



The Evolving World of Online Hotel Distribution

**XXXVI. General Assembly of the Hungarian
Hotel & Restaurant Association**

**Channelmanagement
23. November 2011
Sascha Hausmann**

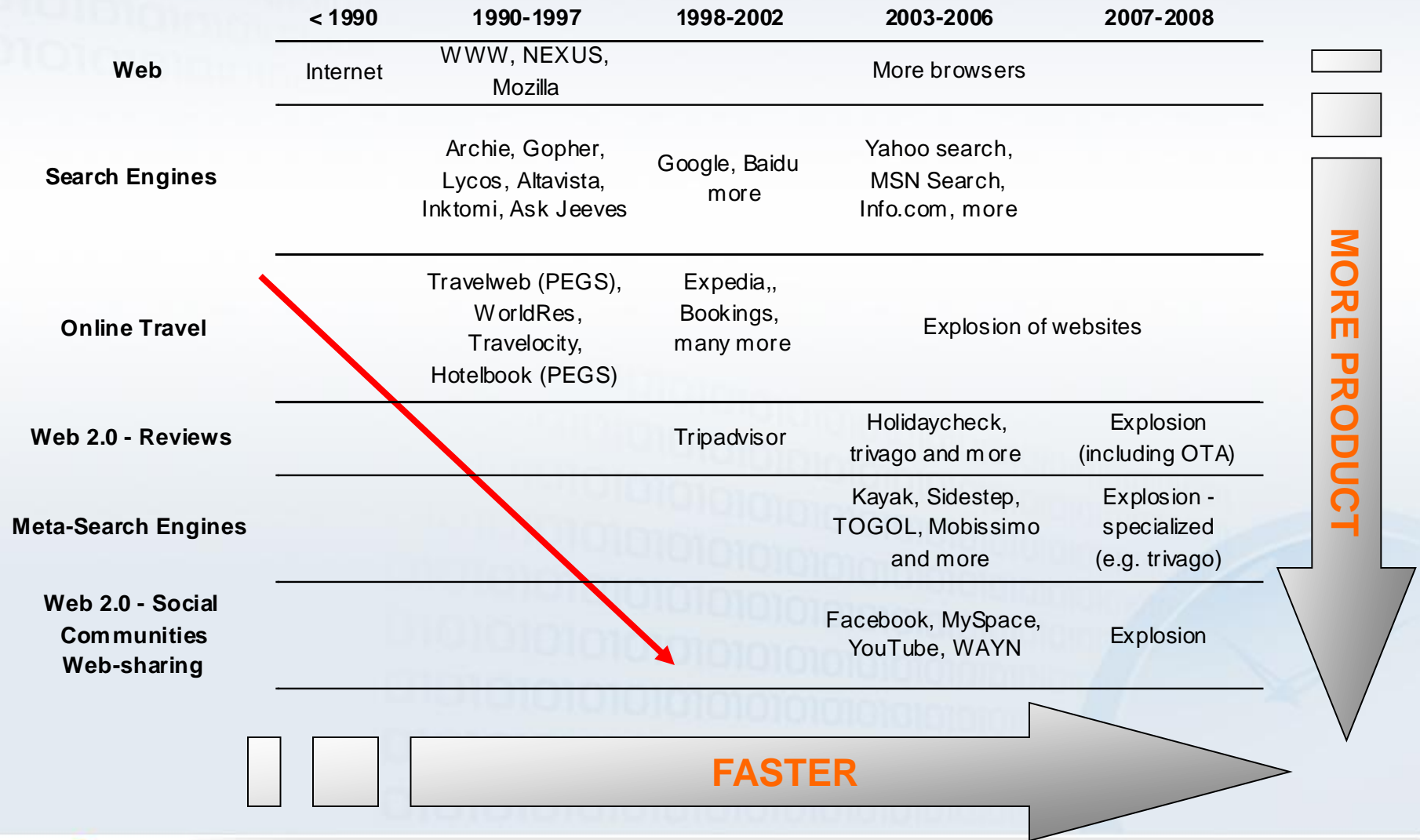


Why Channel-Management ?

The real story...

- God created man
- Man had the desire to travel & communicate
- Man built hotels for somewhere to stay in different locations
- Then man separated into two camps:
 - Consumer Man, internet savvy, became greedy and wanted to stay cheaper and built torture machines (websites)
 - Hotel Man needed to maximise revenue to survive and to expand
 - Consumer Man build technology to rip off Hotel Man
 - Hotel Man needs technology to control Consumer Man
- **That's how and why it all happens !**

e-Evolution so far ?



