

THE OTA SHIFT

How to combat OTAs & drive direct hotel bookings



Let's face it, the OTAs are not getting any smaller. Online travel agent (OTA) bookings have steadily increased at the expense of hotels, taking advantage of a thriving digital travel market to strengthen their position and impose conditions in exchange for increased exposure - including 15% -25% commissions. The resulting rise in distribution costs and the pressure on those rates are challenging hotel owners and managers to maintain profit levels. Understandably, hotels prefer direct bookings.

However, as OTAs account for more and more of the market, hotels must figure out how to compete for direct bookings while still maximizing the distribution potential of the OTA channel. The answer is building an effective marketing strategy that ensures your hotel gets its fair share of direct bookings, rewards brand loyalty and converts the right guests.

OTA CONSOLIDATION

To get the full picture of the current OTA landscape, it's important to note that a year ago, there were multiple OTAs. Now there are two major players: Priceline and Expedia, which own most of the online travel agency brands on the market, as well as the largest metasearch engines, KAYAK and Trivago.

We're at a point where OTAs are competing less with each other and more with the hotels. Consolidation gives buying power, brand power and contract leverage.

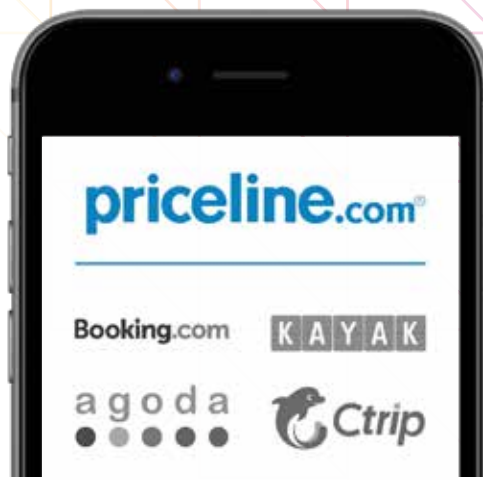
WHY DIRECT IS SO IMPORTANT

A direct hotel booking also contains something much more valuable than dollars - data. With an OTA booking, hotels aren't passed along any first-party data, leaving the only chance to capture customer contact data at the point of sale. It's very difficult for hotels to capture this information at the front desk since it's a request versus a requirement.

With OTA bookings, hotels lose money upfront as well as the long-term data equity of the consumer. That precious contact information is your hotel's chance to build guest relationships with loyalty marketing. Data has become a very real, valuable and actionable asset.

Yet, the wealth of data and information available to us as marketers can be daunting. Understanding how to use this information to your advantage can significantly impact your direct bookings. With the right approach, you can begin to tilt the odds in your favor.

Forecasts show that in some markets like the UK, these two parent companies will control 94% of all online hotel bookings by 2020.



Sequential Remarketing.
With each consecutive touch,
the offer becomes more
compelling, increasing the
chance for a conversion.



MAINTAIN YOUR (PAID SEARCH) BRAND SHARE

Since search engine ad space is now at the half fold mark, consumers must scroll down half a page to see organic results. Ads take up the upper half of the page and in case you weren't aware, the OTAs are bidding on your hotel's brand terms. So, how do you compete? Maximize your paid search brand impression share to sit at 90 percent or higher.

Bid for your own key terms, especially exact match, so your ads show up first. If you have \$100 to spend, bid on your own brand terms vs. non-brand terms. Your money goes further, aided by the Google quality score, which recognizes what a consumer is searching for and the most direct route to finding it, e.g. your hotel website.

REMARKETING TO HOTEL

RESEARCHERS

For most travelers, hotel research spans about two weeks, with consumers browsing a plethora of sites in search of the best deals and travel experiences. To stay top of mind and finish strong, awareness and re-engagement campaigns are critical. The point is to influence various parts of a traveler's research process throughout the buying journey.

