Building a Winning OTA Strategy for Your Hotel
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Introduction
Introduction

As more hotels look for ways to attract direct bookings, one thing remains clear: online travel agencies, or OTAs, will continue to play an important role in hotels’ channel mix.

In this guide, we focus on how to get OTA business working for your hotel or hotel group. We’ll begin by discussing the role OTAs play in hotel marketing, then we’ll look at how to measure the costs of acquisition and find the optimal channel mix, how to optimize OTA listings and relationships, and how manage guest reviews on OTAs.

Throughout the guide, we’ll share tips and strategies from hotel industry experts for taking control of OTA business as a marketing channel for finding new guests—and then converting OTA bookers into loyal, direct-booking guests.
Poll 1 Results

If you feel confused when it comes to managing OTA business, you’re not alone. During the recent ReviewPro webinar, Optimizing Your Hotel’s OTA Strategy, we asked participants how satisfied they were with their hotel’s OTA strategy. Of the hundreds of attendees, only nine percent indicated that they are very satisfied. Most participants (59 percent) said that their OTA strategy needs work, and nine percent said they “really need help.” Fourteen percent have no OTA strategy whatsoever.

Whether you’re happy with your OTA strategy or feel it needs lots of work, in this guide we’ll help you take a focused, results-oriented approach to managing OTA business.
The Role of OTAs in Hotel Marketing
Since the advent of online travel agencies, hotels and OTAs have competed to attract bookings online. In 2016, several major hotel chains upped the ante by launching major marketing campaigns designed to convince travelers to bypass OTAs and book directly by offering discounted rates and incentives like free Wi-Fi, upgrades and loyalty points.

Initiatives on the part of the big brands include Hilton’s “Stop Clicking Around” campaign, Marriott’s “It Pays to Book Direct” campaign and Hyatt’s “The Best Place to Book is Right Here” campaign. To get around rate parity clauses in OTA agreements, the offers are “gated”—available only to loyalty club members. As a result, these brands have reported substantial increases in loyalty program enrollments.

Meanwhile, independent hotels and smaller hotel groups have launched similar initiatives, although because many of them do not offer loyalty programs they have had to find other ways to encourage travelers to book directly.

These campaigns are in response to mounting frustration in the hotel industry over OTA practices that include high commissions, restrictive rate parity clauses in OTA contracts, last-room availability requirements, and a dominant presence in online search results, which has driven up cost-per-click advertising rates.
Hoteliers have good reason to be concerned about OTAs, which have experienced significant growth in recent years. According to projections from Phocuswright, in 2015 OTA market share represented about 58 percent of independent properties’ total online volume in the United States and a 48 percent share for the chains. In Europe, hotels are even more dependent on OTAs, with OTA market share representing 74 percent of total online bookings for independent properties in 2015 and 62 percent for chains.

Source: Phocuswright & h2c
Dec 2015
Top Global OTAs

After a frenzy of acquisitions in recent years, Expedia, Inc. and Priceline Group have created a virtual duopoly in North America, Europe and other regions of the world. In 2014, Expedia and Priceline accounted for approximately 94 percent of the OTA market in the U.S.

In 2015, Expedia purchased Orbitz, Travelocity and vacation rental site HomeAway, adding to previous acquisitions of Hotels.com and Trivago. Expedia is now the largest OTA in the world by gross bookings, having grown by over 20 percent in 2015.

Priceline Group is not far behind. The company, which owns Booking.com and Kayak, achieved over ten percent growth in 2015. Snapping at its heels is China’s Ctrip, now the third biggest OTA in the world, which achieved an estimated 58 percent growth in 2015.

Interestingly, Airbnb has emerged as the fourth largest OTA by gross bookings, achieving almost 50 percent growth in 2015. Considering that the vast majority of Airbnb listings are private homes, this represents direct competition to hotels. Meanwhile, OTAs have diversified in the alternative accommodation sector, too.

