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smart hoteliering

THE ART OF
SELLING MORE ROOMS

This e-book will help solve the hotelier's real-time room distribution challenges!

SOLD

A Publication for Small & Mid-sized Hoteliers

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Hoteliers work in a challenging environment, with one of the most perishable goods – a room night, where every single day, in fact in some cases minutes; a decision needs to be made. Room rates fluctuate, occupancy needs to be monitored, allocations need to be done to various channels and all of this in real time.

If that is not perplexing enough, knowing exactly on which channel to sell rooms, monitoring how each channel is performing and then using the most productive channels - all these test the decision-making skills of any hotelier.

With this e-book **'The Art of Selling More Rooms'** we aim to help hoteliers understand both the art and science behind room inventory distribution, which when implemented correctly, can help boost room sales.

The Challenges of Selling a Room

Let's see what challenges most hotels face while selling a room. Most small and mid-sized hotels have multiple arms that work on separate functions. One takes care of bookings via guest walk-ins and calls, another guides the website, yet another takes care of online travel agents (OTAs) and mobile bookings. Separate channel managers oversee global distribution system providers, direct bookings and OTAs. And most of these arms are multi-tasking, which is where things can go wrong.

All these arms can get tangled up and these distribution robots can lose effectiveness. Then, as much as hotels would love to streamline their distribution, they cannot avoid facing certain limitations.

The next section will highlight the 4 most common challenges hotels face in a common scenario.
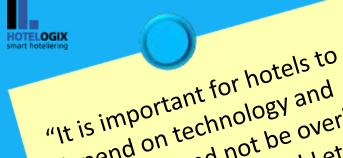
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Dependency on Manpower: Small and mid-sized hotels are usually understaffed and overworked. And, managing bookings is a 24-hour job as they can come in at any hour. So, assigning different people for managing multiple channels requires hiring more resources which may not be feasible for smaller hotels with limited budgets.

Inability to Expand Reach: As much as hotels might love to be present on more distribution channels to expand their reach, with limited resources, it becomes humanly impossible to handle more than the existing channels of bookings.

Rate Parity Issues: It is important for a hotel to keep consistent rates for a given room across all publicly displayed distribution channels. But, with different arms handling separate channels, it is a colossal task to make synchronized updates in room price across all channels within seconds. It could be due to multiple reasons like low internet connectivity, unavailability of a staff member at that given moment or even something as simple as a front desk member stepping out to use the wash room.

High Risk of Error: As there is human dependency, the chances of errors in bookings like missing few bookings, forgetting to update cancellations and instances of double bookings increase, which prove to be costly to the business.

"It is important for hotels to depend on technology and processes, and not be overly dependent on people! Let technology take care of operations while your staff does what they do best - interacting with guests."

"For a hotel to sell more rooms, they need to make their rooms visible to more travelers. Which is why a hotel needs to strike a balance by being present on multiple booking channels and not over rely only on any one channel."

"Many hotels believe that a channel manager is what room distribution is all about. But, there's a lot more to distribution that just OTAs."

The Art of
Selling More Rooms

Travel review sites and OTAs are proven reservation-generating resources and while you cannot risk breaking away completely from them, the art lies in using OTAs as one-time cost of acquiring customers and then getting repeat business via direct bookings.

To get started, try to understand why OTAs seem to drive hotel bookings. The answer is simple - they engage more browsers than hotel websites. By offering reviews, search tools, ratings, etc. OTAs are structured like interactive yellow pages. However, there is one OTA industry fact that most property owners don't know.

A very small fraction of people using OTAs actually make a reservation on their initial visit to the website. It takes a few, repeated visits before they proceed with the reservation. In fact, as per a Google survey, **52% of travelers will visit your hotel's website after seeing you on an OTA**. This creates a window of opportunity where you can step in and grab attention of prospective customers.

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Best practice suggests that third parties and OTAs can serve a purpose as part of a balanced distribution strategy. However over-reliance can cost you dearly – massively increasing the cost of bookings and seriously reducing your bottom line.