This is done through display advertising and ironically enough, purchasing data sourced by the OTAs to build audiences with travelers searching for hotels like yours. Custom targeting can be created by piecing together relevant data segments and behaviors, including income and travel intent details.

UTILIZING CRM DATA

Amazing things can be done with the data in your CRM to drive repeat bookings and bring in new direct bookings. From database remarketing to look-a-like modeling and display exact match campaigns, the possibilities are endless.

The data in your system is like gold. With the email addresses in your CRM, you can create a marketing loop of targeted loyalty offers based on the room type and amenities guest groups enjoyed. Guests are more likely to book again if the offers they receive are tailored to their likes as opposed to mass marketing emails. You can also use those same emails to build exact match display campaigns to influence your purchasing decision for future trips.

To reach more guests like the ones you already have had who typically book OTA, you can create look-a-like models and use that data in remarketing display campaigns, even running those ads directly on the OTA sites themselves.



Amazing things can be done with the data in your CRM to drive repeat bookings and bring in new direct bookings.



AD CREATIVE

To combat OTAs, your ad creative should include messaging about the benefits of booking directly with your hotel, including savings, upgrades, or other perks. Entice the customer to book direct for the best rate, best experience and best service. Create an exclusive offer only available through booking direct and use differentiated messaging to get consumers to book through you as opposed to Expedia, KAYAK or Trivago.

One of the most successful messages is the "best rate guarantee" approach as it instills confidence that there isn't a lower price available anywhere but your hotel's website.

Display Advertising Campaign for Fairfield Inn & Suites Indianapolis that uses "Best Rate Guarantee" approach.

GIVE & TAKE

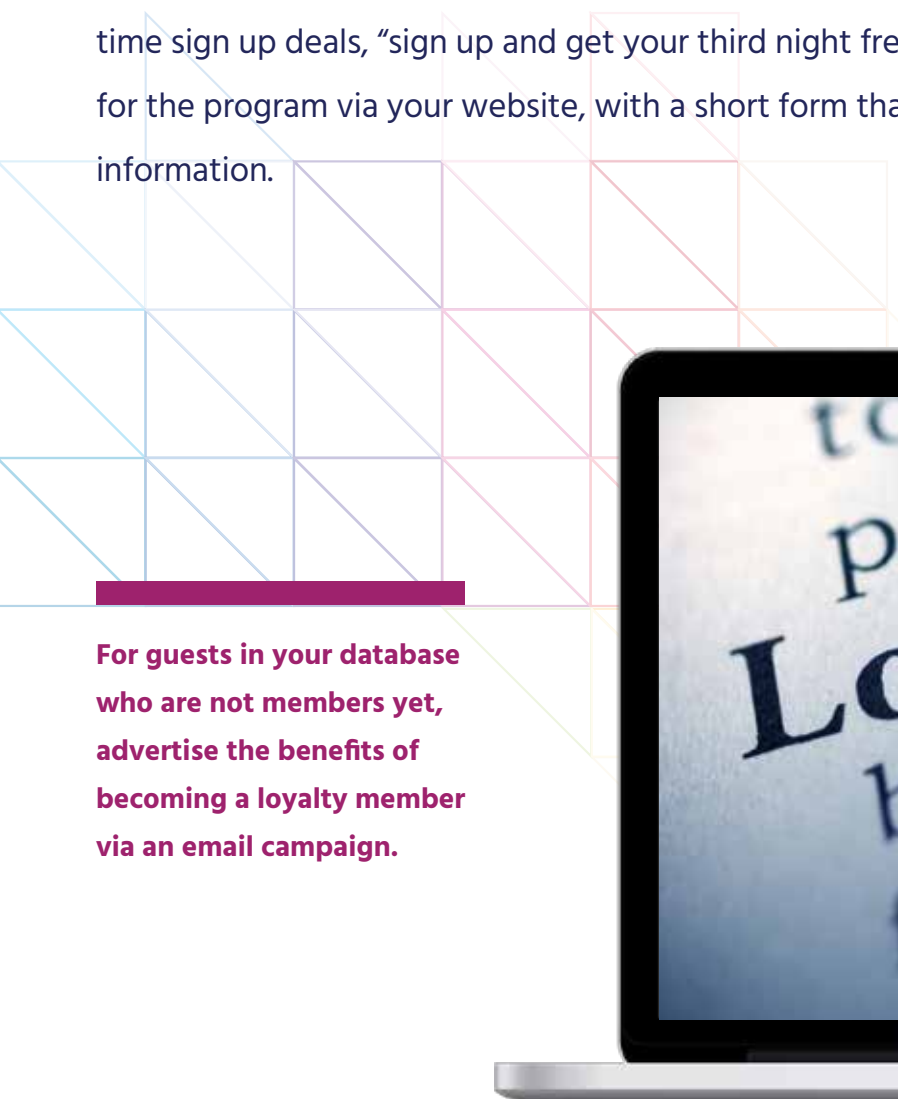
Whether you like it or not, playing ball on the OTAs' home field is a part of the game. No matter what, OTAs will be taking a considerable commission chunk out of your booking. You'll also lose the data that comes with a direct booking, which we all know is now a commodity.

