



How To Reduce The Reliance On OTA Business

When I re-entered the hotel world after my decade long stint at Ontario Convention and Visitors Bureau, I quickly learned of a 'new' phenomenon known as the OTA. OTA's was just gaining recognition in the early 2000's when I left the hotel world and entered the Bureau world where I predominantly focused on building the group market.

Upon my reemergence into the hotel world, it was time to play catch up...in less than a decade everything I knew about hotel revenue management changed and I had to relearn. I quickly researched what an OTA was and its impact in today's economy. I absorbed as much knowledge as I could.

What I found out was that hotels have an unhealthy reliance on OTA business – especially independent boutique and lifestyle hotels. In many cases, these hotels do not realize the huge impact these OTA room nights have on the hotel's bottom line. Margins of up 30% are quite common especially when developing a promotion with an OTA such as [TravelZoo](#).

Currently, one of the hottest topics in hotel distribution is the abundance of last-minute booking services. Offerings include [HotelTonight](#), [Booking.com's BookingNow](#) and [HotelsbyDay](#).

Consumers are able to book rooms that are deeply discounted versus what they would expect to pay on traditional distribution channels or through the hotel's website. The tradeoff for the guest is the uncertainty that comes with only being able to book their room on the day of arrival.

Regardless of which channels hoteliers utilize, they should be aware of the costs, risks and benefits. They should enter into any agreement with reasonable expectations about what they are receiving in terms of net revenue, customer profile and consumer perception in the market. Forecasting is critical to maximize rates against expected demand since last-minute bookings wreak havoc with this process.

Independent hotels should focus driving guests to their direct channels. Reducing the dependency on OTAs is important at any commission rate.

When a guest books their first stay with through an OTA, the hotels can keep this booking to a one time occurrence. The hotel can control how the guest books their next stay. Seize this opportunity by building stronger relationships with your guests. Ask questions during their stay and find out why they are and why they are there. Reward them for their next stay by extending a discount for their next stay, a free upgrade, a welcome amenity, food and beverage credit...the ideas are limitless! Train the desk staff to take notes about the guests and ask for email addresses. This step is crucial in developing digital marketing campaigns targeting need dates etc.

Being strategic about the use of OTA's to fill unsold inventory, while taking the time to develop and maintain guest relationships is the best tool any hotelier has against the OTAs. If the hotel's game plan is well laid out and has the buy in from the reservations department and the front desk, the commissions

paid to the OTAs can become a onetime customer acquisition fee. The hotel now owns the relationship and any future reservations from that guest.