Source: http://www.clockworkhospitality.co.uk/

1 **Use the OTAs to create a billboard effect**
« Over half of OTA customers will check your site for more info. »

2 **Keep descriptions in parity with OTAs**
« Simplicity is part of the OTA success, duplicate it on your site. »
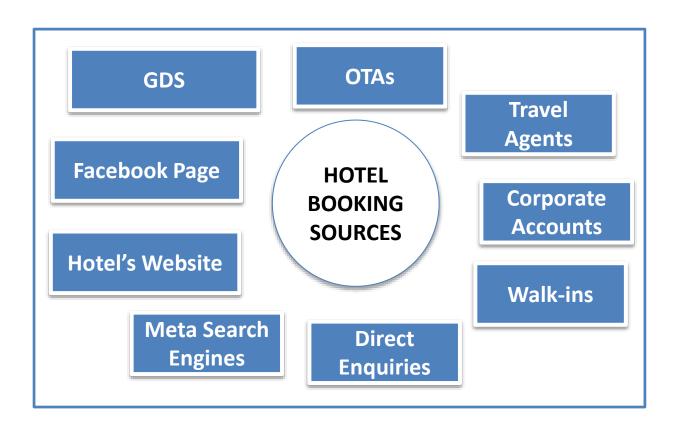
3 **OTAs should drive 30% of your revenues**
« If OTAs are doing too much, find out where your site isn't optimized, don't complain about their success. »

Source:
whp

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HOTEL BOOKING SOURCES

- GDS
- OTAs
- Travel Agents
- Facebook Page
- Corporate Accounts
- Hotel's Website
- Walk-ins
- Meta Search Engines
- Direct Enquiries

A hotel has so many sources to sell its room – both online and offline. To get long term benefits, the hotelier needs to balance the mix and not over rely on any particular channel. It never makes sense to put all your eggs in one basket in any investment and the same applies here. The hotelier needs to utilize the potential of each of the sources which will help in promoting rooms to a wider audience. When each channel is utilized to its potential, it will help in selling more rooms easily. By spreading the weightage to multiple channels, a hotelier can reduce the cost of bookings and improve the bottom line.

Balancing the Distribution Act

- **Diversify:** Give each of your distribution channels a chance and use them effectively. Ensure that every channel has a role to play in your sales and marketing strategy. It is recommended to distribute on at least 4-5 channels.

- **Unequal distribution is fine:** You do not have to distribute the reliance on all channels equally – the bottom line is to just not depend on any one channel because what is not in your control can change without your knowing. What if OTAs increase their commission percentage tomorrow? It will hit your bottom line directly.

- **Own your channels:** Make the channels that you own very effective – like your website and social media platforms. Give enough information that will encourage bookers. Publish guest reviews on your website. If need be, hire a website design firm – the cost will turn out to be cheaper in the long run if it attracts more direct bookings and saves on commissions paid to OTAs.

- **Go heavy on social media:** Your prospective guests might not be checking out OTA websites every day but they are more likely to be active on their social media handles, at least once, every day—can you think of a better way of reaching out to potential hotel guests?

- **Mobile is the way to go:** If you want to create genuine walk-ins for your hotel, not having some presence on the mobile means you are missing out on assured bookings. Walk-in bookings or same-day reservations are being increasing fueled by the mobile.

- **Offline marketing:** Encourage walk-ins with the help of guest loyalty programs and offline promotions as 20% of rooms are booked by returning guests.

The Science of
Selling More Rooms

Analyzing Channel Performance

Once you have got the room distribution tactics right, it becomes important to measure the performance of each distribution channel. How do you do it? With the help of reports that an integrated property management system can generate. Reports that help you:

- Find out the performance of each channel
- Understand the room occupancy trends
- Make informed business decisions to change the weightage given to productive or non-productive channels
- Focus on the right channels to sell more rooms

Now that you have understood how to distribute your channels strategically, how do you ensure that the issues of rate parity and manual dependence cease to exist? If you still have to constantly monitor and manage your inventory, with the strong risk of missing bookings, as they run out of inventory on the different channels, then you need to look for a strong solution.

The Solution:

A real-time unified distribution strategy will help overcome these challenges. A unified distribution system is like the genie you were looking for to automate room distribution and eliminate errors like double bookings. Loss of business and rate parity issues will be mitigated with less room for crossover between systems.

To understand how can you ensure real-time updates across all channels of booking – both offline and online, you need to understand an online distribution system and a property management system first. In the next section, we explain it in detail.

How to Ensure Real-Time Distribution?

Online Distribution System:

An online distribution system consists of all your modes of online room selling like unlimited OTAs via Channel Manager, GDS, Web Booking Engine and Facebook Booking Engine. It allows you to control, manage and monitor your rates and availability in real time across all your online booking channels.

For example, when a guest books a room on an OTA, the availability of your hotel is updated immediately and in real time across all other online sites. This lets you maximize your room inventory and also saves you the trouble of taking care of overbooking as there will be no overbookings!