Consumer Man created chaos !

Tour Operator



Online Travel Agents



BOOKING.COM
online hotel reservations



GDS



Social Media



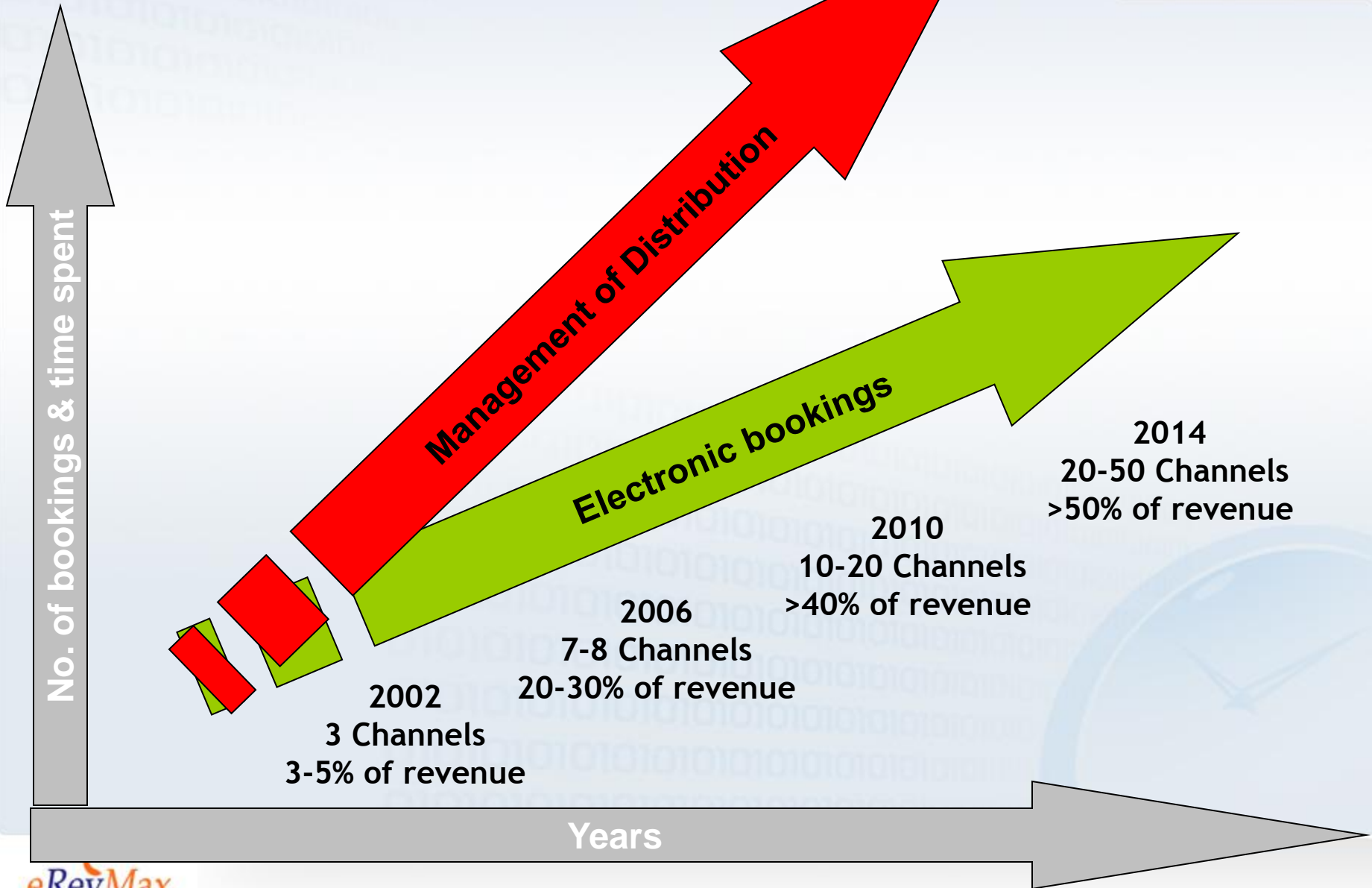
Review Platforms



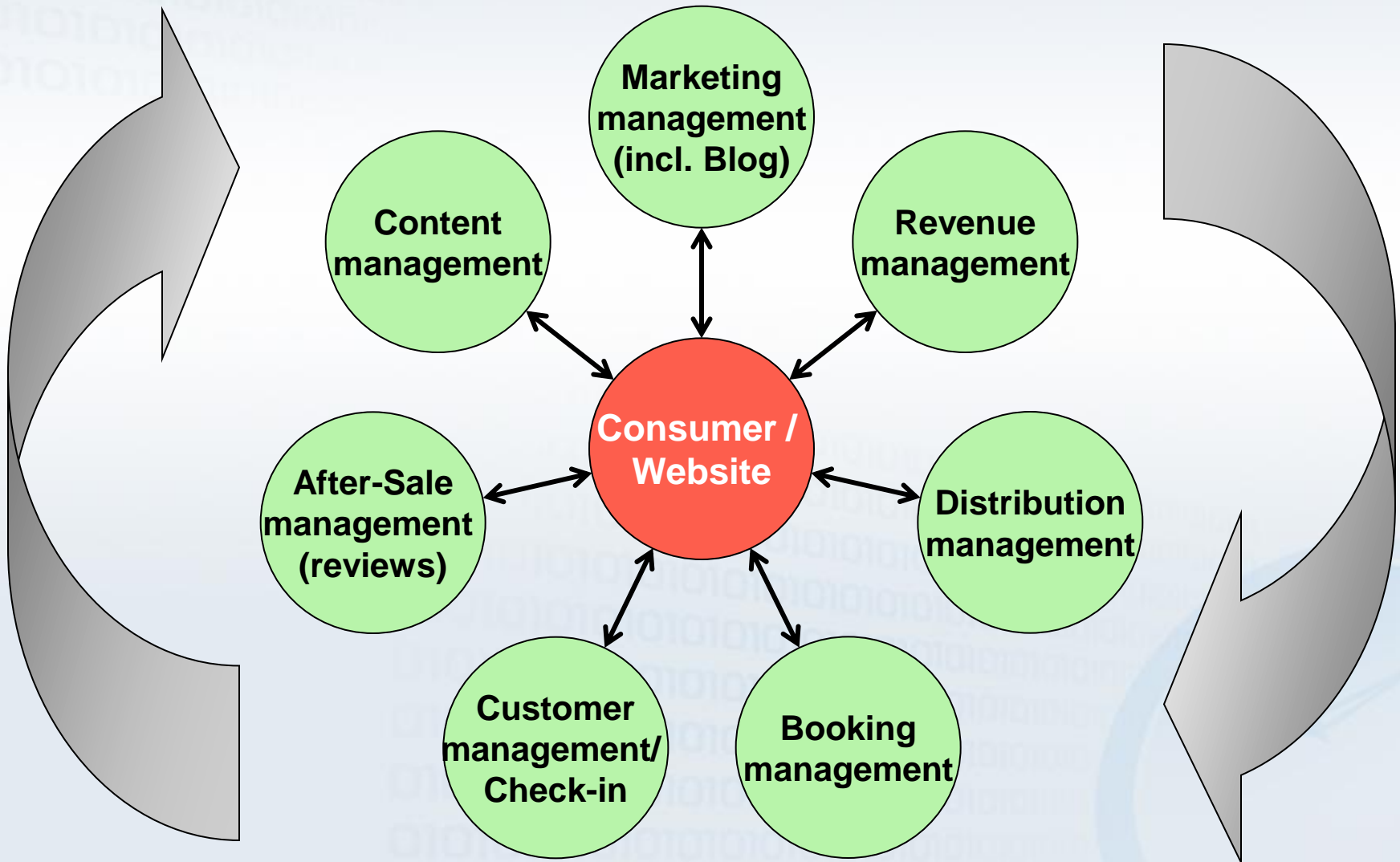
Ads / PPC



Easy revenue with no effort?

