

## **Selling Rooms Online for None Technical Hotel Owner/Managers**

In this document we attempt to set out what we think an average hotel should be doing to increase sales of rooms online via Booking Engines. It starts with a simple overview and then breaks each section down into further detail. It has been written especially for Hotel Owner/Managers who may not be fully IT aware, people who we often struggle to get access to, and consequently may not be able to generate them as much business as we would like.

Keep in mind that 55% of booking are said to originate online, and yet we know of very few hotels who are utilizing the online sales channels fully.

A key problem in the industry is that if someone is old enough to have acquired the skills and money to manage/own a hotel, there is a good chance they were not born in the internet generation. But remember; ***The conductor of the orchestra does not need to know how to play all the instruments!***

Selling Rooms Online is no different to the way rooms were sold via travel agents 20 years ago. Technical 'mumbo-jumbo' has just made it appear more complex. Recently we met a Hotel Manager who WAS selling a lot of rooms online, when she asked what our commission was she said that she thought it was very reasonable (an unusual response to our ears), and then went on to say that the reason she did not have to much of a problem with Booking Engine Commission is because she used to be a Travel Agent and is used to the idea of Sales Agents attempting to sell the rooms on a commission basis. Ie Booking Engines are just the modern equivalent of a Travel Agent.

Whilst most hotels are happy to absorb the fact that over 55% of Booking originate online (Not necessarily booked online, but at the very least they find you online then ring) they rarely dedicate a person to managing Booking Engines and Websites. Its almost impossible for a Hotel Owner/Manager to see someone quietly working at a computer when the check out at reception is 4 deep. The fact that the person at the computer maybe be doing something to generate 10,000€ worth of business is invisible to them.

The Number one problem for hotels is that they rarely have the trained resource available to manage the Booking Engines, we hope to give you some hints in this document to resolve that.

If you are a Hotel Owner/Manager Please take 30 minutes to read this, After all, Online Marketing is affecting 55% of your turnover, AND unusually, selling rooms online does not normally require a financial investment.

## **A Simple 4 Step Plan for a Hotel to improve Online Room Sales**

### **1. The Revenue Manager**

Ensure someone in the organisation is made responsible for maintaining the rates online. ('Revenue Managers' being their modern name)

### **2. Booking Engines**

Sign up to as many Booking Engines as reasonably possible. (10 is a reasonable target for most Hotels). Remember Booking Engines are simply the modern equivalent of Travel Agents.

### **3. Inventory Distribution Software**

Purchase 'Inventory Distribution' Software that automatically updates all other Booking Engines in one go.

### **4. Demand Management**

Put in place a 'Demand Management' Principle that ensures you consistently vary rates with demand.

### **Step 1. The Revenue Manager**

Ensure someone in the organisation is made responsible for maintaining the room rates online. ('Revenue Managers' being their modern name)

#### ***OK, Peter in the Bar is always playing with his Nintendo, shall I give him the job?***

A common hotel response is to look around and allocate the person with the most computer skills who would be missed the least. This job should be integrated somewhere at Reservation level. An Online Booking is no different to a walk in, fax or E Mail Booking, its just a different communication method. The most successful hotels seem to have a split function between Reception and Reservations, so this job belongs to Reservations.

#### ***I asked Reservations to do this before and they said it was too complicated?***

We have worked with a lot of people in this function. The qualification a person must have is 'Willingness' the rest can be trained as there is now any amount of Training Courses available for Revenue Managers.

#### ***Can I get a Sales and Marketing Person to do this?***

For some reason Revenue Management often ends up on the desk of the Sales and Marketing person. This is not the correct person. Someone in the organization must be handling telephone/fax/walk-in bookings etc, they should also be managing the Booking Engines otherwise confusion could reign.

#### ***Can I 'Outsource' this job?***

Yes there are many people/companies who can do this for you, cost will vary from 400 – 800 per month. In our experience they all do a good job because they have a lot of useful knowledge about how the Booking Engines work. In our judgement if the Revenue Manager can be managed properly 'In House' is better, if they cant be managed 'Outsourcing' is a good option and for most hotels will quite possibly pay for itself. (It's a rare hotel that will NOT earn more than 50,000 from third party Booking Engines)

#### ***What does a Revenue Manager actually do?***

A Revenue Manager sets the best room rates the market will bear, ie putting them up when busy and reducing them quiet, as well as packaging the product to look attractive. Good Revenue Managers control all Sales Channels including Newspapers, Radio AND the Booking Engines.

In the Online world they are likely to be looking ahead 1-3 months at least every week and adjusting prices to suit demand on all the different Booking Engines.

## **A Case Study**

Cider Trees Hotel were struggling to get to grips with selling rooms online until Mary, one of the younger Receptionists, slipped and badly broke an arm. She asked the Manager if she could work 3 days per week from home.