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**Top Global Online Travel Agencies**


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<tr>
<th>Company</th>
<th>2014</th>
<th>2015</th>
<th>% Growth</th>
</tr>
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<tbody>
<tr>
<td>Expedia Inc</td>
<td>50,447</td>
<td>60,830</td>
<td>20.6</td>
</tr>
<tr>
<td>Priceline Group</td>
<td>50,300</td>
<td>55,528</td>
<td>10.4</td>
</tr>
<tr>
<td>Ctrip.com International Ltd*</td>
<td>16,935</td>
<td>26,753</td>
<td>58</td>
</tr>
<tr>
<td>Airbnb Inc*</td>
<td>6,449</td>
<td>9,641</td>
<td>49.5</td>
</tr>
<tr>
<td>eDreams Odigeo Group</td>
<td>5,606</td>
<td>5,117</td>
<td>-8.7</td>
</tr>
<tr>
<td>Lastminute.com Group</td>
<td>1,744</td>
<td>2,682</td>
<td>53.8</td>
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Source: Euromonitor International via Tnooz, 2016
In the coming years, growth in the OTA sector is expected to continue in all regions of the world.

According to Euromonitor, OTA sales, including accommodation, air and rental car, are forecasted to surpass the U.S. $400 billion dollar mark by the year 2020.
Response from OTAs

In response to “book direct” campaigns, Expedia senior vice president Melissa Maher has warned that hotel companies that do not allow Expedia to offer their best rates will have less visibility on the company’s websites. The company has reportedly been penalizing hotels that advertise loyalty discounts by “dimming” their listings—reducing the visibility of hotels’ listings by pushing them lower down on the page in search results or removing or darkening select information such as photos, rates and availability.

Jeffery Boyd, interim CEO of Priceline Group, has said that his company will continue to press hotel groups for their lowest rates. The underlying threat is that Priceline may implement dimming tactics on its sites too or use a portion of commissions to offer lower rates than hotels offer through direct channels.
Regardless of how the hotel industry may feel about OTAs, it’s clear that, given the market share and clout of OTAs, a certain amount of OTA business is desirable, forming part of a hotel’s diverse channel mix. OTAs can help fill rooms.

A key part of OTA’s success resides in their popularity with travelers. Travelers love OTAs because they allow them to compare rates, availability, reviews and other features among properties in a given destination, which can save time and reduce uncertainty. Some OTAs allow travelers to book flights, rental cars and activities along with accommodation, saving time and money. That said, travelers who book through OTAs often make decisions based largely on price and aren’t loyal to particular brands.

According to research from Phocuswright and Expedia, between 61 and 75 percent of online hotel shoppers in developed markets used an OTA when shopping for accommodations, compared to between 15 and 44 percent who visited a hotel website. (Phocuswright & Expedia Study, 2016.)

The upside for hotels is that OTAs can represent a valuable source of business—when properly managed. OTAs can be particularly valuable for filling rooms on need dates, selling inventory that otherwise might go unsold, and for providing a base on which to build more profitable business from other channels. They attract travelers that hotels might never find on their own. And, unlike cost-per-click and other forms of advertising, there are minimal up-front costs; hotels pay commissions only on realized bookings.
Because OTAs do not provide the bricks-and-mortar aspects of the hotel business, like physical properties, facilities and guestrooms, and they offer limited customer service, they can invest heavily in marketing, research and technology. Morgan Stanley Research estimates that Priceline and Expedia spent more than US $5.7 billion combined on direct advertising in 2015 compared to about $5.3 billion spent by the five largest hotel brands combined (Hilton, Marriott, IHG, Choice and Accor).

(Skift, 2016.)

While your hotel or hotel group probably does not have the funds to compete with OTAs in marketing, research and technology, you can benefit from their knowledge, experience and marketing clout by partnering with OTAs as a distribution channel.
Another presumed advantage of working with OTAs is the so-called Billboard Effect. Several years ago, a study from Cornell University found that a significant number of travelers discovered a hotel on an OTA and then booked directly with the hotel. The study found that the incremental reservations generated from listing on Expedia (not including the reservations made at Expedia) could be as high as 26 percent.

More recent research has called the theory into question, however. "We have declared the Billboard Effect to be dead," said Cindy Estis Green, CEO and Co-founder of Kalibri Labs, a next generation benchmarking platform for the digital marketplace that evaluates hotel revenue performance. Estis Green cited a study conducted by her company which found that only seven percent of consumers visit an OTA and then go to the hotel to book directly.

Source: Tnooz
Costs of Acquisition and Channel Mix
Managing Guest Satisfaction Surveys: Best Practices

Understanding Costs of Acquisition

While some OTA business is desirable for hotels, many hotels are overly dependent on OTAs at the expense of more profitable business from other channels. But how can you determine how much OTA business is too much?