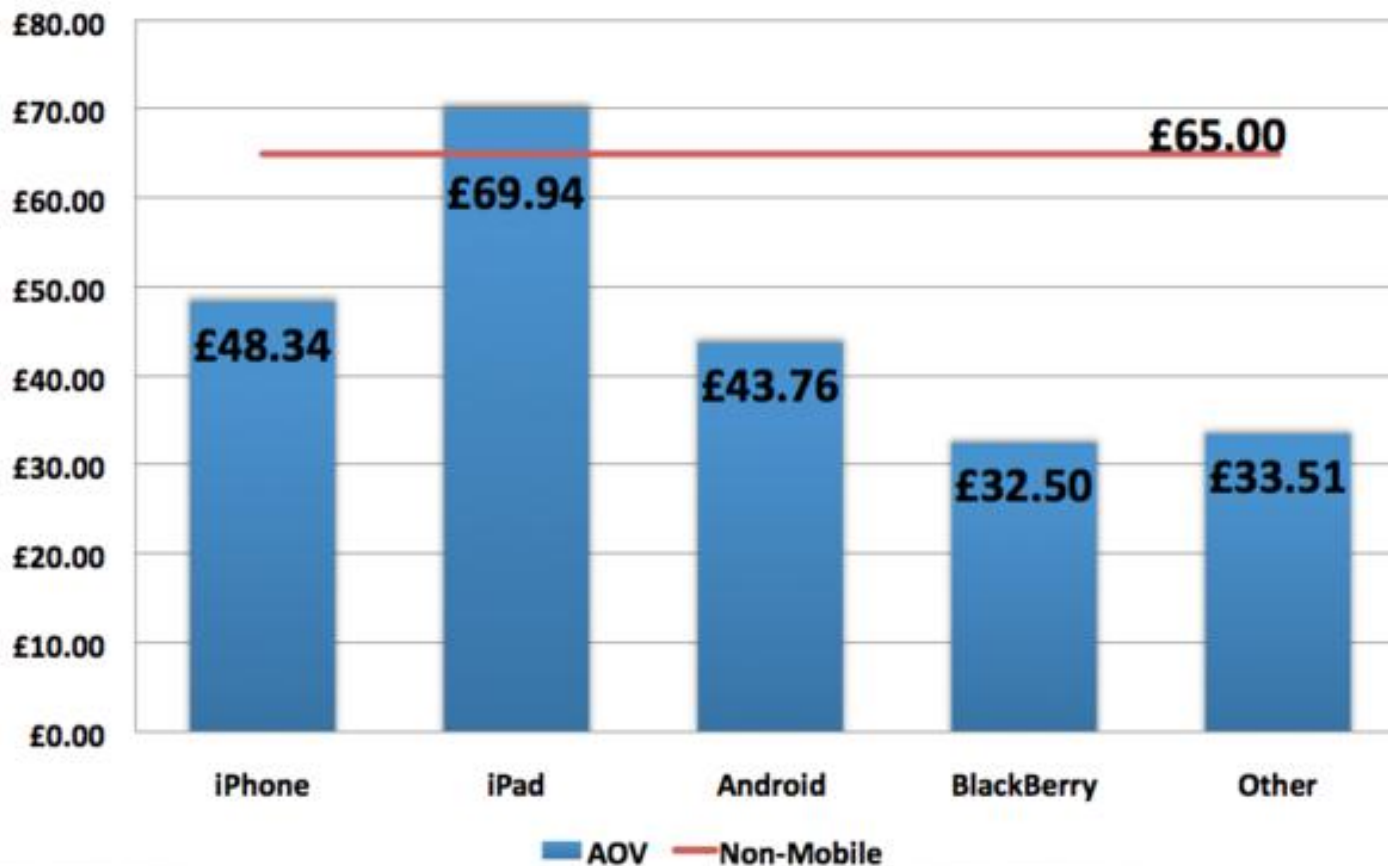


Complex procedures with potential?

