



Q IS GDS ADVERTISING A GOOD INVESTMENT FOR HOTELS?

A Yes, without question. A strong property with a compelling promotion can leverage GDS media to capture new business. Many hotels running GDS media campaigns in 2009 have cost-effectively increased their market penetration in room nights and revenue over 2008, despite the down economy. See sidebar for a case in point.

While the online marketplace is gaining ground in channel mix for hotels, especially for established hotel companies, the Global Distribution System (GDS) still contributes significantly to hotel distribution revenue—approximately 27 percent, according to TRAVELCLICK’s latest eTRAK report. Also, GDS hotel promotions—appearing when agents search the air, car, and hotel availability screens within their GDS—continue to have a growing influence on bookings, particularly in today’s unsettled economy.

A recent study commissioned by TRAVELCLICK and conducted by Phoenix Marketing International (PMI), an independent marketing research firm, found a 15 percent increase from two years earlier in travel agents remembering GDS ads.

About 25 percent of travel agents worldwide—mostly international agents—are using their GDS platform more often than in the past. Of those surveyed, 70 percent recall seeing GDS promotional messages—up 15 percent from 2007. There was a greater level of awareness among US travel agents than international travel agents (81 percent versus 55 percent). Of those aware of promotional messages, 64 percent clicked through the screen promotion to request more information. About two-thirds look inside their GDS system for more information.

Sheraton Hong Kong Hotel & Towers: GDS Campaign Yields Increased Room Nights and Revenue

Sheraton Hong Kong Hotel & Towers launched a GDS media advertising campaign promoting its greatest need period: mid-January to the end of March 2009. Text ads were used to deliver the Sheraton’s message to travel agents and included a variety of special offers. The hotel was marketed by using what recent surveys indicate travel agents most want: a great promotional rate deal, including amenities such as complimentary breakfast.

The campaign’s key message showcased Advance Booking Specials with Breakfast Included at a rate of HKD 1530 for 14-day advance booking and HKD 1620 for 7-day advance billing. The property was also promoted as a five-star hotel overlooking the popular Victoria Harbour, appealing to business and leisure travelers, with convenient connections to Star Ferry and Subway Station—both major transportation areas for fast service to other city locations.

Statistics tell the story of the campaign’s success:

- Increased market penetration year-over-year (YOY) by 26 percent in room nights and 24 percent in revenue
- Pick-up of 163 new agencies that had not booked the hotel the previous year for mid-January to end-of-March 2008
- Volume booked by those 163 new agencies in just two and a half months was 326 bookings, representing 738 room nights and \$US161,800 in revenue

GDS advertising is an effective, targeted way to influence bookers and grow incremental revenue.

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VIEWPOINT

In order of importance, travel agents are most likely to book when the promotion:

1. Shows a rate that they can actually book for the dates they are searching for (36 percent)
2. Shows only the destination they are searching for (19 percent)
3. Is competitive, offering a value greater than the hotel's standard available rates (17 percent)
4. Shows the hotel's GDS property ID (16 percent)
5. Includes information on amenities, travel agent incentives, and other add-ons in addition to price (12 percent)

Survey respondents (76 percent) indicated that the most influential incentive for agents is reward points and loyalty programs, followed by commission to them personally (56 percent) and a free night stay (51 percent).

MOST INFLUENTIAL INCENTIVES FOR AGENTS



Agents were also asked about the downturned economy and its effect on their booking practices. Most (57 percent) of agents worldwide noted that they are influencing clients' hotel selection in favor of better deals more often than

before—regardless of whether or not a negotiated rate exists. Overall, in considering the economy, 53 percent are booking lower-category hotels due to client requests, and 34 percent are offering best available rate (BAR) or promotional rates to customers who have negotiated rates at the time of booking.

According to the survey, 31 percent of agents are using GDS ads to assist with finding the best deal for clients, and 22 percent indicate that GDS ads are important in their ability to recommend value-added rates.

In summary, GDS platforms continue to provide value to hotels in the Asia Pacific and around the globe. The more useful, accurate, and visually engaging the information provided by hotel companies in the GDS environment, the more agents will rely on the system to book travel for their clients.



John R. Hach, Vice President of Media and Industry Relations at TRAVELCLICK, has over 30 years of travel industry experience. Recognized as a travel visionary, John works on behalf of TRAVELCLICK clients to increase market share through the power of GDS media and search engine marketing.

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