Free from the hassle of the Reception Desk she started to talk to the different Booking Engines to find out how she could increase her business, she also had many conversations with the Hotel Web Design Company and slipped into the habit of going to see them once per month to update the site and send out E Zines and SMS Messages.

Amazingly room sales started to pick up online and Mary produced a graph each month for the Manager showing how much each booking engine was earning. The Hotel Manager was delighted, because although Online Sales were showing a 350% improvement, somehow the rest of the hotel business was also picking up and he had a suspicion it was down to the work being done on the web.

In this case the presence of a 'willing' resource and the time to do the job increased room sales.

## **2. Booking Engines**

Sign up to as many Booking Engines as reasonably possible. (10 is a reasonable target for most Hotels). Remember Booking Engines are simply the modern equivalent of Travel Agents.

### ***Do people really book with Booking Engines?***

The answer to this is yes! City based hotels can see as much as 60% of their business come through Booking Engines other than their own website. Leisure Break Hotels tends to be lower at 40%. The trend appears to be for customers to research their required hotel on a Travel Portal, then jump across to the hotel website to book, so a Booking Engine may not have delivered many bookings directly, but they will at least have promoted your hotel and hopefully sent some customers direct.

### ***Isn't this a lot of trouble for a couple of grand of bookings?***

It used be doubtful if it was cost effective, but nowadays the process is much simpler, making even that couple of thousand worthwhile. Generally we recommend hotels to start thinking about leaving a Booking Engine when the revenue goes below 3-5000.

### ***Ok which Booking Engines should I be with?***

This varies from region to region, although there are a few worldwide channels ie Booking.com and Hotels.com are 2 well known worldwide brands that most hotels need to be with. In our view the ones without sign up fees are the most attractive.

### ***Should I uplift my prices to cover the cost of their commissions?***

This is a hotel decision, but of course the Booking Engines like you to use the same rates everywhere (and most Booking Engine contracts state this). It is also less confusing for the customer if they are seeing the same prices in all location.

### ***Isn't my own Website in competition with other Booking Engines?***

Yes it does, and remember your hotel booking engine should be the cheapest channel you have, so your own website should be REALLY attractive enough to encourage customers to book direct with you and not the portal. It is said or example that the Hilton Group has 90% of online bookings coming via its own website, however they probably have huge in-house web departments ensure this happens. The majority of hotels depend on Portal Booking Engines to reach markets they cant.

It is worth saying however that the reason these portals charge so much commission is that they are investing in marketing such as Google Adwords. In many ways they are making the investments that a hotel SHOULD be making in its own website.

### **3. Inventory Distribution Software**

Purchase 'Inventory Distribution' Software that automatically updates all other Booking Engines in one go.

#### ***What is Inventory Distribution Software (IDS)?***

Quite simply it updates the Rates and Allocation on the Booking Engines you are working with. In many cases it was developed to save Revenue Managers time and take away the tedious work.

#### ***But we are already updating the Booking Engines manually!***

In our experience very few hotels are doing this successfully. In Revenue Management seminars we often ring the hotels on the Sunday before and compare their rates online with the telephone rate, frequently there is a difference, and the hotel managers are surprised to here this.

#### ***So this software simply saves time?***

In theory yes, but in reality we have noticed that as soon as a hotel starts to use it their Online Sales go up! The only explanation we can offer for this is a simple intangible one; We often find it difficult to persuade a hotel to manage its rates for their OWN website, so doing it for Third Party Booking Engines is almost impossible, they often receive only 'safe' rack rates with many 'dangerous' dates closed out. When using an IDS suddenly Booking Engine becomes easier and all the channels receive the same optimized rates and availability as the hotel website, hence, an increase in sales.

#### ***How much do I pay for this software?***

It can vary from supplier to supplier, at present the range seems to go from 149 – 300 per month.

#### 4. Demand Management

Put in place a 'Demand Management' Principle that ensures you consistently vary rates with demand.