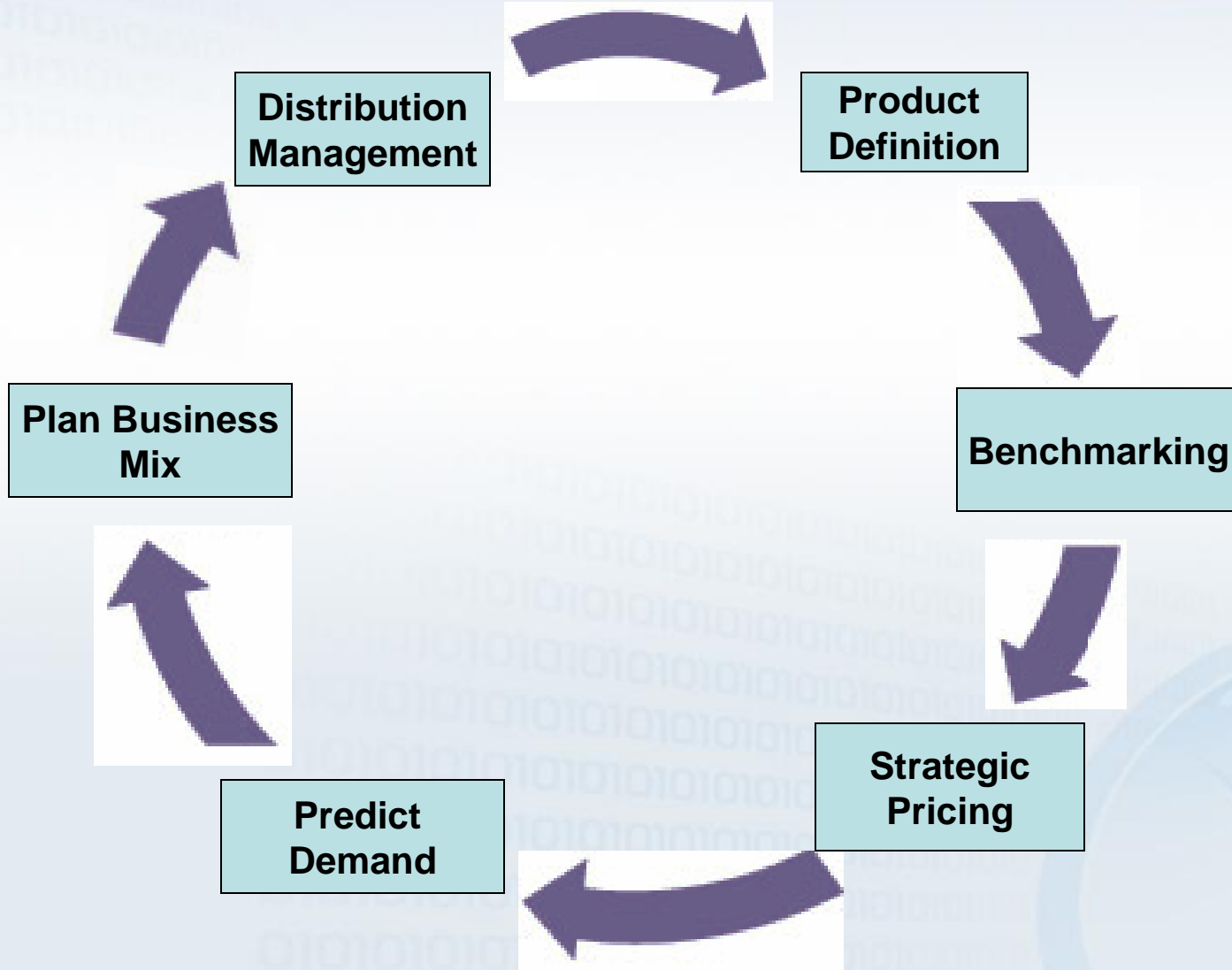


Mobile not an issue?

AOV mobile vs. non-mobile



Recap... just to post...



Waste of time ?

RateTiger
Money

Tour Operator



Online Travel Agents



priceline.com
Name Your Own Price™

Time is money – worth it ?

Social media



Ads / PPC



Review platforms



Let's check ?

- How much does online / internet contribute to revenue ?
 - < 10%
 - < 25%
 - <50%
 - >50%
- How many channels do you use ?
 - < 5
 - < 7
 - < 10
 - < 15
 - >15
- How often do you update ?
 - daily
 - 3-5 per week
 - less
- How much does the hotel site contribute ?
 - < 10%
 - < 25%
 - <50%
 - >50%
- Do work rate parity ? Does your website get the lowest rate?
 - yes no yes no
 - yes no yes no

Not important ? Judge...

