

WHY REVPAG (REVENUE PER AVAILABLE GUEST) IS THE METRIC THAT MATTERS

What is RevPAG (Revenue Per Available Guest) and why is it suddenly the metric that matters in hospitality?

Lately, everyone seems to be talking about RevPAG.

Though it's not new, RevPAG (Revenue Per Available Guest) is becoming more of a buzzword across the hospitality industry, capturing the attention of resort owners, spa directors, and industry strategists. Unlike RevPAR (Revenue Per Available Room), which zeroes in on room occupancy and rates, REVPAG shifts emphasis to the holistic guest experience and encompasses spending on activities, spa services, dining, and retail. As travelers demand more curated, personalized experiences, and hotels evolve into cultural hubs, social destinations, and all-encompassing retreats, the industry needs an expanded metric for planning and decision making. REVPAG is that metric, providing a better lens for evaluating the full spectrum of revenue generated per guest and a more robust view of a hotel's financial performance.

Why RevPAG is a valuable metric

What is RevPAG?

RevPAG measures the total revenue generated by each guest during a stay, including all spending across hotel venues and services. This includes:

- Room revenue
- Food and beverage purchases
- Spa treatments
- Ancillary services (pickleball and golf courts, activities, excursions, classes and workshops, etc.)
- Any other on-property spending

Advantages of RevPAG

RevPAG gives a fuller picture of a hotel's financial state by considering all revenue sources. This allows leaders to make more informed operational decisions and aligns with the modern traveler's expectations for holistic experiences. RevPAG highlights opportunities to increase revenue from all streams and can help drive strategies to encourage guest spending on ancillary offerings. According to data from STR Global, luxury properties already generate up to 40% of revenue from non-room sources, indicating that the desire to spend is there.

Real-time RevPAG data boosts upselling and cross-selling opportunities and facilitates the creation of personalized offers and targeted marketing campaigns based on individual guest spending. RevPAG also allows hotels and resorts to identify high-value guests who may spend more on amenities, even if they book rooms at lower rates.

Frank Pitsikalis , Vice President, Strategy at Agilysys, [says](#):

"RevPAR, while still important, is now an inferior measurement of a hotel's performance. RevPAR looks at the occupancy rates and profitability of bedrooms but misses the additional revenue that comes from guests spending on other property amenities. In many cases, the guest revenue derived from other amenities and services exceeds the room revenue for that guest. Looking at total revenue from the perspective of the guest, so 'Revenue per guest' or RevPAG is a far better way to assess total profitability and more importantly, future revenue potential."

Pitsikalis compares RevPAG to how Uber transformed the taxi industry by focusing on passengers rather than just the available cab space.

