

Rate Parity Best Practices



Rates

Offer Rates that match the OTA's

OTA Promotions

- Ensure that Promotions granted to OTAs are matched on the Booking Engine

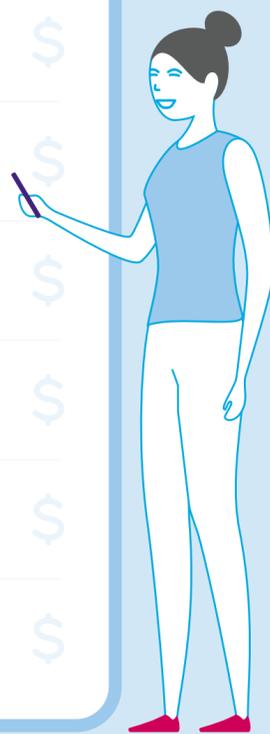
Taxes and Fees

- Ensure that only the necessary taxes and fees are included in advertised prices

Net vs. Sell Rates

- Ensure that the right rate type is being sent to distribution partners (i.e. rates with or without commissions included)

OTA	Rate	Action
Brand.com	\$310	>
Expedia.com	\$334	>
Booking.com	\$379	>
Hotels.com	\$390	>
Travelocity.com	\$390	>



Pro Tip:

Savvy hoteliers publicly advertise a Best Rate Guaranteed Policy – doing so helps identify rate leakage and drives more direct bookings



Inventory

Save best inventory for the booking engine

Rates sent to OTAs

- Set OTA rate plan inventory to close before direct channel inventory

High Occupancy Periods

- Preemptively reduce lower value OTA inventory allocation



Daily Checks

Check your preferred rate shopping tool daily to understand where undercutting is occurring

Email Notifications

- Most rate shopping tools allow hoteliers to set daily email summaries that can serve as powerful reminders to check rates

Forming the Habit

- Setting aside time daily helps proactively identify rate parity issues before they appear in the financial numbers



Wholesalers

Make the most of guaranteed revenue without sacrificing rate parity

Dynamic vs. Static Rates

- Hotels should only distribute dynamic rates to wholesalers

Re-selling Offline Rates

- If wholesalers re-sell offline rates, hotels should make test bookings and take action against offending wholesalers, including reducing or closing inventory

Research

- There are many wholesalers to work with and each has different pros and cons



Pro Tip:

Savvy hoteliers have no tolerance for violating contractual obligations and take action to resolve issues, including closing out inventory



Key Contract Terms

Reach an equitable distribution agreement

Re-Selling Offline Rates and Margin Cutting

- Partners should never be allowed to do so without express consent

Rate Parity Clauses

- Never agree to a one-way rate parity agreement

Pre-Payment Clauses

- Hotels should opt out of prepayment options. Guests will still be asked for credit cards at check-in and doing so prevents margin cutting.



Pro Tip:

Savvy hoteliers implement a "three strike policy" against against partners who are consistently out of parity and have a plan to gradually shift wholesaler volume to more profitable channels



Limit OTA Brands

Strategically choose the OTA brands you work with

Competition = Distraction

- More OTAs with a hotel's rates means a greater likelihood of losing direct booking and a greater probability that a distribution partner will undercut

The Correct Number

- Hotels should only work with OTAs that deliver meaningful production and abide by contractual obligations



OTA	Action
Brand.com	View Deal >
Booking.com	View Deal >
Hotels.com	View Deal >
Expedia.com	View Deal >
Travelocity.com	View Deal >

Sustained Rate Parity

