place (not much can be done)
- Product / service (how to enhance the service, consistency, perception)
- Price (RACK, packages, rate per segment)
- Promotion: ads (type of medias, budget, promotions)



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### **Mark-up**

This is different from commission; the room is sold to a third party at a rate and the third party add their markup to obtain their sell rate (ex: wholesaler)

### **MICE**

The acronym for group business organizations: Meeting, Incentive, Convention, Events / Exhibitions.

4 major parties are generally involved: 1- the participant, 2-the organizer: sponsor, association, corporation, other.

3- the intermediary : meeting planner, travel agent, convention bureau, 4- the venue: hotel, convention or exhibition center, municipal facility.

In hospitality industry, MICE business can involve:

- Meeting rooms: venues
- Guest rooms : can be single or double occupancy: group rate
- Banqueting : F&B needs
- Specific requirements : music, translation booth, entertainments

### **Millennials**

Millennials, also called Y generation, are a group of people born between 1980-2000

Main traits are :

- Free time, time for themselves, different separation work / personal life
- Yolo (*You Only Live Once*)
- Internet and New technologies
- Travel more (5 travels / year, vs 3 for the average of the active population)
- Green travel – sensitivity to environment
- Look for good value for money
- Don't believe advertising / commercial communication
- Online reviews : 78% of them check online reviews (vs 46 % of the average travellers ([study Coach Omnium](#))).
- « Bleisure » : According to a [Chase Marriott Rewards Premier Business Credit Card Survey](#), 78% of millennials intentionally carved out personal time on a business trip.

**Careful:** difference of age (20 years), different level of life, way of life.

### **MOD**

Stands for Manager on duty

### **Mystery shopping**

The activity of pretending to be a normal guest to check the quality of the service of an hotel or a restaurant.

The mystery shopper will usually stay one night and test a maximum of services (restaurants, spa, breakfast, laundry etc...), his company is paid by the hotel to get an objective feedback. Upon departure, the mystery shopper usually asks to meet the GM in order to introduce himself and give a short feedback.

The final report is sent 2 or 3 weeks after the stay.



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### **No show**

A client who has a booking and is not coming, without cancelling his booking.  
Can be charged or not, depending on hotel policy and contracts

### **Occupancy**

This KPI shows the percentage of available rooms of the hotel that have been sold, during a certain period of time or a certain date

### **OOO Rooms**

Out Of Order

Used in the daily reports to mention a room that cannot be sold, and needs to be temporary removed from the inventory

### **OTA**

Online Travel Agent

Take a commission for each booking done through the platform.

A voucher is sent to the hotel to confirm the booking

Ex: Booking or Expedia

### **OTB**

On The Book

Bookings already saved in the PMS (Property Management System)

### **Overbooking**

More bookings done than available rooms, expecting that cancellations and no-show will compensate this risk

### **Pace**

the speed (or not!) at which bookings are made. This is needed to evaluate the demand, to adapt the rate (which BAR can be used), and forecast the revenue for a specific period or a certain date

### **Pax**

Used to mention the number of persons

Example: 100 pax, means 100 persons

### **PMS**

Property management System: Opera, Protel for instance. A local hotel system used for reservation, availability, occupancy, check-in/out, guest profiles, report generation etc



## PR

### Public Relations

The aim of public relations is to inform the public, prospective customers, investors, partners, employees, and other stakeholders and ultimately persuade them to maintain a positive or favorable view about the organization, its leadership, products, or political decisions.

In Hospitality industry, that refers to all activities that aim to be considered and exploited by journalists and social media. (press kit, press releases, events, innovations in the hotel / restaurant, new information: a new chef, a new product, a new service...).

- **Press kit:** a full document with all the needed information about the structure (updated once per year, or when major changes have happened)
- **Press releases:** edited each time there is something new to communicate on. (ex: the Yule log for Christmas, A Valentine package, new menus ...)

### Pre / Post stay meeting

When attendees, to a MICE event for instance, extend their stay for personal purpose.

This is usually one or few nights before or after the event.

### RACK rate

published rates, usually the most expensive rates on the rate grid

The highest rate: Published rates (lobby, room door, website and official communication)

Please note that this rate is almost never applied

### Rate parity

rate uniformity on all distribution channels for the final guests. A way for hotels to guarantee their direct clients they will not find a cheaper rate elsewhere. Intermediaries should have mark up on their net rate to offer the rate parity

### Room Revenue

Total revenue from the rooms sold

Room revenue = total revenue from the sold rooms

Example:

- Sold rooms: 70
- ADR: 200 €
- Room revenue: 14 000 €

Caution: Alone, this KPI doesn't mean a lot!

Have we sold a lot of rooms? how many rooms remained empty? Was the ADR good? What type of rooms have we sold?

### RGI

Revenue Generation Index: Revenue share of the market, the market being your hotel and the hotel competitors is  $MPI \times ARI$





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**Room Type**

- **Connecting:** Beside each other with a door, access without using the public corridor
- **Single room:** Room used by one person. Does not mean that the bed is a small one, the room can have a double-bed!
- **Double room:** Can accommodate one or two people
- **Twin room:** The twin room displays two beds (can be single or double beds)
- **Suite:** One or more bedrooms in addition to a separated living room
- **Junior Suite :** Has a sitting / living area and a bed. The bedroom and the living area are not separated, which is the characteristic of a suite

**Reviews (online)**

In Hospitality industry, online reviews are used on travel websites to give clients and guests an opportunity to rate and comment on services they have experienced.

Tripadvisor is the most famous and its impact is considerable.