Tab. 74: Vertriebskanäle der Hotels in Deutschland im Detail in den Jahren 2003 – 2009

Rang (vorherige Erhebung)	Vertriebskanal	Anteil 2003 in %	Anteil 2005 in %	Anteil 2007 in %	Anteil 2009 in %
1 (6)	Internetportale	4,1	7,1	9,9	24,7
2 (7)	Eigene Homepage	2,0	5,9	6,0	22,6
3 (3)	E-Mail	5,9	9,7	11,3	10,8
4 (1)	Telefon	32,2	29,0	20,5	9,9
5 (8)	Global Distribution Systems (GDS)	8,1	8,6	5,4	8,7
6 (5)	Reiseveranstalter	10,7	8,5	10,0	6,3
7 (2)	Telefax	14,9	16,9	13,5	5,8
8 (10)	Eigenes CallCenter	2,3	2,0	2,7	4,6
9 (9)	Walk ins	2,7	3,9	4,8	2,6
10 (11)	Brief	2,1	2,1	2,5	1,5
11 (4)	Eigenes Computer Reservation System (CRS)	1,0	2,0	11,3	0,8
12 (13)	Fremdes Computer Reservation System (CRS)	0,7	1,0	0,8	0,8

47.3 % via Websites already in 2009

Stagnates or loses ...

Nicked from: Branchenreport Hotelverband Deutschland (IHA)

Got it all under control ? Guess not...

City	3 star			4 star			5 star		
	% Of Hotels in Parity	% Of Hotels Cheaper on Brand Sites	% Of Hotels Cheaper on OTA	% Of Hotels in Parity	% Of Hotels Cheaper on Brand Sites	% Of Hotels Cheaper on OTA	% Of Hotels in Parity	% Of Hotels Cheaper on Brand Sites	% Of Hotels Cheaper on OTA
PARIS	25%	14%	61%	15%	34%	51%	25%	14%	61%
ROME	20%	29%	69%	0%	25%	75%	20%	29%	69%
BERLIN	0%	17%	83%	0%	22%	78%	0%	22%	78%
AMSTERDAM	2%	17%	81%	1%	22%	78%	20%	25%	56%
ZURICH	5%	21%	74%	5%	30%	65%	0%	34%	66%
LONDON	24%	34%	42%	23%	17%	61%	8%	24%	68%

Consumer Man loves you!

Nicked from a competitor: RateGain 2011

Ticking away the moments...

Channelmanagement

10 Min /
Channel

Things and
Approved
AR

Directly Controlled
Revenue-Engine

20 Min /
Channel

and
correct
es

Review & Content Management

Brandin
man

30 Min /
Channel

Social Media / Ads

Branding &
lo

> 1
hour



> 3 hours per day !