A critical part of distribution strategy is understanding the costs of acquisition: how much your hotel pays for bookings on each distribution channel. Once you understand the costs of acquisition for each channel you can compare them to determine which is the right channel mix for your property and where to allocate your marketing resources.

Some estimates put the average marketing expenses of direct bookings at approximately four percent of revenue generated, whereas the costs of OTA bookings are significantly higher. “Across the US market, costs of acquisition are 15 to 25 percent,” Cindy Estis Green of Kalibri Labs said during the webinar. “Data in the European market is showing closer to 25 to 30 percent.”

Perhaps hotel marketing company Tambourine sums up the differences between OTA business and direct business best in a recent blog post: “OTAs are not only your least valuable booking sources, they are also your costliest.” (Tambourine, 2016.)

![Graph showing acquisition costs compared to OTA and direct bookings.](image-url)
Impact of Acquisition Costs on Profit

During the webinar, Estis Green shared the results of research conducted by her company, which was primarily focused on North American hotels. “We found that although room revenue has grown in a healthy way since the end of the recession, the commissions have risen even faster,” she said. “Not higher in absolute terms, but the rate of growth has been higher.”

She added, “Because revenue has been stronger in the up economy of the past seven years, it hasn’t been as evident. But the rate of growth in commissions is pacing faster than the revenue growth. When the downturn comes, there’s no question that we will feel the effects of that commission rising because the costs will probably not decline.”

Estis Green also noted that the profit contribution of direct bookings is much higher than OTA bookings, in part because ancillary spending through OTA channels is comparatively low. “In the US market, one point of improvement in profit contribution is worth $2 billion per year for the US hotel industry,” she said.

In a separate study of 43.5 million reservations, SiteMinder found that the average value of direct website bookings is 1.8 times the value of bookings from third-party channels. (Hotel Online, 2016.)
Calculating Costs of Acquisition

When calculating the costs of acquisition, Estis Green recommended comparing both direct costs and net revenue and net ADR. Her company uses the term “COPE revenue,” which stands for Contribution to Operating Profit and Expenses. COPE represents the percentage of revenue the hotel keeps for each channel after direct transaction fees are removed such as commissions, channel costs and loyalty costs.

“What is the net revenue for every dollar you spend on sales and marketing?” she said. “There are two parts: direct costs and indirect costs. You want to manage both.” Then compare the costs by distribution channel to find the optimal channel mix.
“What’s the right mix?” Estis Green said. “Benchmark your hotel against other hotels similar to you. You have to look at the costs associated with each channel and figure out the optimal mix that will give you the optimal contribution. For some hotels the OTA portion may be 20 percent, for others it may be two percent. You have to look at what’s available in your marketplace and the best sources of business to take, even within the OTA sector—which ones you should take and what will give you the optimal return.” She added, “It’s a zero sum game. Either you get the more profitable business or someone else does.”

Given the high costs, is OTA business ever desirable? “Every channel has benefits. If it brings business you wouldn’t get otherwise, and if demand is not available from other channels at that given time in your market, then it’s a good source,” Estis Green said. “During high demand times, you may want to dial OTA business down and not have as much,” she said. “But if you want to tap into the Chinese market or the Eastern European market or another feeder market where you don’t have a presence, working with an OTA may be well worth it. Just don’t overdo it if you have other choices.
Managing OTA Business
Managing OTA Business

During the webinar, we asked attendees which areas of their OTA strategy they would like to improve. 47% of attendees identified measuring the costs of acquisition as a priority, whereas 41% said that negotiating better terms with OTAs was important. 22% said that managing reviews was a priority.

Meanwhile, 83% of attendees said they would like to do a better job of converting OTA users into direct bookers. How do your priorities compare?

In which of the following areas would you like to improve? (click all that apply)

Poll Results (multiple answers allowed):

- Measuring the costs of acquisition 47%
- Negotiating better terms with OTAs 41%
- Optimizing listings on OTAs 40%
- Converting OTA users into direct bookers 83%
- Managing reviews on OTAs 22%
Getting OTA Business to Work for You

While OTAs are clearly not the most profitable distribution channel, most hotels need at least some of the business to fill rooms. It’s a question of managing relationships to limit the amount of OTA business and ensure it’s as profitable as possible.

