



# The Secrets of Holiday Let, Hotel & Vacation Rental Marketing

*The Insider's Guide  
to booking a hotel or holiday villa*

How the  
**Travel Consumer**  
can avoid becoming the  
**Consumed**

## Introduction

*The travel trade has its secrets...*

*Here we uncover some of the “tricks of the trade” when it comes to booking a hotel or holiday rental. Understanding who owns what, exactly what you are buying from whom - and how you are being sold to - places you in a more powerful position when booking your next holiday.*

*Can it be possible that a “super deluxe room” differs from a “standard room” only in...its price? Does “the lowest prices” mean the best possible prices, or does it simply mean the best price a particular site will offer you, even when this is higher than that offered by the hotel itself? Can you get a better price by pretending to be from a particular country? Are you falling for clever marketing ploys?*

*Read on...*

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## Who controls the travel market?

*Know the key players - and be aware of your options*



At first glance, it appears that the internet offers a dizzyingly vast array of online booking sites, hotel review sites, travel forums, airline booking engines and other such websites.

Yet when one digs a little deeper, four main players emerge - Expedia, (owning travel sites such as Hotels.com, Venere.com and formerly Tripadvisor) Orbitz Worldwide (cheaptickets and ebookers) , Sabre Holdings (travelocity, Yahoo travel) and Priceline (booking.com and lowestfare.com).

In the vacation rentals market, Homeaway dominates, having bought up a plethora of small holiday letting websites.



These travel giants exert enormous clout in the online travel world. Whilst competition still exists amongst them, in certain instances areas of the market seem quasi-monopolistic. The savvy traveler will bear this in mind when considering which sites to check for rates and more, and will always also *approach the end provider directly* (the hotel or vacation rental itself) for the best possible deal.

Bear in mind too that as the travel market evolves in the digital age, online media companies and **social media** are playing an ever growing role in how travel is presented and marketed to the web surfer. As an example, **Google** took over the restaurant review guide **Zagat** in 2011, and the travel guide company **Frommer** in 2012. **Lonely Planet** is less lonely today, as it is owned by the **BBC** – and if you book one of the hotels they recommend on their website, guess what? You will do so through a commission based site such as [hostelworld.com](http://hostelworld.com)



**Facebook** is now entering the fray with its **Facebook Graph** - a new service that will allow holidaymakers to search hotels or other business recommended not by anonymous (and sometimes untrustworthy) virtual reviewers, but by their own friends and social circle - in other words, the people whose opinion they are most likely to value. **Google+** also now encourages users to make direct reviews of such services.



## The Pay per Click “Hijack”

*How the major travel conglomerates capture your business...at a cost*

If you perform an internet search for a specific hotel or vacation rental that has, for example, been recommended by friends, you will often find that the top results for an enquiry mentioning the name and location of the property will be links to tripadvisor or online booking sites. Why?

These sites have an enormous purchasing power and global marketing reach, and are quite happy to use the brand name of the chosen hotels in their pay per click advertising, ensuring that wherever possible bookings are made via them – for a commission - rather than directly.

A 2011 study by Wordstream showed that pay per click advertising on Google by the travel giants could be broken down as follows, making Travel and Tourism the third largest sector in the internet giant’s revenue stream:

- Booking.com: \$40.4 million
- Expedia: \$28.9 million
- Kayak: \$28.7 million
- Priceline: \$19.6 million

Yet the above figures have been challenged, and many state that the actual sums spent by these companies on PPC advertising are much, much higher. Wherever the truth lies, today, two years on, what amounts do you imagine are being spent on advertising aimed at directing you to book (and therefore pay commission) via one of these sites?

## It's not Where You're are *Going*: It's Where You Are

### *How your nationality or language can determine the price you pay*

Almost every modern hotel chain website runs an evolved and highly sophisticated booking engine that in many ways mirrors those of the airlines. Date of travel, occupancy, room selection, length of stay and numerous other factors are taken into account in determining the rate you will be offered, but so too are less apparent factors. Your nationality, language and geographical location when visiting a website may all play a part. In this way, these hotel and airline booking engines mimic the car rental segment of the travel and tourism sector.

A language or location selection on a website may not simply serve to present you with the website in your own language – it may present different descriptions and rates. For example, a resort hotel in a SE Asian country may offer lower rates for domestic guests with a lower buying power than it will to European guests, whilst a car rental firm may wish to present costs that reflect its own nationality profile of drivers. Many sites will automatically present you with different content based upon the geographical location of your internet connection – they already know where you are and do not need you to tell them!

