online booking solutions

2017 EDITION

Options for Destination Marketing Organizations

Overview

- Online Booking for Destinations
- Types of Online Booking Platforms
- Analysis of Online Booking Performance for DMOs

MilesPartnership.com
Part 1: Introduction to Online Booking for Destinations

Destination Marketing Organizations (DMOs) promote and influence visitation to their area by leisure, business and meeting travelers.

An estimated 400+ DMOs in North America and the Caribbean offer online booking features and functionality. This both facilitates the trip-planning process and connects their marketing to actual bookings and visitation. It also can generate a booking-related revenue stream. However, with very rare exceptions, online booking volumes and revenue for DMOs are modest — this is especially true for regional or state DMOs. Hence online booking platforms for DMOs are not primarily about driving transactions and booking commission, but providing relevant content and planning features to travelers.
Hotel Information is Critical to the Destination Decision

Even if website users decide not to book via your site, this content is critical to helping inform their decision to visit your destination.

This graph is from the "State of the American Traveler" survey on 'Destination Decisions' (2014–2017) of 2,000+ US leisure travelers from Destination Analysts.

Therefore, an online booking solution is more of an investment in relevant, compelling content on your website rather than a transaction platform. Whether or not users book on your site, this content will hopefully inform their decision to visit your destination.

STRATEGY QUESTIONS:

Making the right decision on an online booking solution starts with having a clear marketing and distribution strategy for your destination.

» Are your booking and distribution agnostic?

» Are you happy to consider leveraging the brand power and marketing reach of OTAs?

» Or is building direct bookings to your industry partners an important strategic goal?

» To what extent do you need activity, attraction and event options — in addition to accommodation and/or a customized solution that can be adapted to your destination’s unique marketing challenges?

» Consider these and related distribution factors in defining what you want out of an online booking partner.
Online Booking Solutions for Destinations

This short introduction reviews the four major categories of booking platform solutions available to DMOs in North America and the Caribbean, and briefly discusses the major features and focus of each. We also describe typical online booking performance metrics for DMO sites from an analysis of more than 200 destination websites and from a survey across the different booking solution providers.

There are four broad types of online booking platforms available for DMOs:

2. CRS Affiliate and Hybrid Solutions That Offer a Leased Solution or Commissionable Bookings: aRes, RoomKnights
3. Online Travel Agency Affiliate Solutions: Booking.com, Expedia
4. Other Booking Solutions: Meridian, Inntopia & AirBnB

Some of the major features and benefits to consider when assessing the different types of platforms include:

» i. Ease of integration with your website’s content and UI;
» ii. Completeness of content including properties, real-time pricing and availability;
» iii. If you want only accommodation pricing/availability and bookings or want a solution that includes attractions/activities and even events?
» iv. Ease of booking & mobile friendly — the content and booking features should be easy to navigate on all devices – including smartphones;
» v. Reporting quality (especially interactions beyond booking specific metrics);
» vi. Costs including implementation and ongoing monthly/annual fees; and
» vii. Your destination’s booking environment and distribution strategy (do you want to foster direct bookings to your industry partners or are you distribution agnostic and happy to empower further OTA bookings?).

This summary overview does not include all possible online booking platforms nor describe in detail all their specific features, benefits or costs. DMOs should use this document as a starting point to their own review and consideration of the solution that is best for their needs.
A. “DIRECT CONNECT” LEASED BOOKING

- 240+ current DMO partners in North America/Caribbean
- Costs & Pricing: Direct, zero commission, bookings only. Annual license (lease) paid by DMO. Set pp costs apply. Pricing on application. POA.

BookDirect is dubbed a “Direct Connect” or “Referral Engine” solution, which pulls pricing and availability and refers bookings direct to and from the hotel’s own booking platform. BookDirect connects with more than 300 hotel booking platforms and has the largest number of DMO customers of any of the booking solutions.