“OTAs are here to stay, there is no doubt,” said Max Starkov, President & CEO of HeBS Digital, during the ReviewPro webinar. HeBS is a leading hotel digital marketing, website design and direct online channel consulting firm based in New York City. “There have always been intermediaries. Use OTAs in a smart way, as a marketplace, but you must be in control and must demand that OTAs adhere to your own terms.”

So how to get OTA business working for you, under your own terms? While every hotel’s approach will be different depending on factors such as location, room demand and marketing resources, here is a summary of top strategies to consider.
Negotiate Better Terms in OTA Contracts

Today, hotels have more bargaining power with OTAs than ever before. While hotels may need OTA business to reach revenue objectives, OTAs need access to hotel inventory and preferred rates to reach their own objectives.

When Marriott and Hilton renegotiated their OTA contracts in 2015, they reportedly managed to get the big OTAs to agree to lower their commissions, eliminate the last room availability clause, and allow them to offer lower rates to their loyalty members. If you represent and independent hotel or small group, you won’t have the negotiating power as these brands, but you can negotiate similar concessions.

Is rate parity undesirable for hotels? “We believe that rate parity works in favor of hoteliers,” said Starkov. “OTAs tend to undercut official published rates by swallowing a few percentage points from their commissions, coming into the marketplace with lower rates than the hotel. If it’s not officially disallowed in your country, insist on rate parity being one of the main clauses in your agreement with OTAs.”

A key point of negotiation is rate parity, a clause in OTA contracts that prevents hotels from advertising lower room rates on distribution channels other than the OTA, including their brand websites. Recently, rate parity was banned in France, Germany, Italy and Sweden, but elsewhere it continues to form a critical part of OTA agreements.
By carefully managing rates and room availability across distribution channels, including OTAs, brand website, voice and GDS, you will help ensure that travelers find comparable rates and information regardless of where they shop.

This includes maintaining rate parity across channels, and never allowing OTAs to undercut your direct booking rates. “At HeBS Digital we believe that providing a lower rate that is not found on the hotel website and not promoted by hotel is counterproductive because it trains the traveling public that they can always find a lower rate on OTAs,” said Starkov. “Travelers believe that OTAs are the place to go for the best rates, and we have to prove them wrong. Teach travelers that they will receive comparable rates and perks if they book direct.”

Starkov also cautioned hotels not to offer sales promotions exclusively on OTAs. “Take a deep breath, and structure and launch a campaign on direct channels,” he said. “If needed, offer the same promotion via OTAs.”

Because traveler decisions on OTAs tend to be highly price driven, to generate OTA business you must offer competitive rates. During times of high demand, rather than shut out OTAs, consider increasing rates instead, without undercutting direct channels.

Max Starkov
President & CEO
HeBS Digital
@hebs_nyc
Use Best Practices in Revenue Management

Rates help determine how properties are listed in search results on OTAs. According to Expedia, “A hotel’s visibility on the Expedia Marketplace is calculated by offer strength, quality score and compensation. Therefore, when a hotel is, for example, not offering its most competitive rate to consumers shopping and booking via Expedia, those consumers are more likely to book a room at a hotel that is offering its most competitive rates.

Expedia’s algorithm recognizes this natural shift in consumer preference and adjusts the visibility of these hotels in the marketplace accordingly.” (Expedia, 2015.)
A common practice of OTAs is to bid on hotel brand names in search results. This can create confusion among travelers who think they are booking directly and can result in travelers booking a different hotel on the OTA.

“If you Google your hotel, you will see that predominantly all paid search listings are from OTAs,” said Starkov. “Few hotels have the budget to compete with OTA spending.” However, he added, “OTAs cannot use hotel brand names without permission.”

Starkov advises hotels to trademark their brand name and negotiate contract terms that disallow OTAs from using their brand keyword terms without permission. “Marriott, Hilton and Starwood explicitly disallow OTAs to bid on brand keyword terms, and so do many small chains and independent hotels,” he said. “These properties have taken digital marketing into own hands and are not allowing OTAs to bid on Google and other search engines on branded keyword terms.”

Starkov recommended that hotels trademark their brand locally, where their property is located. To inquire, visit the website of your country’s official trademark office.
Optimize Your OTA Listings

To ensure that you are converting travel shoppers to guests on OTAs, review your listings regularly, ensuring that descriptions, photos, amenities, location details and other information are always accurate, appealing and up to date.