Next time you book, play around with your “virtual passport.” Clear your cookies and try a different location or language and see if this makes a difference in the rate you can obtain, or visit the site via a proxy that will lead the site to believe you are in a different country.

As an example, on 14<sup>th</sup> February 2013 we visited Avis' global dot com site to reserve a car in Phuket for a week, and then visited their localized Thai site to book exactly the same car, for the same location, dates and time. The result? The price offered by the Thai site differed by 26% from that offered on the international site – 7,980 Thai Baht vs. 10,093 Thai Baht (see the screenshots below.)

Rental cars, airline tickets and hotels are no different from other consumer goods. A litre of a branded whisky will in all likelihood cost you more when purchased from Harrods than when bought at a nationwide superstore, and the same applies to travel purchases.

[Click here to get help](#)

### Rental Information

Rental office # HKT (PHUKET - PHUKET AIRPORT)  
Car group # C  
Start date 2013-05-01 09:00:00  
End date 2013-05-07 09:00:00  
Use day 6 D  
Free late return 4 hrs.  
Car rate (Website Only) 5657.94  
Rental cost : 5657.94 ฿

The rate is not included V.A.T., Accident Insurance, Optional Service. The licor reserves the right to service on mentioned rental period only. For more information, please call 02-2511131-2.

ราคานี้ไม่รวม ค่าภาษีมูลค่าเพิ่ม, ประกันอุบัติเหตุ และ บริการเสริมอื่น ๆ กรุณาขอข้อมูลเพิ่มเติม โทร 02-2511131-2

I have read, understand, and agree to all the [Terms and Conditions](#) mentioned above.

Rental cost : 5657.94 ฿  
Collision Damage Waiver (CDW) : 1800  
V.A.T.(7%) : 522.06  
**Amount cost : 7,980.00**

\*The above price is rental rate only, optional service is not included.

For **Optional Service**, please go to next page.

ราคาที่แสดงข้างบนนี้ คือค่าเช่าเท่านั้นจะ ไม่รวมค่าบริการเสริม  
ที่ต้องการบริการเสริม กรุณาคลิกที่หน้าถัดไป

### Customer Detail

Please type your information in English Language.  
กรุณากรอกข้อมูลภาษาอังกฤษ

First name  Last name   
Birth date  
01 January 1943  
Address   
Mobile  Telephone

### Group C

### Toyota Altis 1.6 Automatic or Similar



- 4 Avis Thailand offers a wide range of medium vehicles in different engine sizes, which comfortably fits up to five passengers and luggage. Perfect to drive in Thailand.
- 4
- 5
- 2
- 
- 
- 



STEP 2 : SELECT A CAR

View Rates In:  BHT  USD

Your Base Rate for 5 day(s) rental is:

Available Rates:

CAR CLASS / TYPE BASE RATE

Standard 10093.00 BHT  
Toyota Altis 1.6 or similar



- 4 Door
- CD Player
- Air Conditioning
- Automatic

SELECT

Close

### About This Reservation

#### RENTAL INFORMATION

[Modify](#)

#### Pick-up Information

Location: [Phuket Airport](#), Phuket, HKT  
Date & Time: Wednesday, May 01, 2013 @ 09:00 AM

#### Return Information

Location: [Phuket Airport](#), Phuket, HKT  
Date & Time: Tuesday, May 07, 2013 @ 05:00 AM

#### Additional Information

AWD: N/A  
Rate Type: Lowest  
Rate Code: N/A

## Who Are You Booking Through?

When booking a rental car, a hotel, a flight or other tourism related service, the majority of consumers will be booking through one of several different types of intermediary. Understanding the role of these middlemen will help you in ferreting out the best deal.

The main player types can be summarized as follows:

**Direct bookings (“Direct”)** you reserve and pay directly with the service provider (eg. booking a vacation rental directly with the owner of that rental through his or her website.)

**Travel Agent (“TA”) bookings:** You visit a travel agent in your hometown and discuss your options, booking a holiday through them. In general, they will reserve your flights and accommodation for you, and quite possibly additional services. The travel agent earns a commission from the supplier, or adds its margin to the booked services.

**Tour Operators (“TO”):** You book your holiday either from a brochure or via the website of a tour operator, such as Thomas Cook or TUI. These tour operators provide packaged holidays and sometimes own airlines and the destination hotels. They may well offer hotels in different categories at the same destination, and will generally have contracts with each of these properties for discounted rooms, allowing them to make their margin.

**Online Travel Agencies (“OTA”s):** An Online Travel Agency is effectively a virtual travel agency, such as ebookers, Travelocity, Expedia, Agoda etc. Visitors browse the internet site of the OTA to book a holiday, a flight and more. OTAs may take a commission for services sold, or add a margin to supplier prices, or both.

