



HOTEL ASSOCIATION OF CANADA
ASSOCIATION DES HÔTELS DU CANADA

Top Hotel Trend for 2012

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The Top Hotel Trend for 2012

Online travel agencies (OTAs) continue to have the biggest impact on the hotel industry. This will continue unabated through 2012; but it is a two edged sword.

At the outset it should be noted that OTA's are not discount sites. Secondly the brands have done a good job over the last 5 plus years in establishing Best Rate Guarantees and Rate parity. Remember if a consumer is loyal to the brand and to the hotel they are generally going to book directly with the hotel.

The customer knows they will be getting the best rate plus they receive their guest rewards which they won't get by booking through an OTA like Expedia. According to the HAC 2011 Travel Survey 45 percent of business travellers and 38 percent of leisure travellers attach great importance to loyalty programs.

Unfortunately Best Rate Guarantees are not always working. The HAC Annual Travel Survey shows 51 percent of travellers think they can get a better deal through an OTA. This is up 9 points from 43 percent in 2010. Although the difference is slight for leisure travellers (49-51percent), the difference for business travellers is growing – 2 percent last year and 6 percent difference this year.

Hotels should not be reluctant to raise their rates. The real question is how much the hotel is willing to pay per acquisition and what is the most profitable channel to have the consumer book through.

If a customer is loyal to the hotel, one can look at OTA customers as an opportunity to make them become the hotel advocate.

Consumers love the OTA sites for research and comparison shopping. In a way they have done the brands a favour by becoming a trusted source in the consumer eye. However this only happens if a hotel property listing, its photography and its reviews are favourable. Tracking has shown many guests use the information then book direct.

You can't simply look at OTAs as the enemy. It is no different than giving tour operators wholesale rates a year in advance and then finding you have left money on the table by underselling the demand on your inventory during that time.

What a hotel needs to do is to take responsibility to drive new sales and not just give inventory to an OTA to do it for them. If the hotel is paying the fees it's because the hotel did not go out and capture that business.

So what can the hotel do? Make sure the hotel brand page is up to date and money is spent on photography and video if needed. Consumers want a rich experience and the hotel should make sure its brand page reflects that.

The 2011 HAC Travel Survey shows 88 percent of leisure travellers look at photos, followed by “specials” at 86 percent and amenities at 79 percent. The numbers are even slightly higher for business travellers. Make sure the hotel claims its Google Local page.

Online Travel Agents are not the enemy but simply a new distribution channel; a different distribution channel with a cost.

The choice is yours.

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