“One of the biggest mistakes our industry is making is providing OTAs with content, room descriptions and amenity descriptions identical to descriptions on their own website,” said Starkov. “When you have duplicate content the search engine serves only one search result and suppresses the others. OTAs tend to be ranked higher because all search engines favor websites that have higher inbound link count, deeper content and are more important.”

“The same applies to visual content,” said Starkov. “Many hoteliers populate all OTAs with the same photos using an image distribution system and feature the same photos on the hotel website. Take the time to create unique content that is different from your own website. It will increase the likelihood of being listed higher up in search results on Google.”
Expedia recently introduced its Accelerator program, which allows hotels to pay for better placement on its site to attract more bookings. Booking.com offers similar opportunities through its Preferred Program. To inquire, visit the site dashboard or contact your market manager. But bear in mind that Starkov and other industry experts do not recommend offering lower rates on OTAs than on direct channels.

To use OTAs in the smartest and most efficient manner, Starkov recommends launching campaigns across channels, using a combination of retargeting, metasearch, SEO, paid search and OTAs. “Provide the campaign through an OTA or two, and tell them the exact campaign, rate and verbiage and the exact hour and date to launch it and when it will stop,” he said. “You must keep control.”

**Booking.com Preferred Program**

Participating in the Preferred Programme means that the hotel will be ranked above all other hotels in the search results for a certain destination. Those hotels have to give a contracted minimum allotment throughout the year and need to meet specific performance criteria. Preferred hotels receive the special logo “Preferred Hotel Partner” on the Booking.com website.
Beware of Tools Offered by OTAs

Some OTAs have branched out beyond the room-selling business to offer technology and tools to hotels. Priceline’s BookingSuite division builds and maintains website and booking engines for hotels, as well as offering revenue management services. Recently, Expedia-owned Trivago acquired Base7Booking, a cloud-based PMS system which offers a revenue management component.

Such tools may sound tempting to hotels, allowing them to get around budget limitations and redesign their website at a seemingly reasonable cost, but industry experts warn hotels to proceed with caution. While building the website may be offered free of charge, the hotel will pay a commission on all bookings made through the website.

“The provision of hotel technology by OTAs, on a mass scale, is the perfect Trojan horse that facilitates more direct control of industry supply and pricing by OTAs,” cautions Mike Ford, managing director of SiteMinder. (Tnooz, 2016.) “The day a hotel succumbs to getting a website, booking engine and rate tools from an OTA, they should be prepared to pay commissions on every booking from that day forth and make less profit per booking.”

Ford adds, “If a hotelier really wants to maximise profit, they need to have visibility over the whole range of distribution channels and, most importantly, they need to be in control of what rates and availability they offer directly to the market without tying this to one particular point-of-sale.”
Other Recommendations

Work with OTA Market Managers
If your OTA has a designated market manager for your region, it can be beneficial to maintain a positive relationship with that person. While the manager’s top priority is to gain access to inventory and preferred rates from hotels in order to grow its market share, he or she may be a valuable resource for insight into demand patterns, trends and opportunities in your market as well as tips for increasing visibility and bookings.

Utilize Technology & Tap into Industry Expertise
Use revenue and channel management tools to monitor rates and maintain competitive rates and rate parity across all distribution channels. Monitor performance and compare it with competitors using market data from companies like STR and Travelclick. If you are not doing so already, consider engaging experts such as HeBS Digital and Kalibri Labs to help with marketing and revenue strategy, analysis and execution.

Manage Reviews on OTAs
Another critical part of converting shoppers to guests on OTAs is managing traveler reviews and ratings. We’ll discuss how to manage OTA reviews in the Section 6.
Converting OTA Guests to Direct Bookers
Even Expedia CEO Dara Khosrowshahi agrees: hotels should consider OTAs as an acquisition channel to find new guests and ensure that these guests book directly on future stays. “Look at us as the cheapest source of referrals that you could imagine,” he said at a recent conference. “If they come through me, you pay me once, and if they come back to me again and again, shame on you. You should make them a loyal customer.”

The statement holds true. If your hotel pays 20 or 25 percent of the room rate in OTA commissions for a traveler’s first stay and the traveler becomes a loyal, direct-booking guest for life, it’s a reasonable price to pay. So how you convince OTA guests to book directly on future stays?

If your hotel offers a loyalty program, it’s an obvious place to start. Many brands withhold loyalty points and perks for members who book through OTAs, providing a strong incentive to book direct. Other incentives include discounted rates and value-adds like free Wi-Fi, breakfast, food and beverage credits, parking, spa credits, online check-in and room selection, early check-in and late check-out.