Property Management System:

While an Online Distribution system takes care of all online channels, a property management system (PMS) also lets you manage offline channels. Most hoteliers don't consider offline channels as they believe it is online that matters. But walk-ins, travel agents and corporates form a good part of your business and block your rooms through the year. That's why a PMS makes perfect sense - it is not just online but complete management of bookings from all sources, helping you optimize every medium.
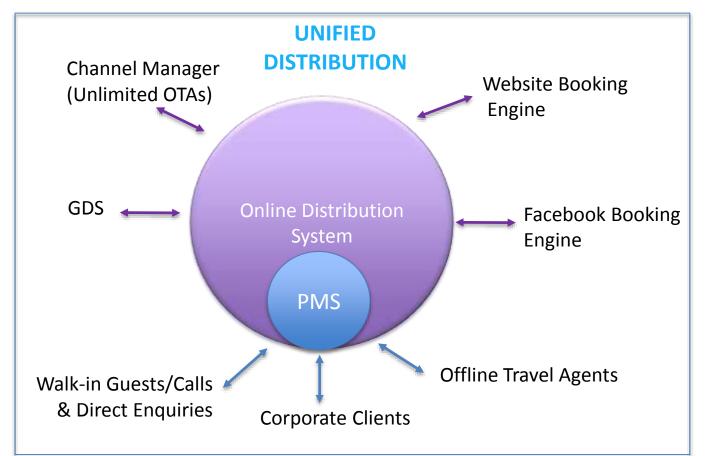
To achieve real-time distribution, only a unified system which is a combination of Online Distribution System and a PMS will make it possible!

Let's understand a **unified system** better. As you saw in the earlier section, a PMS will help generate reports based on data of room occupancy, booking trends and more. But, where does it get this data from? The heart of a PMS is a Front Desk interface where all the room bookings are updated up-to-the-minute from all offline as well as online channels. So, a PMS works at the core of distribution while also streamlining hotel operations like housekeeping and point-of-sale.

Instead of trying to keep an eye on each separate channel, the **unified system** integrated the managers and processes into one bundled arm. Hotels can distribute their room rates, packages and deals all with one sweep. Imagine the simplicity in not having to visit multiple platforms to reach each segment.

UNIFIED DISTRIBUTION

Channel Manager (Unlimited OTAs)

Website Booking Engine

GDS

Online Distribution System

Facebook Booking Engine

PMS

Walk-in Guests/Calls & Direct Enquiries

Corporate Clients

Offline Travel Agents

Benefits of a Unified System

The main benefits of a unified solution in selling more rooms are:

➢ **It's Real-time**: It helps you display all your available rooms in real-time, which helps get more bookings. **The system ensures your presence 24/7 and your rooms are available for your guests round the clock.**

➢ **Increases Room Visibility**: It keeps you in the eyes of the frequent traveler who is looking out for properties. It helps you expand your reach and attract visitors from more geographies by publishing your available rooms to a larger audience across multiple channels.

➢ **Get Rid of Overbooking:** Since you are not splitting your rooms, there is no dependency on any particular channel. The pooled inventory helps you sell till your last available room, thus maximizing your ability to sell more.

➢ **No Fear of Cancellations:** Since room availability is updated real-time, a cancellation on one channel will get converted into a selling opportunity on another. It does not let you miss out on even a single cancelled booking on any given day.

And, all this can be done without increasing your manpower!

Key Takeaways

❏ **Have a Multi-Channel Strategy & Balance your Distribution**
Don't over rely on one channel. More visibility = more bookings. Stay ahead of competition by spreading your rooms across channels.

❏ **Use OTAs as One-time Guest Acquisition Cost**
OTAs are powerful but look beyond them to get more control over your distribution. Make the channels that you own very effective so that they can help in getting returning guests.

❏ **Measure Channel Performance**
Make sure that you analyze reports and learn from the best performing channels.

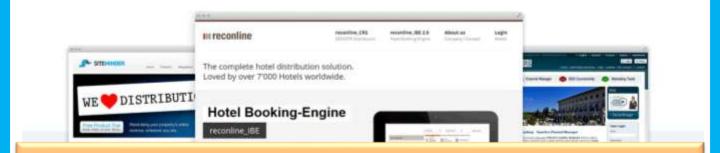❏ **Look for a Centralized Solution**
Having a centralized pool of rooms to advertise is far better than allotting a number of rooms to each channel separately. If one channel under-performs and another over-performs, you can divide the rooms up accordingly at no loss to you. This efficient way of allotting rooms will maximize your reach and, in turn, your profits.

❏ **Depend on Technology to Make it Error-Free & Scientific**
Eliminate errors like double bookings, reach your maximum room distribution potential and find more time to scientifically analyze channels by using technology like a Unified Distribution System.

Hotelogix takes a centralized approach to simplify & maximize your third party bookings. See how it can work for you.

Learn More About Selling your Hotel Rooms with Hotelogix's Unified Distribution System.

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