When negotiating contracts with an OTA, bring in an expert to help. Surprisingly, there is quite a bit you can negotiate. Also, when it comes to meta search be aware of the pricing models for participating in OTAs. There are two types: PPC (pay per click) or by acquisition. Cendyn always recommends PPC, especially for luxury hotels. The acquisition model carries a very high risk and pay out.

LOYALTY

Creating and maintaining an awesome loyalty program is one of the most important weapons in winning the booking war. Make it a program with tangible benefits, not just a fluffy marketing message. Offer your loyal guests lower nightly rates by booking directly with your hotel. If not a discounted rate, other perks could include free WIFI, free parking or a welcome amenity. In your combat OTA advertising, mention the perks of booking direct as a loyalty member.

Make your loyalty program as valuable as you can. For guests in your database who are not members yet, advertise the benefits of becoming a loyalty member via an email campaign. Mention the fact that booking undercuts the rates of OTAs and other important points. Offer first time sign up deals, “sign up and get your third night free,” for example. Make it easy to sign up for the program via your website, with a short form that doesn’t request an excessive amount of information.



For guests in your database who are not members yet, advertise the benefits of becoming a loyalty member via an email campaign.



to be
point of view
Loyalty ['lɔɪ
being loyal
faithfulness

ABOUT CENDYN

Cendyn is a cloud-based software and services provider that develops integrated technology platforms for driving sales and marketing performance in the travel and hospitality industry. The Cendyn Hospitality Cloud offers the most complete set of innovative software and services in the industry, covering hotel marketing, guest engagement, group sales, and event management. With offices in Boca Raton, Atlanta, Boston, San Diego, Toronto, Whistler, London and Singapore, Cendyn proudly serves more than 30,000 clients in 143 countries with enterprise spend levels in excess of \$1 billion.

For more information, visit cendyn.com
or call 1-800-760-8152.

OUR OFFICES

North American headquarter

980 N Federal Hwy, 2nd Floor
Boca Raton, FL 33432 USA

Atlanta

730 Peachtree St NE, Suite 560
Atlanta, GA 30308 USA

San Diego

333 H Street, Suite 5000
Chula Vista, CA 91910 USA

Boston

5 Central Square, Suite 303 Stoneham, MA
02180 USA

Whistler BC

4370 Lorimer Road #235
Whistler BC, Canada V0N 1B4

Toronto

25 Sheppard Ave West, Suite 300
Toronto, ON, Canada M2N 6S6

United Kingdom

Unit 5, Halegrove Court, Cygnet Drive
Stockton-on-Tees TS18 3DB

Singapore

19 Cecil Street, The Quadrant
#05-13, Singapore 049704