Influences

Many decisions

GDS vs. Internet distribution

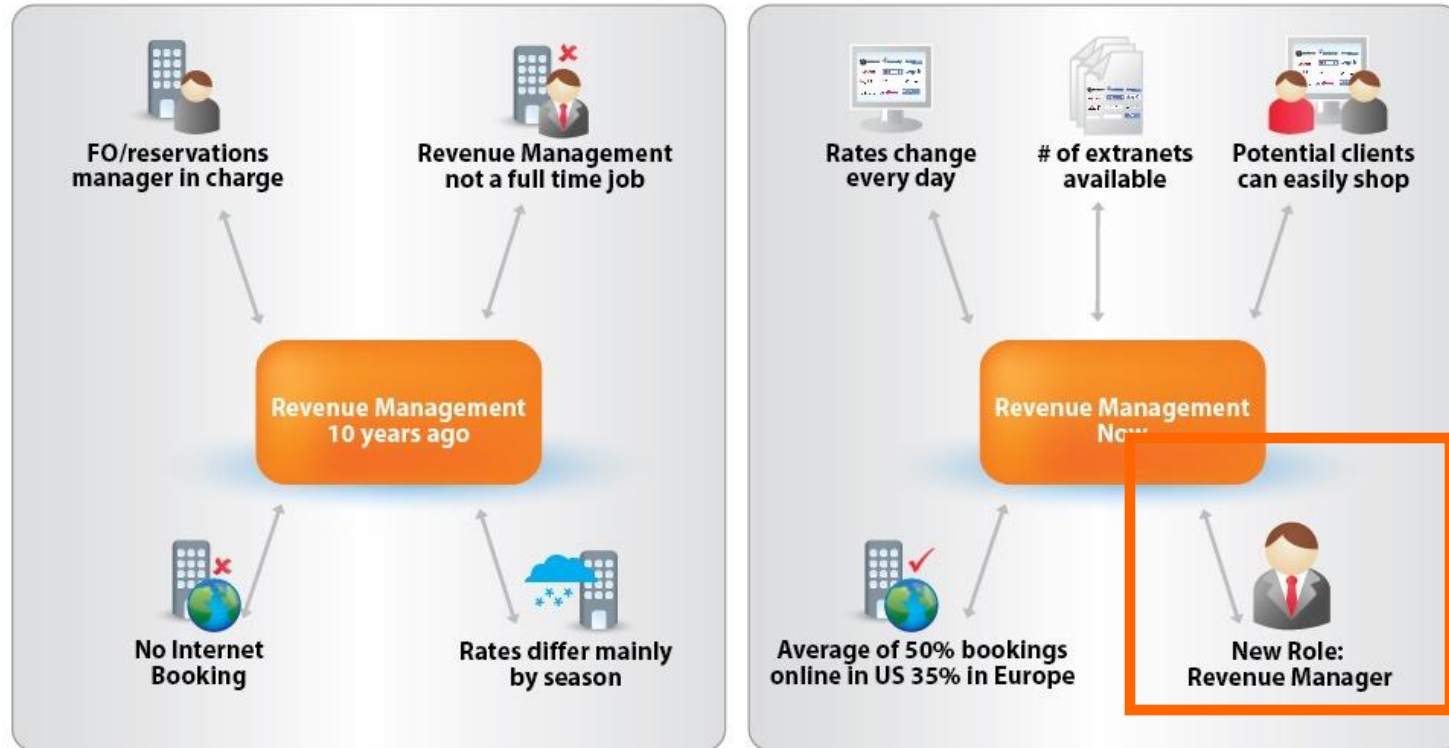
Hotelwebsite vs. Travelsites

Commission vs. Wholesale/Netrate/Opaque

International vs. Local Sites

Marketing (PPC / Ad) vs. Transactions

Time comes cheaply ?



2008

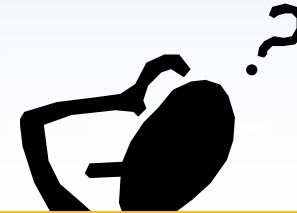
Recap...

- Internet transactions gain importance
- Rate parity, pricing strategies and monitoring of competitors are essential
- Multitude of channels require participation to optimize exposure
- Use technology to ensure accuracy to ensure better results
- Channel management is not done on the side – it is a proper job

You need technology!



Are you sure what to chose ?



- Pricing and products differ largely
- Hoteliers often don't really know their requirements
- No time to properly scope or compose an RFP

Hoteliers therefore often do without technology !!!

RateTiger
Save Time Make Money

RateGain

channelRUSH

SimpleDistribution
your Position is our Mission

EZ Yield.com
DISTRIBUTION MADE EASY



TRUSTYOU
social semantic search

How to chose properly ?

A simple two step process:

Requirements / Checkliste

- Required channels (OTAs, GDS)
- Additional functions (e.g. Rate structure, weightages, mark-up/margin, restrictions)
- Automation (e.g. Alerts, price calculations, availabilities)
- Connectivity with other software (PMS, RMS, CRS)
 - Benchmarking yes/no
 - Review-Management
 - Content-Management
 - Additional distribution?

Price vs. value analysis

- All requirements fulfilled ?
- Apples to apples: What is the price for the exact software required?
- Certifications with OTAs?
- Industry certified (ISO and PCI)?
 - Training and account management in local language ?
- Innovative products, company and plans ?
 - Profitable ?

Revenue Maximization: An example...

Cost / EBITDA without Channelmanager

Avg cost for personnel required for updates:	30.000 Euro
Time required to manually update channels	10 h per week
Personnel cost per year:	7.500 Euro
Online-Revenue:	400.000 Euro
Revenue return:	14%
EBITDA :	392.500 Euro

Increase by over 50%

Cost (KFSuite ChannelManager):	3.108 Euro
Time required for updates:	1 h per week
Personalkosten pro Jahr:	750 Euro
Personnel cost per year:	3.858 Euro
Online-Umsatz:	480.000 Euro
Online-Revenue:	14%
EBITDA :	63.342 Euro

Use technology when appropriate ...



IN A LONELY WORLD



IN THE FUTURE WORLD

Conclusion

**Opportunity:
Channelmanagement, Price shopping und
Reviewmanagement**

Waste of time OR Revenue optimizer

YOU DECIDE !!!

So, if you want to play the game !



Questions ?

Happy
SAVING TIME MAKING MONEY

Thank You

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