

Direct Booking... Shaping the Future of Online Booking

by Leah Woolford CEO, USDM.net

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U.S. DESTINATION MARKETING

The interactive agency for the travel industry

Executive Summary

Hotels and resorts are taking back inventory from third party booking engines and utilizing third party engines only for mid week or low season distribution, not high season or peak season inventory. Major brands have decided to develop stringent criteria for how third party engines can distribute and price room inventory. The consumer is wise to the fact that many times the room they book through a third party booking engine is not the “best room at that price” and they are starting to go back to the supplier/hotel/resort site to book.

Online booking has become a travel industry crisis for hotels.

- **Hotels suffer lower revpar, higher cost of delivering online reservations, and brand erosion from deep discount pricing by third parties.**
- **Third party booking engines convert online bookers through their booking engine and remarket the hotel brand to the online consumer, stealing the hotel or resorts lifetime customers.**
- **Third party booking engines, through deep discounting, premiums and remarketing to the customers, erode brand loyalty of hotel or resort customers.**

Hoteliers have faced the facts that third party booking engines are selling their inventory for less than at the corporate hotel web site, and the hotels are suffering from brand erosion. Consumers blame the hotel brand when the brand experience is not the same as if they bought from the hotel directly. Consumers blame the hotel brand when they have purchased a very low rate room night from a third party booking engine and cannot get the same cancellation policy or call center assistance that they should experience from the brand they trust.

Many hotel corporations and management companies have decided to “take back what is rightfully theirs” and write policies and controls into the third party booking contracts. These new policies and controls limit the sale of rooms “below the rate shown at the corporate web site”. While some of the third party booking engines are following these guidelines and modifying their pricing and yield inventory programs, others are not. Hotels are fighting the battle at every level.

How do hotels and resorts manage online distribution effectively? The best way to manage online sales channels is to make the best deal possible. Look at yield management as a guideline. Look at when you need the business, rather than allowing a third party booking engine to take your rates and inventory and discount them when you would normally not have to. Look for partners as effective online sales channels rather than looking to wholesalers first. And try not to distribute inventory in opaque pricing models unless the brand is in good brand company.

DMO Web Sites Make Good Sales Channels for Hotels and Resorts. DMOs (Destination marketing organizations) and their hotels and resorts in the destination are working together to pursue common goals and interests. As a leader in interactive destination marketing and technology, and the interactive partner of more than 150 DMOs and hotel clients, usdm.net at the urging of many clients, is spearheading an alliance to pursue common goals of the two groups.

The objective is to develop a sales lead generation channel from DMO web sites to their hotels and resorts without taking part of the transaction in a commission or transaction fee.

DMOs attract 56% of online travelers researching their web sites.

Hotels have long appreciated the quality of the DMO online visitor as being the best target audience for hotels and resorts. DMOs are starting to remove themselves from the online booking revenue stream in favor of a new usdm.net co-op marketing model with hotel partners. The outcome is

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Copyright © U.S. Destination Marketing, Inc.,
606 N. Carancahua St. Suite 1400
Corpus Christi, TX 78476 USA
Phone 361.883.8833 Toll Free 800.208.8661
Fax 361.883.4329 www.usdm.net

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real measurement of leads being sent to hotel and resort web sites for direct booking at the property web site.

USDM.net has tracked and tested online booking traffic in more than 50 DMO web sites and found that where hotels advertise on the booking page, more than 51% of web site traffic, on average, does not use the booking engine but clicks directly to the hotel ad. Some properties report more than 10,000 click thrus in a three month period.

Through co-op marketing and promotions the DMO can more aggressively market to the hotel's most likely target audience, the DMO web site visitor, and the hotels share in the marketing and branding while keeping their transactions free from commissions to the DMOs. The DMO is taking its rightful place as the keeper of the online destination brand and as the marketing partner to the hotels.

For more information on this and other Online Marketing Topics for the Travel Industry Visit:
www.TravelMarketingBlog.com or www.usdm.net.



Leah Woolford CEO USDM.net lwoolford@usdm.net

About Leah Woolford

Woolford has been an online marketer and technologist since 1993 when she founded her first Internet company to market travel clients and clients in the telecom industry. Today Woolford is a sought after speaker and trainer, published author and recognized authority on Interactive marketing and technology in the travel industry.

About USDM.net

Since its inception in 1993, USDM.net's deep travel industry experience, innovative Internet marketing tactics, and adaptive technology solutions have propelled it to become *the leading interactive agency for the travel industry*, endorsed by the Travel Industry Association of America, Destination Marketing Association International, and Southeast Tourism Society. Incorporated as U.S. Destination Marketing, Inc., and headquartered in Corpus Christi, Texas, USDM.net (www.usdm.net) provides comprehensive Internet strategy, planning and turnkey Internet marketing and technology services to more than 150 Destination Marketing Organizations (DMOs), and other hospitality and tourism organizations. USDM.net owns and manages www.officialtravelguide.com the Travel Portal of more than 1,250 destinations worldwide.

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