BookDirect charges and collects no commission, maximizing the yield and benefit of the booking to the DMO’s hotel partners. Hence BookDirect reduces properties’ reliance on high-commission, lower-yield OTA bookings. However, this comes at a cost: The platform is leased based on an annual licensing agreement. Costs vary widely based on the size and complexity of a DMO site and range from thousands to tens of thousands of dollars per year.

BookDirect emphasizes its value as a “content engagement” platform (providing rich accommodation pricing and availability information) and its improved reporting. BookDirect now offers a far more robust reporting solution on results including interactions with pricing and availability information and all important reporting on actual hotel booking and conversion metrics with a number of major hotel chains.

Book Direct also offers the following add-on engines: Activities & Attractions, Hotel Special Offers & Packages, Flight Search, Restaurant Search and TrustYou or TripAdvisor Reviews.

In addition, JackRabbit Systems has increased its technology platform to include three (3) new products; Insight Direct — an additional data intelligence reporting solution on all JackRabbit engines; Meta Direct - e-commerce direct booking integration partnerships with Google Hotel Ads, Trivago, TripAdvisor and Skyscanner metasearch channels; Event Direct — JackRabbit’s new acquisition of Zerista, a meetings and events desktop and mobile app solution provider integrated with BookDirect’s city guide search functionality.


EXAMPLE DESTINATION WEBSITES:
- Santa Barbara: book.santa barbaraca.com
- British Columbia: http://hellobc.canada-booknow.com
B. CRS AFFILIATE AND HYBRID BOOKING SOLUTIONS: ARES TRAVEL (ADVANCED RESERVATION SYSTEMS)

» 145 current DMO partners in North America

» Costs & Pricing: Options of commission bookings (10-25% room only) paid by hotels or for direct bookings (zero commission) annual license fee (lease) paid by DMO. Setup costs apply. POA.

Vigorously competing against BookDirect/JackRabbit, aRes Travel and RoomKnights (next page) are the next two largest online booking solutions for DMOs in North America. We have described these vendors as hybrid booking solutions, as they combine connectivity into more traditional CRS systems (e.g., TravelPort and Galileo respectively for aRes and RoomKnights), along with direct connections to some major accommodation groups, with inventory and pricing managed by the properties themselves — either directly or via a Channel Manager. Both also offer bookings solutions beyond hotels/ accommodation into activities, attractions and more.

aRes is one of the longest established and most experienced partners in the sector — having worked with DMOs since 1995. It not only offers accommodation, but booking solutions for air and car rental. It also has a robust activity/attraction and event solution — including the setup and management of custom agreements with attractions and activities providers. This can be a critical part of the product mix in some destinations and, therefore, an important addition to the bookings solution.

As an option to a low-cost/no-cost implementation but commission-based bookings, aRes also offers a leased model which, like BookDirect, is zero commission to the industry. It has leasing costs from a few thousand to tens of thousands of dollars a year (depending on the destination, range of properties, etc).

aRes provides a branded reservations call center for destinations and travelers wanting a full-service solution. Its listing information includes TripAdvisor reviews for lodging and activities, plus a photo gallery for lodging properties and activities. In addition, aRes provides a solution for group housing and group overflow for destinations seeking this type of meeting/event service.

aRes also emphasizes the value of its analysis and reporting services as a critical part of the value of its booking solution. It provides travel-related reporting data, such as arrival/departure dates, revenue generated, origin market, email address, zip code and average booking window. All this information can be used in concert with other data sources to greatly improve an understanding of a destination’s travelers and trends, opportunities and the impact of campaigns over time.

More Information: http://www.arestravelinc.com

EXAMPLE DESTINATION WEBSITES:

Tampa Bay: reservations.visit tampabay.com
Cincinnati: reservations.cincinnati usa.com
B. CRS AFFILIATE AND HYBRID BOOKING SOLUTION: ROOMKNIGHTS

» 50 current DMO partners in North America/Caribbean

» Costs & Pricing: Options of commission bookings (10% room only) paid by hotels or for direct bookings (zero commission) annual license fee (lease) paid by DMO. Setup costs apply. POA.

