

'Supplier Sites Gaining Ground on Third-Party Portals' - Third-Party Travel Aggregators...Who Needs Them? - By Neil Salerno

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Somewhere along the line, I became a champion for Internet third-party travel aggregators. It didn't happen intentionally, I guess it evolved from my belief that travel partnerships can help to build hotel sales. If someone can help me fill empty rooms, that works for me. That's why it amazes me that there are still many hoteliers who reluctantly participate in third-party travel portals.

Recently, I read another article which stated that supplier web sites are gaining more ground against third-party sites in overall market share, they state that like it's a really big deal. Don't these people realize that hotel supplier sites had nowhere to go but 'up' in market share? They are now where they could and should have been several years ago, that's nothing to celebrate.

While the hotel industry was in Internet denial during the late 1990's, third-party aggregators like Expedia, Travelocity, and the rest were already actively promoting travel on the Internet. Third-party aggregators knew that the internet was the future of travel and made a commitment to it. They mastered the art of using pay-per-click, TV, and other advertising to dominate large and small travel markets all over the world. Even large hotel franchises don't wield that kind of power.

Today, almost all major franchises now have partnerships with third-party aggregators, so they encourage their franchisees to participate. I think it's nice that someone is actually tracking third-party site market share as opposed to franchise supplier site market share, but I'm just surprised that anyone thinks that this data is significant at all. Are these articles trying to imply that business from third-parties is less important because franchises are now doing the things they should have been doing ten or more years ago?

As an hotelier, I'm happy to see suppliers gain a stronger presence on the Internet. I've been campaigning for that since 1996. Since the explosion of a new hotel Internet awareness in 2002, hotel suppliers have been playing catch-up on the Internet. Many hotel sites were, and many still are, very poorly designed, but hoteliers are beginning to wake-up, improve, and promote their sites. Most franchise supplier portals have been greatly improved and major franchises are now actively promoting them. Hoteliers finally became Internet believers.

The fact is that third-parties do what most hotel franchises cannot do, they aggregate or combine air, hotel, and car rental, and market them to all corners of the world. Much of the business you receive from them, you would not get directly or through your franchise. Their domination of destination search on the Internet provides exposure to hotels, which would otherwise be invisible to consumers.

Sure, some hotel franchises would like you to believe that they are the consummate answer to filling your hotel via the Internet and that you don't need anyone else, if you believe that, call me, I have a bridge I'd like to sell. No matter how much of the market is controlled by supplier sites, hotels will always need contribution from third-party aggregators.

Now I hear the argument about commissions, can you imagine that these terrible people actually charge a commission to sell hotels to the world market? How dare they have the audacity to want to make a profit?

I know that sounds silly, but there are many hoteliers who resent paying a commission to third-parties. I guess I'll never understand that. Third-parties still control a sizable portion of online travel. I'm glad that franchise hotel suppliers are finally getting their act together, but, make no mistake, most hotels will always need business from third-party aggregators and online travel agents.

With few exceptions, hotels have always had a need to sell rooms that would otherwise go empty. Why then is it such a tragedy to pay a commission to someone who can fill some of those rooms for you? Oh, it's true that you also have to follow third-party rules and manage the rates and inventory you give to them...big deal. If a hotel is using revenue management, the extra sales can help you increase your profit, in spite of paying a commission.

My point is that every hotel should partner with all potential business sources in order to sell their rooms. This means that every hotel, independent and franchised, should have a proprietary or privately-owned web site. Every hotel, franchise or independent, should belong to the Global Distribution System and every hotel should be listed with third-party aggregator sites as a business source. Every hotel needs to be actively involved with all forms of electronic marketing to have a complete and balanced marketing effort.

Once again, I'm thrilled that supplier sites and marketing efforts are improving, but that fact doesn't lessen the need to work with all business sources, including third-party travel aggregators. Get business from as many sources as you can.

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