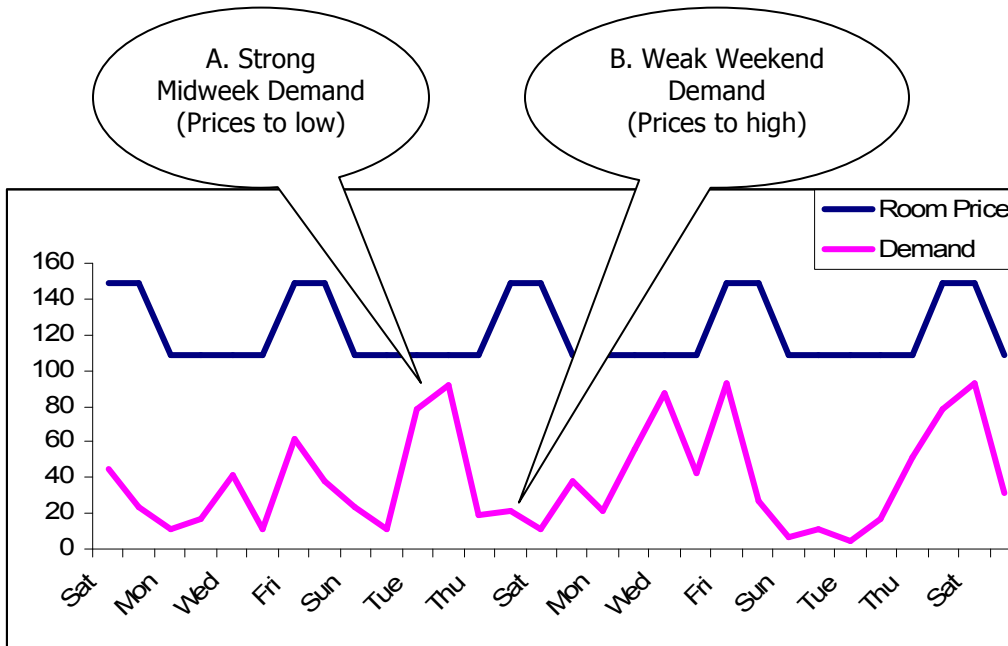
##### ***What is Demand Management?***

Quite simply varying rates to meet the demand. Lowering prices when you are empty and increasing them when you are full.

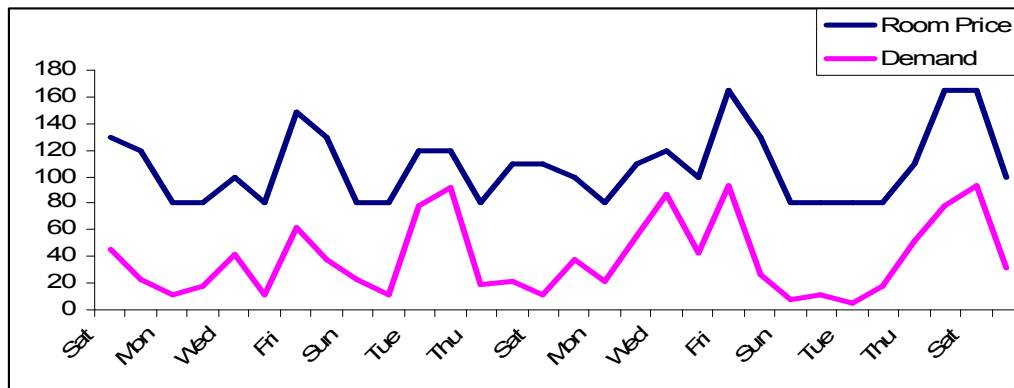
##### ***But we already change rates to meet demand?***

In our experience hotels DO this quite regularly offline, ie a Manager walks into the Hotel, checks occupancy and gives the receptionist the order to change the prices, but rarely do these prices filter through to their Booking Engine. For example. In the case below the rates for the month have been set at 109 per night midweek and 149 per night at the weekend, BUT this is ROUGH forecasting because we can see in case A for some reason (Conference maybe?) demand is good and the hotel is too cheap and in case B Demand is weak and the price is too high. THE PRICE NEEDS TO BE MATCHED MUCH CLOSER TO DEMAND

**Diagram - Rates not adjusted to meet demand**



## Diagram - Rates adjusted to match demand



### ***Does adjusting rates like this really make a difference?***

Online it certainly seems to. Offline if you change your Saturday night rates it may take weeks for the word to get out to customers, but online across all the booking engines you are working with thousands of searches are taking place every hour, so you should get a quick result. Remember 10\$ too expensive and you may lose the sale to a competitor, 10\$ too cheap and you have probably lost 5\$ of potential revenue.

### ***Isn't this a lot of work to maintain?***

It does become second nature after a while, but if you are using an Inventory Distribution Tool and AccuBook's Demand Management Tool it should take about 15 minutes per week.

### ***How far forward should I be looking to adjust my room rates?***

We would recommend adjusting your rates on at least a weekly basis for the following 1-3 Months.

### ***We tend to sell Packages not Rooms***

Offline that could be true, but online 92% of sales are ROOMS. Most hotels concentrate the efforts on packages but forget about room rates.

### ***But there are some dates when I am SURE I am going to fill my rooms?***

This will happen, so simply 'Freeze' the rates on those dates to ensure that they are not adjusted in the weekly rate review.

### ***If I do this what prices should telephone enquiries receive?***

It does avoid confusing the customer if you can quote the same consistent prices across all channels. We have seen some hotels check rates on their own website when a customer telephones, and some that simply print out a chart from the Booking Engine with daily rates for the next 3 months.



**In Summary;**

- 1. Find/Allocate a dedicated resource to manage the Booking Engines.**
- 2. Sign up to as many Booking Engines as feasible.**
- 3. Use software that makes it easier and quicker to edit room rates.**
- 4. Regularly update room rates to match demand.**