Following BookDirect and aRes, RoomKnights rounds out the dominant three Online Booking Solutions for Destinations in North America. RoomKnights was formed when Regatta Solutions was acquired by Seekda — a major European (Canadian-owned) booking solutions provider for the hospitality industry globally.

As with aRes, RoomKnights is also a hybrid solution — combining inventory and pricing from multiple sources. This hybrid model means an extensive range of properties can be available. Like BookDirect and aRes, RoomKnights also offers a leased booking model for destinations wishing to offer a zero commission solution to its industry. The leasing costs are from a few thousand to tens of thousands of dollars a year (depending on the destination, range of properties, etc).

As with the other top two, RoomKnights offers a flexible range of integration options with the DMO’s website and/or a white-label booking solution.

As with aRes, RoomKnights also offers attraction and activity booking solutions but works hard to differentiate itself with merchandising and retargeting solutions in its booking interface — allowing hotels to engage and remarket to visitors to a destination site who engaged with pricing and availability but did not book a hotel room. RoomKnights also has custom booking solutions for events — specific to a city or region.

With the resources and expertise provided by Seekda, RoomKnights plans to continue and expand its current service set for destinations in North America. This includes expanded experience in working with independent properties - building on the European expertise of Seekda.

For DMOs an enhanced service will be the ability to publish the DMO logo as a booking option in all meta-search engines like Kayak, Trivago, Tripadvisor and Google.

More Information:
http://www.roomknights.com

EXAMPLE DESTINATION WEBSITES:
Daytona Beach CVB:
www.daytonabeach.com
Barbados:
www.visitbarbados.org
C. ONLINE TRAVEL AGENCY AFFILIATE SOLUTIONS: BOOKING.COM AND EXPEDIA

Online Travel Agencies (OTAs) are major players in the online travel environment, and for 15-plus years have offered their booking platforms as white-label solutions to affiliates.

In 2016, OTAs have recently changed this strategy with DMOs in some important ways. Booking.com is focusing on providing its own branded solution for DMOs which offers more sophisticated features and which it notes delivers higher conversion rates (though it does have a White Label, non Booking.com option available). Expedia is discontinuing Orbitz affiliate solutions and appears to be focusing only on partner sites that can offer higher booking volumes.

OTAs are dominated by two major groups in North America (and most global markets): Booking.com (owned by The Priceline Group) and Expedia (which also owns Orbitz, Travelocity and HomeAway).

OTA bookings are commissionable at the OTA's standard rates, ranging from 15-25% of the value of the booking. This commission is shared with the DMO, providing a revenue stream to the organization.

The positives of OTAs include leveraging the familiar, global brands of the OTAs and their carefully tested and refined booking interface, a no-cost setup plus the (usually modest) revenue stream that can be generated. The negatives for OTA solutions are that the user's interactions are taking place on a third-party site. The customer and their information remains the property of the OTA — the partner hotel cannot readily contact or remarket to them without getting this information on check-in.

The importance of these issues will depend on your destination's strategy and those of your industry partners (see page 4).

More Information:
http://www.booking.com/content/affiliates.en-us.html
https://access.expedia.com
D. OTHER BOOKING PLATFORMS: MERIDIAN, INNTOPIA & AIRBNB

Two additional providers provide access to Central Reservation System (CRS) inventory and hybrid booking solutions for DMOs.

Meridian has worked primarily with Canadian destinations, currently including Vancouver and Ottawa, but now has new owners and is adding US clients. Like its rivals aRes and RoomKnights, it is a hybrid solution that offers both commissionable bookings and a zero-commission, leased booking solution.

Inntopia has strength in ski and alpine booking solutions, including integrated reservation and retail platforms such as Point of Sale (POS) technology that also covers retail sales and rentals.

