

Opinions

GDS: The forgotten leisure channel?

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Global distribution systems are the key to generating online bookings and leisure revenue. Here are some tips to get the most out of your GDS.



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Consternation over the relationship between online travel agencies and hotels has garnered a lot of ink in industry articles over the past several years—that's understandable.

However, one very viable leisure channel has either been overlooked, or is not well understood by many hoteliers. For decades, travel agents worldwide have relied upon their global distribution system of choice to book hotels, and there are some very good reasons for that. As revenue-per-available-room growth is anticipated to slow in 2018, hoteliers looking for an edge will be well-advised to refocus their attention on this channel.

Is the GDS really a viable source of leisure revenue?

TravelClick has been collecting transactional data from four major GDSes—Sabre, Amadeus, plus Travelport's Galileo and Worldspan—over the past twenty-odd years. What might be surprising to some is that GDS hotel transactional volume trends have been increasing during this time. In fact, 2017 projections point to 20 million more hotel booking transactions annually than in 2010. 20 million transactions! That's nothing to sneeze at.

More importantly, for properties that rely on the leisure travel segment, "25 million (or nearly 37%) of current annual transactional volume can be attributed to leisure-oriented hotel stays based on booked rate plan codes," according to John Hach, senior industry analyst at TravelClick.

Why do some leisure travelers use travel agents?

It is safe to say that human motivation is multifaceted. However,

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travelers are looking for choice, control and assurance that the decision they make is the right fit for their particular taste and circumstances, while ensuring that the value they receive for any travel purchase is fair.

It also helps to know that they can rely on someone who is knowledgeable about their destination and the various service providers available where they are going. And it doesn't hurt to have an advocate if (or when) something goes awry during the trip.

Researching and booking travel online can be time consuming and somewhat overwhelming at times. Have you ever tried coordinating travel arrangements for a small group of friends or a family reunion? While that might be an extreme example, it points to the fact that travel agents certainly earn their keep.

Why won't travel agents simply "book direct"?

Some hotels put a lot of effort into enticing travel agents to book on their website or to call the property directly. In most cases, that approach is simply a waste of time and resources. Financial implications and operational efficiency are the two biggest contributing factors as to why this is the case.

Travel agencies typically receive booking credits (financial subsidy) from their GDS to offset the cost of system access. The value of these credits is contingent on transactional productivity. Besides, it is much more efficient for a travel agent to book air, hotel and car "segments"—remember that GDS naming conventions reflect their airline-sponsored history—under a single passenger name record in their GDS.

This way, they can easily send a consolidated itinerary to their client at a touch of a button, or automatically integrate traveler's reservations into mobile itinerary products. Travel agents can then ensure traveler loyalty numbers and preferences have been properly submitted to travel suppliers. Booking in this fashion also means that accounting reconciliation and itinerary change management becomes a breeze.

So what specific action should hotels take to optimize bookings from this channel?

According to Laura Thompson, GDS Channel Consultant at Sabre Hospitality Solutions, "90% of the battle comes down to having accurate and complete content available in the GDS systems."

"That sounds really easy right?" she said. "But, it can be challenging for hotels to manage content in a channel that they do not typically see."

Below are some ideas to get you started down the path of effective content management:

Review for accuracy

First, review your GDS property descriptions for accuracy annually and again after any updates to data in your central reservation system. Accept the fact that travel agents want to work within their native GDS and don't have the time to hunt for relevant information on your property via your website or via other online sources. Your brand or CRS provider should be able to provide you with a printout of your GDS property descriptions, sometimes referred to as hotel descriptions or "HOD" for short.

Attention to detail

Next, pay attention to the details. Free Wi-Fi, for example, may need to be selected in three separate areas within your CRS. You may have to flag it as 1) being available, 2) free and 3)

associated with at least one room type that is available in the GDS channel. Each brand and CRS is nuanced in this respect, so ensure you really understand how this works. Typically, the GDS default is “no,” so if you have not selected all the required criteria in your CRS, it will appear as though you have answered “no” to any given question. That can become problematic and contribute to conflicting property information within travel agent displays. Not to mention that forgetting to tick a box that says that a rate is commissionable is a fast way to lose production. Third, put your best photos forward. If a picture really is worth a thousand words, then taking the time to address graphical content will serve you well. As with written content, each brand and CRS addresses graphical content differently. Some rely on third-party services and some handle this component in-house.

Either way, the number of photos (including videos), quality and type need to be considered. The order in which photos show up can also have a huge impact, as does brightness. Remember, most GDSes only display thumbnails, so an agent will need to click on a photo in order to enlarge it. An exterior night shot of your property might look great in full-screen; however, you will invariably be better off loading a bright photo to give the travel agent a sense of what your property is all about as they quickly scan the thumbnails. Detailed photos of room types are especially helpful and should be sequenced ahead of public spaces and meeting rooms.

Look to competitors

Finally, benchmark your key competitors. Some brands are better than others in terms of enabling a property to control specific content elements. Independent properties have to work a bit harder since they don’t have the benefit of a brand behind them, and their CRS providers typically allow for a higher level of granularity when it comes to GDS content management. For this reason, it would be helpful to select a cross section of branded and independent competitors from which to compare how your property looks to travel agents. Include channel-specific and rate-specific policies in your analysis.

Of course, consciously developing a revenue strategy for the GDS channel is also critically important. According to Hach, “Many hotels load way too many rates and room types, this causes confusion for travel agents.”

“Instead, it would be better for a property to ensure that they lead with a room type that has a generous amount of inventory associated with it and ensure lowest price parity across channels,” Hach said.

“Agents will sell away from a property that doesn’t offer channel parity—and that applies to brand member-only rates too,” Thompson said.

Overall, despite its challenges and idiosyncrasies, the GDS remains a viable and growing leisure channel for hotels. Typically, average daily rate is higher via the GDS and distribution costs are lower than other electronic channels. Until another distribution model—perhaps one using [blockchain technology](#) with its open ledger system—usurps the powerful position that the large legacy GDS providers currently enjoy, my advice for hoteliers is to get your arms around how to best leverage this channel to your advantage. Going into a new year is an ideal time to start.

Trevor Stuart-Hill is founder and President of Revenue Matters, a professional services firm specializing in supporting hotels with their distribution, pricing and revenue management efforts. Mr. Stuart-Hill co-authored the world’s first college textbook on hospitality revenue management that is currently being used to teach this discipline across the globe. In addition to working at a well-known CRS company, his professional background includes experience working in corporate travel management, tour operations, cruise and hospitality sides of the travel industry.

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