*Commissions, commissions, commissions...*

Travel agents and tour operators are often granted a discount of around 20% off the standard rate for a hotel room, in return for the volume of business that they drive to a hotel. Some years ago, these agents would agree what was called a "contract rate" with hotels, fixing a reduced price at which the hotel would sell rooms to them. The agent could then sell the room at the price advertised directly by the hotel, and keep an average 20% commission.



The market however has changed, and hotels today have generally adopted what is known as the BAR system - an acronym for *Best Available Rate*. This makes life harder for the agent, who cannot know in advance what exact rate they will need to pay for a room - so printing fixed price brochures became a trickier issue, although the simple fact that their businesses are now primarily web based allows them to update rates on the fly.

Keep in mind that all of the above sectors work on a commission basis: this will help you in finding the best rate. Whilst a direct booking will not necessarily be offered to the individual at a lower rate than that offered by an agent or line booking site (as the latter can often justify lower rates by the volume of business they generate for the property) it is always worth checking.

Any hotelier will tell you that "direct business" is their holy grail. The hotel deals directly with the guest, without the need to pay a commission to any third party. Guests booking direct will often be accorded the best rooms, easier upgrades and so forth, and the direct relationship between the hotel and the guest ensures that nothing gets "lost in translation".



## Tripadvisor

Is **Tripadvisor** (originally owned by **Expedia**, a global internet based travel bookings site in turn originally owned by **Microsoft**) an unbiased, consumer-driven website? Some would say no – after all, their business model is to direct website visitors to purchase accommodation through partners for a commission. TripAdvisor's brands include, among many other, **FlipKey** and **Holidaylettings** and, perhaps ironically, Independent Traveller.

At the top of property review pages, a bold headline invites you to "*Show the lowest prices for this hotel*". Note the little asterisk though, and the tiny qualifying mention "*\*from our partners.*" Clicking on *Show Prices* then checks the commissionable prices offered by online services such as Booking.com – but does not show the price offered directly to the guest by the hotel.

Some property pages on TripAdvisor do include a link to the property's own website. To compensate for the fact that bookers may well therefore visit the site and book directly, the inclusion of a link for the TripAdvisor review page is something for which the hotel owner has to pay an annual fee of hundreds of dollars.

# Understanding "Rate Parity:" Transparency or Obfuscation?

## *When a room is not a room*

Many online travel agencies or websites will insist that their suppliers (i.e. hotels and vacation rentals) display a price on their system that is no higher than that shown on the hotel's own site. In theory, this should then mean that whether you book via the hotel's own website or via the online booking engine of a travel site such as Priceline or Booking, the holidaymaker will pay the same rate. This in turn will mean that the hotel receives less for the stay as the OTA's commission is deducted from the price of the stay.

All well and good, but again the devil is in the detail. OTAs will insist that rate parity is maintained for the same product and terms. So some hoteliers wiggle around these rules by creating different packages on their own website from the ones sold through third parties. You may wonder what this means if, in each case, you are booking what appears to be the same room.

So, how does the hotelier sell the same room as a different product? There are many ways, but consider the options available to the hotel manager, who might well employ a strategy such as this:

- On the third party systems, he offers a standard room
- On his own website, he offers
  - the same room type, but with breakfast included
  - the same room type, but with a free upgrade included, subject to availability
  - the same room type, with an airport transfer or similar included

Because the commodity being offered on the hotel's own website and that on the booking agents' sites are different, the hotelier can offer what is effectively a better rate for a direct booking without breaching the terms of the agents.

It is always worth bearing in mind that the OTAs can take a commission of anywhere between 10 and 30%, and many even reserve the right to sell at higher prices than those quoted by the hotel, keeping this margin for themselves.