Both Inntopia and Meridian have a particular focus on extranet solutions for small and unique accommodation providers (such as bed and breakfasts or boutique lodges) to load and manage inventory and receive online bookings. Extranet solutions (also offered by BookDirect, aRes and RoomKnights) work well for accommodations with no connected property management system or online booking solution and, therefore, have limited electronic distribution.

However, in the last few years, all online booking solutions have greatly increased the range of non-traditional accommodations they offered, including vacation rentals, bed and breakfasts, lodges and inns. This has in part been promoted by the growth and success of AirBnB, an innovative marketing pioneer which greatly expanded the range of accommodations on offer in many destinations (while raising some challenges on taxes and housing availability for local residents). Along with the booking solutions outlined in this white paper, destinations can consider how they may leverage AirBnB (or similar platforms eg: HomeAway, OneFineStay) as a further accommodation option — especially around major events or for travelers seeking unique accommodations (eg: for family reunions).

More Information:

www.reservationsystems.com
http://corp.inntopia.com
www.AirBnB.com
Part 3: Analysis of Online Booking Performance for DMOs

Most consumers choose to use DMO sites to research and plan travel—but book elsewhere. The heavy investment in branding, advertising and loyalty programs by hotels and OTAs means that DMOs are not top-of-mind or a familiar channel for online booking. A further percentage of users choose to research but book via phone or a travel agent or meeting planner. So while a significant proportion of DMO site visitors may check out pricing and availability via an online booking platform on a DMO site, only a small percentage of site visitors actually book.

A table of estimated online booking metrics for DMO sites is provided below.

Online Booking Performance Estimates

In conjunction with BookDirect, we have reviewed the booking interactions and performance for 230-plus DMO sites collected from our survey results of several online booking providers:

<table>
<thead>
<tr>
<th>BOOKING INTERACTIONS ON DMO SITES:</th>
</tr>
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<tbody>
<tr>
<td><strong>Overall Booking Conversion Ratio:</strong> Percent of total site users who complete booking</td>
</tr>
<tr>
<td><strong>Pricing and Availability:</strong> Percent of DMO site users who view pricing and availability</td>
</tr>
<tr>
<td><strong>Look-to-Book Ratio:</strong> The number of online bookings as a percentage of those who click into the booking solution</td>
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</table>

*Estimates only*  
DMO booking interaction and conversion rates including “Look-to-Book” ratios vary widely based on the type of the implementation, the objectives of the website and the audience it reaches.
Conversion research for destinations conducted by Destination Analysts and Strategic Marketing and Research International (SMARI) highlights that while 20-40% of users who view pricing and availability on a DMO site end up booking and traveling to a destination, only a very small percentage (typically less than 5%) book on the DMO site.

Hence for many destinations, the actions of checking out pricing and availability or clicking through to the hotel’s own website or booking link is a far more significant metric to measure and report on than the actual booking numbers. This is arguably the primary benefit of placing a booking engine on a DMO site — a content investment to provide timely and relevant hotel information for the traveler, rather than facilitate the final booking.

Visit www.MilesPartnership.com to download our related white papers or research on the following topics:

- **Data-driven Destinations**
  - Best Practices for Measuring & Managing Online Performance

- **Content that Travels**
  - Best Practices for Content Marketing in Travel

- **State of the American Traveler**
  - (Destination Analysts) Quarterly Survey of US Leisure Travelers

This is a broad overview only as of Q4 2016. Details of online booking features and pricing were provided by each booking provider and are subject to change. Please contact them for the most up-to-date and complete details. Miles currently has no formal partnership or similar agreement with any of the online booking providers.
We believe that proactive communication is a key to continuous engagement, so we send out monthly emails to keep our clients and industry partners in the loop.

More than two dozen Miles employees post regularly about new trends, industry insights and best practices in online, mobile, print and integrated content marketing.

We stay at the forefront of tourism trends, conducting independent studies on leisure travel and publishing our semiannual findings in a variety of outlets.

This is the place to meet our team, learn more about the services we offer, peruse our in-depth research library and check out our latest blog posts.