

Major Chains Report Hotel Bookings Up More Than 8 Percent in 2006

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TravelCLICK's eTRAK Reports Double-Digit Internet Increases and Steady GDS Growth

The hotel industry maintains steady growth as consumers continue an upward trend of shopping for hotels online and booking electronically, according to TravelCLICK's 2006 fourth quarter and consolidated full-year eTRAK results, released today. The data shows the total Central Reservation System (CRS) reservations for major hotel brands increased 8.4 percent in 2006, reaching more than 81 million bookings.

Full Year 2006 Overview

The Internet accounted for 38.3 percent of 2006 brand hotel bookings, driven by a 20.2 percent growth rate compared to 2005. During 2006, the Global Distribution System (GDS) maintained steady growth of 5.1 percent, finishing the year generating 35.6 percent of overall transactions, with 29,113,410 bookings. Reflecting the shift of voice callers to other electronic channels, voice reservations decreased 1.5 percent in 2006, now representing approximately 26.1 percent of overall bookings.

Fourth Quarter 2006 Overview

The Internet contributed 38.8 percent, or 7,494,662 reservations, of the total CRS reservations at major hotel brands, a 20.2 percent increase compared to the same period in 2005. The data also highlights the continuing importance of GDS e-commerce with 34.7 percent, or 6,689,926 bookings, of CRS reservations coming through those channels. The eTRAK report shows that voice represents the remaining 26.5 percent of CRS reservations, down 0.5 percent over the same period last year.

In the fourth quarter of 2006, brand websites grew again and continued to gain share compared to third-party merchant and opaque websites, which are increasingly used for hotel rate shopping prior to consumers booking direct on hotel websites. According to eTRAK, brand websites were the source of 83.2 percent of the brands' centrally-booked Internet reservations.

eTRAK is a quarterly benchmarking report that enables individual hotels to track booking trends on the Internet and GDS through CRS performance. The consolidated results provide industry indications based on performance trends for 21 major hotel brands and chains.

Observations for the market based on this latest data include:

- œ Reservations through the CRS will continue to increase over the next several years, powered by centralization of distribution and revenue management functions.
- œ The GDS will continue steady performance as a result of recent transitioning into a hybrid agent-user interface that offers traditional GDS functionality within a browser-based environment.
- œ As hotels continue to shift marketing funds from offline to online, more bookings will be made directly through hotels' own websites.
- œ As more consumers move travel shopping online, the voice channel will continue to benefit from knowledgeable and qualified customers, thus increasing conversion rates through this channel.

"The web continues to change consumer buying behavior, and hoteliers are responding aggressively with a shift of strategy and dollars to the electronic world," said Jeff Bzdawka, Chief Operating Officer at TravelCLICK. "We also expect the evolution of Travel 2.0 to contribute to the growth of online channels, as consumer-generated content increasingly influences travel purchasing decisions."

Reservation Sources for Major Hotel Brands

CRS Hotel Bookings	Share of CRS Reservations Q4 2005	Share of CRS Reservations Q4 2006	Share of CRS Reservations Full Year 2006
Internet	35.1%	38.8%	38.3%
GDS Travel Agent	35.9%	34.7%	35.6%
Total Electronic	71.0%	73.5%	73.9%
Voice	29.0%	26.5%	26.1%
Total for CRSs	100%	100%	100%

Internet Source Breakdown for Major Hotel Brands

Internet Bookings	Share of Internet CRS Reservations Q4 2006	Share of Internet CRS Reservations Full Year 2006
Brand Sites (1)	83.2%	81.4%
Retail Sites (2)	5.5%	6.4%
Merchant Sites (3)	7.3%	7.9%
Opaque Sites (4)	4.0%	4.3%
Total Internet	100.0%	100.0%

Reservation Source Growth Rates

	Percent Growth/Decline	Percent Growth/Decline
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CRS Hotel Bookings	of Reservations	
	Q4 2005 to Q4 2006	Full Year 2005 to 2006
Internet	20.2%	20.2%
GDS Travel Agent	4.9%	5.1%
Total Electronic	12.5%	12.4%
Voice	-0.5%	-1.5%
Total for CRSs	8.7%	8.4%

The eTRAK report covers all Central Reservation System booking results, including Internet, GDS and voice bookings. The report allows subscribers to compare their own performance to that of their direct competitors and the industry in general. The unique information contained in eTRAK is intended to help hotel companies determine e-commerce priorities, such as where to invest Internet advertising dollars and which sites create the best returns. For more information about TravelCLICK's eTRAK report, email etrak@travelclick.net.

Results from this study may differ from overall hospitality industry trends on the Internet and GDS because eTRAK reflects only the performance of 21 major brands. The conclusions, however, are directional for the industry as a whole.

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About TravelCLICK, Inc.

TravelCLICK (www.travelclick.net) is the leading provider of hotel business process management (BPM) solutions that drive long-term profitability. TravelCLICK helps hotels maximize asset ROI by combining innovative market analysis and proven industry best practices with advanced technology to develop and implement high-return strategies. The company offers a full set of solutions including reservations and distribution management, market intelligence-based decision support, and marketing services. Established in 1996 and headquartered in the Chicago area, TravelCLICK has more than 12,000 customers in 140 countries.

- (1) Brand Website: Website where distribution is operated and managed by the brand (e.g. <http://www.marriott.com/>).
- (2) Retail Website: Third-party distributor where the hotel lists inventory at the same price that it is sold to the consumer and hotel pays distributor agreed upon commission (e.g. HRS, Bookings, Venere in Europe).
- (3) Merchant Website: Third-party distributor where the hotel provides inventory to the site at a net rate. The merchant marks up the rate by an agreed upon percentage. The consumer pays the merchant at the gross rate and the merchant site pays the hotel the net rate (e.g. Expedia/Hotels.com, Travelocity and Orbitz).
- (4) Opaque Website: Third-party distributor that enables customers to choose a fare or rate without knowing the brand of the supplier until after the item is purchased (e.g. Priceline).

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