

# TOP 5 ESSENTIAL TIPS TO INCREASE DIRECT BOOKING



Online Travel Agencies (OTAs), like Expedia and Booking.com are responsible for a large portion of online hotel room reservations but at the same time demand 10 to 15 percent in commission fees. Independent hotels are particularly OTA-dependent - on average, 76 percent of independent hotel bookings are made through OTAs. Morgan Stanley Research estimated that the global hotel industry saw revenues of \$570 billion last year - independent hotels took home about \$11 billion whereas OTAs generated \$16 billion dollars from commissions. However, more direct booking simply means higher profitability. Thus, the question is - how to increase the hotel direct booking? Follow the following tips and boost your revenues.

## Use OTAs to Display the Property

Utilize “the Billboard Effect”. Many guests discover your hotel via an online travel agency but visit your website to book directly with you. Properties who list their inventory on OTAs increase their direct booking by up to 26%.

OTAs are popular for initial search - according to Tripadvisor, 57% of people surveyed worldwide used an OTA to help plan their travel but not all booked their hotel through them. Google observes that 52% of travelers visit the hotel website after seeing the property on an OTA. Hoteliers should use the OTA to create brand awareness online but needs to make sure a prospective guest ends up on their site, by providing only a small segment of the inventory on the OTA web.

## Market Your Services Online as Much as Possible

OTAs are the second and third top advertisers on Google. One of the biggest differences between OTAs and hotels is how much they spend annually on their marketing budgets. For example, Priceline spent an estimated \$2.8 billion on marketing last year, while Marriott’s estimated annual marketing budget is about \$100 million. According to Morgan Stanley Research, Priceline and Expedia spent more than \$5.7 billion on direct advertising, with only about \$5.3 billion total for the five largest hotel brands (Hilton, Marriott, IHG, Choice, and Accor).

The great marketing option, specifically for independent hotels is the content marketing. Content marketing is the production of compelling content, such as how-to-guides, photo and video galleries that inspire guests to book with the property. However, this is labor intensive and takes a whole lot of time. It may require hiring someone, or outsource the content marketing job to the professionals to create and post compelling relevant content. The right content and, equally, positive guest reviews boost hotel direct booking.

## Reward the Direct Bookers

The first reason why guests visit the hotel website, leave, and book elsewhere is that they believe the OTAs offer better rates. Hotels enter rate-parity contract with OTAs. Rate parity is agreeing to publicly sell the inventory for not less than what the hotelier sells it for on certain OTAs.

Unfortunately, according to RateGain, 65%-98% of four star hotels offer their rooms cheaper on OTA

sites rather than on their own. It can be a problem, because the cheapest rates should always be on the hotel's website; although this agreement usually doesn't include the hotel's marketing database.

The hotels marketing database includes social media followers, email subscribers and members of the customer loyalty programs. Marketing to this segment continuously can boost the hotel direct bookings. Offering the same rate as the OTA may not lead to direct booking and the hotelier is not permitted to offer a lower rate. However, hotel owners can still offer more - adding incentives like free upgrades, free breakfast, or special packages available only on the hotel site will entice the customers to book directly.

## **Enhance the User Experience**

Once the potential guest is on the hotel site, it is crucial for the site itself — whether mobile or desktop — to be engaging and user friendly. The site needs to be easily navigable, enriched with interesting digital contents, real-time rate information. The customer service should be available every twenty-four hours to attend to questions from visitors. The site should contain information about the property and the guests need to be able to review this information any time during their visit on the site. Enhancing the user experience is a major advantage of the hotels over the OTAs.

## **Develop the Main Asset - Customer Loyalty**

To maintain customer loyalty and encourage direct booking, hotels must delight and surprise guests so as to build direct relationship. Even when a guest doesn't book directly, giving them a memorable experience might just be enough to convince them to book directly next time. The hotels should take advantage of the commission being paid to OTAs to convert a visitor coming through the OTA in to a loyal customer. Again, site managers must respond to online reviews and comments from customers; responding to negative reviews and low ratings with good energy.

On the OTA sites, you must talk about incentives and added value like discounts. It is advisable to provide return links where necessary that take the customers back to the hotel site, as guests visiting the website could share their email address and become direct customers. Personal comment from the hotel owner or manager looks authentic to guests thereby improving the perception of the brand. Hotels must also educate their staff on how to turn a visitor into a direct customer using customer loyalty trainings. The staff should know all the latest offers and deals so that they can easily explain the benefits of booking directly to customers. Moreover, the check-in staff should be instructed to collect the email addresses of guest who book via OTAs for direct marketing purposes in the future.

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