Some hotels implement disincentives to travelers who book through OTAs, disqualifying them for preferred rooms and upgrades, daily newspaper, turndown service and other services and amenities.
Top Tips for Building Direct Business

During the webinar, Max Starkov of HeBS Digital recommended the following strategies for building direct business:

**Start with a top-down strategy.** "Adopt a clear book direct strategy, with specific objectives for the percentage of direct reservations you want—on your website, mobile site, voice and social media," he said.

**Offer incentives** to staff members to increase direct bookings.

**Educate employees.** "Make sure front desk staff know about promotions," he said. "Ensure that all staff are aware of your direct booking strategy and understand why direct bookings are so important."

**Give guests a good reason to book direct.** Offer incentives services, amenities, upgrades and other perks. Starkov cited the example of Loews Hotels, which provides a $25 dining credit per day to direct bookers. "Reward your loyal guests," he said. "Treat them with upgrades and perks."
Managing Guest Satisfaction Surveys: Best Practices

Optimizing Your Website & Booking Engine

Your website and booking engine play a key role in attracting direct bookings, too. They should be user-friendly, easy to navigate and mobile optimized, and they should feature helpful content, visuals and local information to help travelers plan trips. Include a best rate guarantee, and advertise the benefits of booking direct. Consider adding a live chat service to give site visitors instant answers to their questions.

Many hotels have adopted sales tactics from OTAs to increase conversion, such as adding messages to booking engines about the number of rooms available and how many travelers have recently booked. Other hotels display price comparison widgets such Triptease’s Price Check and Travel Tripper’s Rate Match.

When implementing direct booking initiatives, be sure to adhere to the terms you agreed to in OTA contracts. For example, some OTA contracts contain a clause that disallows hotels from specifically targeting guests who booked through the OTA with online or offline promotions or unsolicited email.

“Though it is fair for OTAs to manage initial bookings with new customers, OTAs should not have the right to own your guests forever,” said Gautam Lulla, president of TravelTripper, in a recent blog post. “Hotels should insist upon an addendum clause that allows marketing to guests who have provided direct consent, usually at the time of the stay.”
Keep in mind that OTAs can’t compete in one area where hotels should excel: guest service. By providing exceptional service at all touch points before, during and after guests’ stays, exceeding expectations and making sure your guests feel valued, you will make them more loyal and more likely to contact your hotel directly on future stays.

“With or without a loyalty program, a hotel’s ultimate success depends on its ability to deliver a differentiated guest experience and to engage the guest at every point of contact to that end,” said Cindy Estis Green of Kalibri Labs. (Hospitality Upgrade, 2016.)

Use social media channels to connect with guests like Facebook, Twitter and Instagram, and send post-stay emails to invite them back.

ReviewPro’s Guest Satisfaction Surveys (GSS) enables individual hotels and groups to gather direct feedback from guests using customizable surveys.

Discover today how this highly flexible, cloud-based tool can help you turn insight into action to improve operational and service excellence, while driving revenue.

Happy Guests. Profitable Hotels.

Request a Free Demo now
Embracing OTAs

One of ReviewPro’s clients is pursuing a unique approach to managing OTA business. “We actually embrace OTAs, leverage their marketing and utilize them as a customer acquisition tool,” said Greg Mount, CEO of Red Lion Hotels, in a recent article on Skift.

A company the size of Red Lion, which has 124 hotels in the U.S. and Canada, doesn’t have the scale or the massive marketing funds to wage a war on the OTAs, said Mount. “There’s no way that we or any other hotel company is going to outspend the OTA channel from a marketing standpoint,” he said. “So you might as well leverage that marketing when it’s advantageous to you and benefits you.”

Even though OTAs may be higher-cost reservations, the opportunity for converting that customer into a loyal guest rises once they stay, said Mount. “Unless you’re Starwood, Hilton or Marriott, your loyalty programs are not really generating any real, meaningful demand,” he said. “And it’s a very high cost.”

While Red Lion posts a best rate guarantee for direct bookings on its website and offers a “Hello Rewards Rate” for loyalty members, the company also extends loyalty program perks to members who book through an OTA, something the big brands refuse to do.