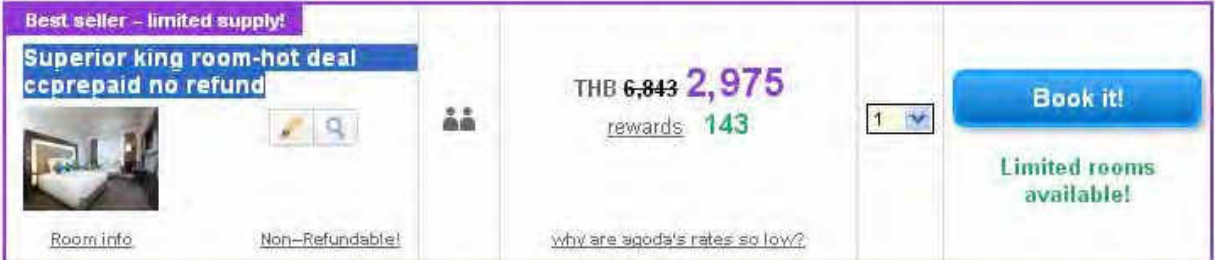
# The Special, Limited Offer

## *Is it really so special?*

Marketing techniques are liberally sprinkled over travel offers. The idea is to instill in the mind of the buyer the feeling that he or she needs to *act quickly* to take advantage of what is portrayed as a *special offer*. By creating the impression that any delay in booking will mean you will end up paying a higher price, the seller reinforces what they term the “call to action”, and – as an added bonus – may deter you from visiting competitor sites to seek out a better rate.

We went online with Novotel to request a room at the Novotel Bangkok Ploenchit Sukhumvit Hotel for the night of the 28<sup>th</sup> July, and then visited Agoda.com to make the same request.

The Novotel site was clear and business like. Both sites offered the same final price for the room. Yet Novotel showed the final price straight off the mark, whilst Agoda showed a lower price on the first page, to which service charges and taxes were added on a second page, bringing the price up to match that of Novotel. In addition, Agoda suggested that the rate it offered was a fraction of the normal cost, by showing a price of THB6,843 that had been struck out and the supposedly discounted rate of THB2,975 highlighted next to it. Only on the next page was it evident that the total amount payable to book the room was in fact THB 3,501 when taxes had been added. The offer also exclaims “Limited rooms available!” Well, the rooms available at any hotel are of course limited by the property’s inventory, so the marketing executive might happily claim that this is not misleading. ..



The screenshot shows a hotel booking interface with the following elements:

- Header:** "Best seller - limited supply!"
- Title:** "Superior king room-hot deal" with a sub-note "cc prepaid no refund".
- Image:** A photograph of a hotel room.
- Price:** THB ~~6,843~~ **2,975**. Below the price is a "rewards 143" tag.
- Room Info:** "Room info" and "Non-Refundable!"
- Quantity:** "1" with a dropdown arrow.
- Buttons:** "Book it!" and "why are agoda's rates so low?"
- Message:** "Limited rooms available!"

Bear in mind that it is not just the budget airlines which can show one price at the outset to lure you, and then add fees and charges to increase the actual total you will pay.

In the above example, rate parity is respected (both Agoda and Novotel offer the same rate.) Yet the guest who understands the booking model will be aware that *the hotel will actually receive less for the booking if made through Agoda*, to cover the latter's commission.

In a large property such as this, it is perhaps unlikely that the hotel will offer a lower direct rate, but if you are booking a smaller accommodation – perhaps privately owned rather than chain branded - you may well want to write to the property directly and offer them the Agoda rate less 10 – 20%.



## Room Categories & the Art of the Up-Sell

***The more expensive the room, the better it is. Or is it?***

Things can more complicated still. Many hotels invent a whole slew of room categories based on, astonishingly, the very same room type. Let's imagine a hotel has 100 rooms, 2 of which are suites that are twice the size of the standard rooms, and 98 of which are standard rooms, all with the same layout, room size and furniture.

You may imagine that a suite would sell for, say USD200/night, and a room for USD100/night...

Well, no. The imaginative hotelier will decree that he has, for example:

- 1 Emperor Suite, selling at USD400/night
- 1 Ambassador Suite, selling at USD300/night
- 8 Deluxe Rooms, selling at USD200/night
- 25 Pool View Rooms, selling at USD175/night
- 25 Tropical Garden Rooms, selling at USD150/night
- 40 Standard Rooms, selling at USD100/night

He then employs a "Yield Manager" or "Revenue Manager", armed with modern prediction software, to assist in fine tuning room allocation and sales. Why? Well, a hotel has a finite number of rooms, and an inventory that "dies" every night. The higher the demand and the less rooms remaining, the easier it is to demand a higher price. At the same time, failing to sell a room for the night means that revenue has been lost forever.

So what is the difference between a Pool View Room and a Tropical Garden Room? The cynic will not be disappointed, and will reply - "*the price!*" The hotel manager might retort, "*the view!*". The truth of the matter is that the incremental price achieved by such techniques will cover the Revenue Manager's salary and fatten the hotel's bottom line, so the cynic's conclusion is not unreasonable.

In that case, what is the difference between a Standard Room and a Deluxe Room which costs twice as much?