Hospitality executives see the value of implementing RevPAG but feel unprepared

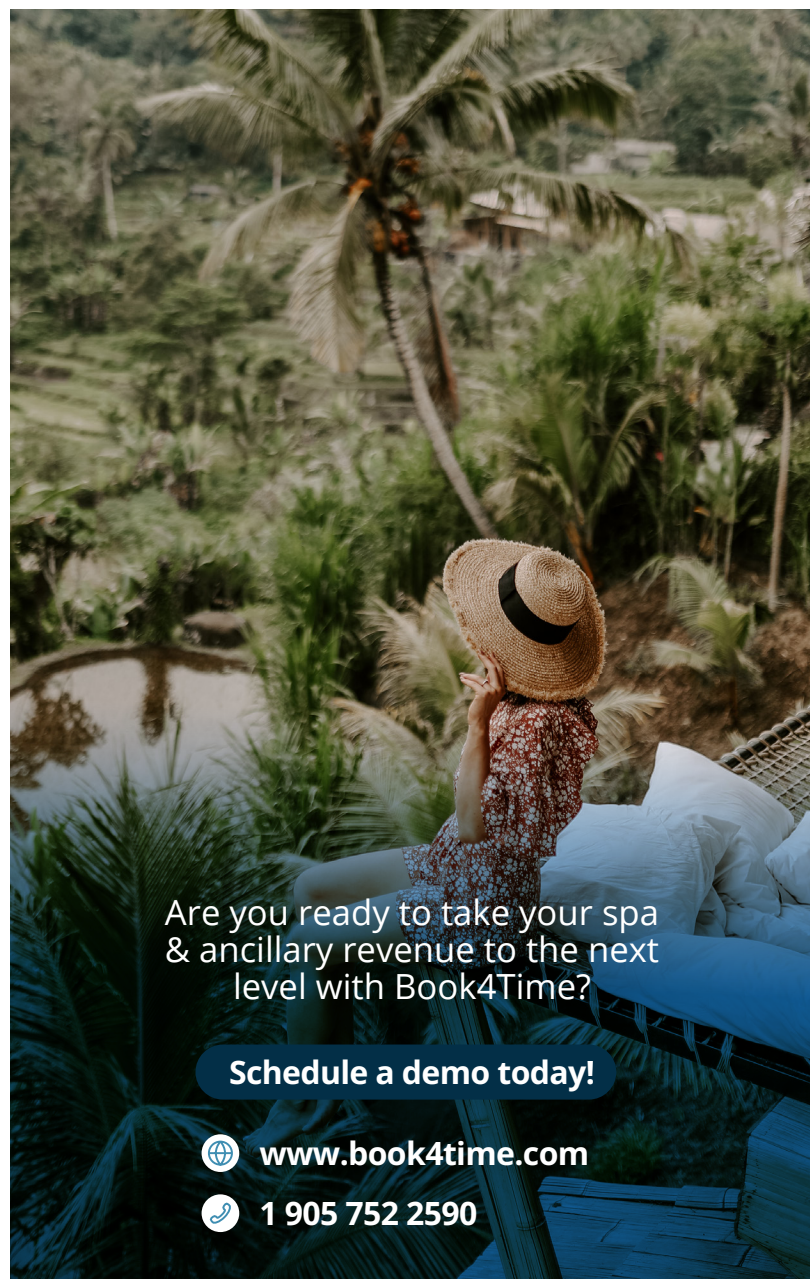
Interestingly, a recent report from [Agilysys](https://info.agilysys.com/global-hospitality-impact-study-2024) found that, while 82% of hospitality executives recognize the value of augmenting RevPAR with RevPAG, more than half (52%) feel unprepared to do so.

The survey of 489 hospitality executives and technology decision-makers across North America, Europe and APAC revealed that, despite readiness to embrace RevPAG strategies, there are significant technological and operational challenges holding back adoption. And, while "enhancing guest experiences" is the leading priority at 68% of properties, doing so is not specifically revenue-per-guest focused. This priority is followed by acquiring new guests (67%) and increasing re-bookings (63%). Leaders do not make RevPAG a property-wide focus even though there is high agreement about the value of doing so.

"The path to High Return Hospitality – a state in which financial and emotional returns are optimized by perfectly aligning individual guest desires with property offerings and staff capabilities – becomes easier when hospitality executives broaden how they measure and create value," said Terrie O'Hanlon, Senior Vice President at Agilysys. "RevPAG is not just another metric—it is a reimagining of how properties and brands relate to each guest and monetize the moments that matter most. Properties that undertake this transition will set new standards for delivering personal, profitable guest experiences and for elevating operating advantages."


This study dives into roadblocks to adoption and provides a roadmap for hospitality executives to optimize revenue at the per-guest level, elevate guest experiences and stay competitive in the evolving global hospitality market. You can access the full report here: <https://info.agilysys.com/global-hospitality-impact-study-2024>

In a world where travelers are looking for more than just a place to sleep, measuring success by room revenue falls short. RevPAG redefines how hotels measure success. As guests' expectations soar, RevPAG is becoming less of an option and more of a necessity for any property looking to stand out in an increasingly competitive market.



Are you ready to take your spa & ancillary revenue to the next level with Book4Time?

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 www.book4time.com

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