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# How to disrupt the growth in OTA bookings

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By refocusing your attention on traditional channels, you can help your team convert more direct bookings.



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It has been an interesting year in hotel distribution. As a conference attendee to events such as the HSMIAI Revenue Optimization Conference and an avid reader of HNN, I continue to hear and read about industry leaders talking about the ever-increasing costs of "customer acquisition."

Just last month HNN reported on a panel discussion (/Article/14617/Panel-dissects-customer-acquisition-costs) at the Revenue Strategy Summit in New York City, saying that "the hotel industry has the highest costs of customer acquisition in the travel space."

Yet, online-travel-agency bookings continue to increase dramatically. For instance, Expedia reported third-quarter earnings that topped analyst estimates due to strong hotel bookings that boosted the company's profit by more than 50% from year-earlier quarter, according to Reuters (<http://www.reuters.com/article/2014/10/30/us-expedia-results-idUSKBN0J2M320141030?type=companyNews>).

Similarly, a report published by TravelClick (<http://www.travelclick.com/en/news-events/press-releases/hotel-industry-soars-online-channels-continue-lead-bookings-2014>) in August indicated that the "OTA channel (which includes Expedia, Priceline, Orbitz and booking.com) experienced the largest jump in bookings, with a 12.8% increase in the second quarter compared to last year."

The report indicated that collectively, online channels continued to lead in bookings, with collectively Brand.com (27.9%), global distribution systems (19.2%) and OTAs (14.9%) generating 62% of all bookings.

Interesting enough, the direct channels, calls direct to hotels and walk-ins, remains the second-most popular channel, generating 23.8% of bookings, according to TravelClick, although this channel in 2014 saw flat performance compared with 2013.

### First-hand observations

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Based on my observations, there is a huge disconnect between what leaders are talking about and what on-site managers are doing to encourage direct bookings.

As the owner of a telephone mystery shopping business and as a trainer of hotels, resorts, inns and call centers from all market segments, I do stay in touch with what is happening in the real-world operations of hotels. Here are some observations from my experiences this year:

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- Many hoteliers do not properly staff their on-site reservations. Yes, the volume of calls has dropped over the years, but numbers have recently leveled off, possibly even reversed as the economy improves. Also, those searching on mobile devices are “clicking to call” instead of buying with their thumbs. Other callers are experiencing what I call “cyber fatigue,” overwhelmed by the number of choices they see online and thus deciding to call. Still others experience what I call “OTA fatigue,” where they prefer to book directly after noticing they receive better room assignments.
  - On-site reservations agents are also responsible for entering extra-net bookings such as OTA bookings. Ironically, our mystery shoppers often have a difficult time reaching on-site agents because they are forwarding calls in order to type in OTA bookings, thus incurring even more fees or commissions from their central reservations office provider.
  - Hotels that take calls at the front desk and then, in theory, overflow to central reservations offices only during periods of peak demand have agents who often instead forward all calls. Again our mystery shoppers experience this. We try to shop every agent every month, and some front-desk staff routinely refuse to service calls and instead hit the transfer button.
  - Especially at resorts, reservations agents are being flooded with email reservations inquiries that might take longer to convert but yet in the end are a great source for increased direct bookings.

If hotel managers and executives really want to increase direct bookings to the greatest extent possible and use the OTA channels to their best potential, that is, to find a new guest that would otherwise not have found you, here are some easy solutions:

- Make sure your hotel's direct number is posted prominently on your website. If your 800 number rings directly to the property, indicate such by saying, “Call our on-site reservations agents at...”
- If you use a call center, make sure you visit it regularly or at least conduct remote webinars for the agents that sell your hotel. If you use a private third-party call center, pick one that trains its agents on sales and “product knowledge” so they are comfortable with answering specific questions and endorsing or recommending your property.
- Also post your email address prominently, thus encouraging more direct inquiries by what is essentially its own distribution channel. Encourage agents to place outbound calls to those who inquire by email, indicating they are doing so “just to clarify a few details...” but in reality to make a personal connection and stand out from the competition.
- Install chat options on your website, and train your team to use this medium to encourage guests to book instantly.
- For hotels with longer stays, higher average rates and multiple outlets (and thus a higher revenue per guest opportunity), encourage reservations agents to use online meeting tools to take guests on their own virtual tour of accommodations.
- Make sure you right-size staffing. Track the number of direct reservations (and email) inquiries you are receiving by hour of day and day of week. Calculate the number of minutes it should take agents to properly respond to these inquiries and staff accordingly. Factor in the time needed for administration work such as typing in OTA and extranet bookings (or shift this work elsewhere in the hotel staff).
- Calculate the potential revenue from each booking (transient/FIT ADR x ALS = revenue potential per call). Factor in revenue per guest potential if you are a full-service hotel. All this will help you determine if it cost effective to add more staff and/or to extend hours.
- Consider offering your on-site front-desk and reservations agents incentives or small commissions for securing direct bookings. It will be far less costly than central reservation system fees or OTA commissions.
- Train staff from other departments or even from other divisions. Make it everyone's job to field direct bookings.
- Conduct regular telephone mystery shopping to ensure your agents are properly handling calls from a sales and guest service paradigm.
- Similarly, conduct ongoing training so that your team is prepared to handle specific questions from agents who are confused by online guest reviews or by the number of room types and rate options online. Also, train them on how to handle “value-driven deal seekers” who try to negotiate lower rates.
- Front-desk staff should also be trained on capturing walk-ins and upselling check-ins. Most staff only quote one rate, usually the lowest rate for the least expensive category.

By refocusing your attention on traditional channels, you can help your team convert more direct bookings—your most effective and possibly least costly distribution channel.

Doug Kennedy is President of the Kennedy Training Network, Inc. a leading provider of customized training programs and telephone mystery shopping services for the lodging and hospitality industry. Doug continues to be a fixture on the industry's conference circuit for hotel companies, brands and associations, as he has been for over two decades. Since 1996, Doug's monthly hotel industry training articles have been published worldwide, making him one of the most widely read hotel industry training writers. Visit KTN at [www.kennedytrainingnetwork.com](http://www.kennedytrainingnetwork.com) (<http://www.kennedytrainingnetwork.com>) or email (<mailto:doug@kennedytrainingnetwork.com>) him directly.

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