Red Lion’s strategy is to build loyalty with guests over time and eventually get them to book direct, rather than try to convince them to book direct on their first stay. “We want to slowly migrate [guests] to lower-cost channels and proprietary channels,” Brian Quinn, senior vice president and CFO, told Skift. “OTAs would be a lot more successful if they weren’t as aggressive with their fee structure, but we are going to keep that pipe open for our franchisees. It is our job to move them over.”
Managing Reviews on OTAs
Managing Reviews on OTAs

Your hotel’s reviews and ratings on OTAs can have a significant impact on its visibility and the ability to convert. Manage reviews on OTAs much like you do on TripAdvisor. This includes:

**Track reviews across all OTAs.** Use ReviewPro to ensure you never miss a guest review.

**Analyze performance.** ReviewPro’s sentiment analysis tool allows you to mine guest reviews for patterns of negative and positive feedback.

**Take action.** Use feedback to guide decisions across your hotel or brand, resolving issues and highlighting strengths in promotional materials. Identify specific likes and dislikes of travelers from different countries and offer special services, amenities and promotions to attract more travelers from these regions.

**Respond.** Most OTAs allow hotels to respond to reviews. Take advantage of the opportunity to thank guests for feedback, change perceptions and show travelers you’re listening and you care about guest satisfaction.

**Leverage competitive benchmarking.** Understand your hotel’s review performance and compare it to competitors by OTA. Set goals and monitor performance over time. Identify opportunities to grow market share on OTAs. Use this information to optimize your OTA strategy and outperform competitors.
"If you don’t measure something, it’s impossible to manage it,” said RJ Friedlander, Founder & CEO of ReviewPro, during the webinar.

“ReviewPro offers advanced analytics to track performance and identify trends across more than 175 OTAs and review sites and 45 original languages. You can identify where to take action and prioritize actions.”

Source: ReviewPro
Responding to OTA Reviews

Friedlander shared the following guidelines for responding to reviews on OTAs:

• Respond quickly, ideally within 48 hours.
• Always thank the guest.
• Respond from a senior manager.
• Try to respond in language of the review.
• Clear up any misinformation.
• Say how you are following up.
• Invite the guest to return.

Friedlander stressed the importance of evaluating your hotel’s response strategy and compare your response ratio and speed of response to those of competitors. “ReviewPro offers an automated, real-time way to compare performance with competitors, measure internal KPIs for responding and assess the impact on future guests,” he said.

OTAs who allow responses:

• Booking.com
• Expedia
• Hotels.com
• Ctrip
• Atrapalo
• Travelocity
• Laterooms.com
• eLong
• And many more...
Climbing OTA Rankings

Travelers often sort hotels on OTAs by guest ratings, and the better your reviews, the higher you will appear in results. Climbing the rankings on OTAs and other review sources requires taking a holistic approach to guest feedback.

“By combining ORM, guest surveys, in-stay surveys and post stay surveys into guest intelligence, hotels can prioritize operational and service improvements,” Friedlander said. “That results in happier guests, which generates more positive reviews and leads to higher OTA rankings. This in turn leads to increased bookings and higher rankings. If managed correctly, it will increase the amount of direct bookings too.”
Key Takeaways
Key Takeaways

Here’s a recap of key takeaways from this guide:

- Know the players and choose the OTAs that are the best fit for your hotel.
- Measure and compare costs of acquisition to find the optimal channel mix.
- Negotiate favorable terms with OTAs.
- Manage rates, inventory and listings on OTAs to optimize performance.
- Take initiatives to convert OTA users into direct bookers.
- Manage OTA reviews and benchmark performance against competitors.
About Us

ReviewPro is the leading provider of Guest Intelligence solutions to independent hotel brands worldwide.

The company’s comprehensive suite of cloud-based solutions includes Online Reputation Management (ORM) and the Guest Satisfaction Surveys (GSS), which enable clients to obtain a deeper understanding of reputation performance as well as operational/service strengths and weaknesses. We provide actionable insight to increase guest satisfaction, rankings on review sites/OTAs and ultimately revenue.

The company offers the industry-standard Global Review Index™ (GRI), an online reputation score, which is used by thousands of hotels worldwide as a benchmark for reputation management efforts, based on review data collected from more than 175 online travel agencies (OTAs) and review sites in more than 45 languages. More than 30,000 hotel brands worldwide are currently using ReviewPro’s solutions.

Visit our Resource Hub

The leading source of Guest Intelligence best practices and insights for the hospitality industry

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