Well, the answer can simply be anything as simple as the fact that "the Deluxe Rooms are all on the ground floor so there is no need to use the lift to get to your room". But most owners will recognize the need to make more of a distinction, and so will market the rooms differently. The Standard Room will be presented as the "cheapest option", in the hope that the potential booker will follow his or her natural instinct to reserve a better room. The marketing of the Deluxe Room will then sing out all the special touches available to those booking this room type. These may range from detailing the luxury brand of soaps and shampoos in the bathroom that are not provided in the standard room, to offering complimentary wi-fi use in the room (as opposed to wi-fi connectivity in the standard rooms, which incurs a surcharge), to a free and fully stocked mini-bar on arrival (without detailing what is included), and so forth.

The differences can often be immaterial, but can generate considerable extra income for the property as it panders to the consumer's desire for a perception of greater value.

## Forward Selling and Package Psychology

*“The More You Buy the More you Save.” Huh?*

Few are the major hotel booking engines today that are content to simply sell you a room. Having booked your room, you will be led down a path of options and extras, aimed at getting you to purchase additional services in advance – a day’s tour of the destination city, a spa treatment, a romantic candlelit dinner for two, or almost anything else. Often, you will be encouraged to pop these in your shopping cart, being told that these specially discounted offers are only available at the time of booking.

In part, this is to be expected from the hotel that is simply aiming to maximize its revenue from each guest. Again, the savvy traveler will reflect before clicking. The city tour may well be available locally from an array of suppliers at half the rate. Do you want to be tied into a meal at the hotel booked when local restaurants or even other hotels may have more seductive offers? What is the refund policy if you need to cancel?

Do also check that a “special package” – encompassing for example a three nights stay, a special dinner, some spa treatments and a local day trip – does truly offer value for money. It is not unheard of for such packages to be sold at a price that is higher than the sum of their component parts! Just because you assume a bulk purchase will offer better value, this is not necessarily so.





## Opaque Channels

*They'll sell you a product...without you knowing what it is! The plot sickens...*

A hotel may choose, on its own website, to offer for sale all of its rooms with the exception of the "standard rooms". These are marketed via third party sites, and only in the volume required to assure what hoteliers call a "base occupancy" - the amount of rooms they need to sell per night to generate adequate revenue to cover their costs.

In many cases, hoteliers, in order to create a perception of the elevated "worth" of their branded hotel rooms, will sell these cheaper rooms only through what are known as "opaque channels" – websites such as Priceline where the online traveler can book a hotel room based on general details, without actually being aware of the name of the hotel he or she is booking until after the transaction is complete. In this way, the public will only associate openly displayed room rates for a particular hotel with the property, and the budget rates are not visibly aligned to that hotel.

Thus, in busy periods there may be no standard rooms available for sale, as miraculously these have now been upgraded in the hotel's booking system to Tropical Garden Rooms...

## "LOS" or Length of Stay

*Discover the point at which you become a more valuable guest*

Again, transparency is not the key here! If you visit the website of a large hotel group and try booking a resort stay, you may very well experiment and find that, the longer you plan to stay, the lower the nightly rate offered.

If the entire stay is within the same season, the reduction in rate is simply due to the length of stay chosen. If you play with their booking engine, you may well be able to find the "sweet spot" where the nightly rate charged drops from, say, US\$200 to US\$150. If the kick in point is 5 nights, then a 4 night stay will cost you  $4 \times \$200 = \$800$ , whilst a 5 night stay will cost you  $5 \times \$150 = \$750$ .

The hotel is making this offer as the longer you stay the higher your spending is likely to be in the hotel outlets such as restaurants, shops, spa and so forth.

## Buy, don't be sold to!

If you understand of few of the tricks of the trade, you will be in a position to negotiate the best deal. Keep in mind here that you are the consumer - not the consumed – so make sure you are doing the buying consciously, rather than allowing yourself to be sold to.

**Shop around, always get a direct quote, and be aware of the small print!**



## About the Author - [Bongkot Podaeng](#)

At our rural [Thailand holiday rental Gecko Villa](#), we offer unusual vacations off the beaten path, among the rice paddies out of Udon Thani. The 3 bedroom villa is centered on a large, private swimming pool, and holidays here include delicious and authentic Thai meals cooked for you throughout your stay.

At both this villa and our sister property **the [traditionally Thai villa Green Gecko](#)**, we believe in a straightforward and transparent approach to our guests. Book with us directly, and we will give you the best possible rate. Stay at Christmas or the New Year, and we will not impose any surcharge. Whether you are staying as a couple or a family of six, you will enjoy the whole villa – we do not have different categories or room types – the only difference in price is based on the number of guests to cover the respective cost of meals etc that we prepare for you.



[Gecko Villa](#)



[Green Gecko](#)