Hotels and restaurants have to take them into account, and take time to answer to each and every comment.

**RevPar**

**REVENUE Per Available Room**

This ratio is the most helpful as it combines 2 ratios : room revenue + number of available rooms or paid occupancy + ADR

It shows more realistic results than revenue alone or ADR alone

RevPar = Room revenue / number of available rooms

RevPar = Paid occupancy x ADR / 100

Example:

- Room revenue 14 000 €
- Number of available room 95 (100 – 5 rooms “OOO”)
- Paid occupancy 73,68%
- ADR 200 €
- RevPar 14 000 / 95 = 147,36€, or 73,68 x 200 / 100 = 147,36€

**RevPOR :**

**REVENUE Per Occupied Room**

Measures the total revenue per room which has been occupied.

RevPOR = Total revenue / number of occupied rooms

Total revenue: room revenue + extras: Restaurants (F&B), spa, and any other type of extras in the hotel





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Example:

- Room Revenue : 14 000 €
- Other revenues: 6 000 €
- = Total revenue: 20 000 €
- Occupied rooms : 70
- RevPor:  $20\,000 / 70 = 285,71$  €

### RFP

Request For Proposal

A way to negotiate a global corporate contract, through a system – usually Lanyon  
It is an online bid with Global Head of Purchase, an invitation is required to bid.

### ROI

Return On Investment.

Helpful to evaluate if an action (marketing for instance) has a positive impact.

### Room only

This is a rate without breakfast, or any meal plan.

This is the contrary of Rate room BB, this rate plan is also called “European plan”

### Room rate BB

Room with a breakfast including in the rate. That does not mean the breakfast is complimentary.

This is the contrary of Rate room only

This rate plan is also called Continental plan

### Room status

Used specially by reception and housekeeping.

The room status indicates if the room is occupied, ready to be sold, dirty or to be inspected after the housekeeping service.

### Room types / categories

From the lowest to the highest, the rooms are organized by categories

Example: Standard room, Deluxe rooms ...

Suites have also categories

### Site inspection

Hotel tour is organized to promote the facilities of the hotel



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### STR

Smith Travel Research. Reports showing the hotel performance as per CompSet's performance in term of occupancy, ADR and Revenue. Those daily reports show a ranking in term of market penetration and other KPIs

### SWOT

SWOT analysis is an analysis framework used to evaluate a company's competitive position and stands for strengths, weaknesses, opportunities and threats.

- **Internal:** Strengths and weaknesses . This depends on the hotel or restaurant. (ex: location, a renowned chef, the brand, the spa, the Michelin starred restaurant...)
- **External :** Opportunities and threats (ex: the attractiveness of the city, a large city event, the competition). The hotel or restaurant cannot change this but can react to a threat and use an opportunity.

### Trade shows

In hospitality industry, they are large annual events where the Director of Sales of an hotel can or his team members, as well as the GM, meet travel agents to promote his hotel.

One-to-one meetings are organised according to a schedule (10 to 20 minutes per appointment)

For instance:

- Leisure trade shows: Travel Week Virtuoso in Las Vegas, ILTM (ex: Europe: Cannes), ATM: Arabian Travel Market (Dubai), L.E. Miami, Emotion Barcelona, ITB Asia
- MICE: IBTM (Barcelona), IMEX (Americas / Frankfurt), IFTM, Top resa, Paris
- Both leisure and MICE: ITB Berlin, IFTM, Top resa Paris, World Travel Market – WTM, London

### Travel Agent

Travel agent definition is a person engaged in selling and arranging transportation, accommodations, tours, or trips for travelers.

For hotels, the travel agent is an intermediary; a commission is paid (around 10% usually).

The travel agents are invited to discover and experience hotels (specially luxury hotels), during FamTrips, in order to recommend them to their clients.

### Up-selling

"up-selling represents the efforts of reservation agents and front desk agents to convince guests to rent rooms on categories above standard rate accommodations" (A. Pizam), examples: A Deluxe room instead of a standard room, a suite instead of a room; A room with a view; A room with access to the Business Lounge...

Different from cross-selling

### USP

Unique Selling Point, or Unique Selling Proposition, or even KSP: Key selling point

What makes the hotel special, what differentiate its offer compared to the competition.

A factor that differentiates a product / service from its competitors, such as the lowest cost, location,



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### **Voucher**

This is the proof of the payment of the room that a guest received from a Travel Agent (TA) or any intermediary and that he needs to give upon arrival at the hotel Reception.

The voucher details the room category, the rate plan (BB, room only), the dates and the required details.

The voucher usually does not mention the rate paid.

### **Walk-in**

A client who comes at the hotel without a booking, last minute booking taken at the reception of the hotel

### **To walk a client**

When a client has a booking that the hotel cannot accommodate (needs to find a solution with a partner hotel)

### **Wholesaler**

A wholesaler is a 3rd party organization that sells hotel room nights.

They buy rooms in bulk then sell them to travel agents and OTAs.

They do not sell directly to final guests. They are intermediaries.

They buy RN at a certain fixed rate (static rates) and they add a mark-up to sell to their clients.

Contracts are negotiated a long time in advance (Average: 18 months).

A new trend: to offer dynamic rates to adapt to the market and be more flexible.

### **Yield management**

« The business practice of selling the right inventory to the right customer at the right price at the right time so as to maximise total revenue, profit and market share » ... « through the right channel » A. Pizam

Selling the inventory at the highest rates, with the lowest cost channels

Thanks for your attention.

I hope you've learnt a lot.

*Helene Bouyer*