

TACKLING RESOLD PREPAID BOOKINGS

These days the internet is ever evolving to unique business models in the world of rate distribution. Take sites like Roomer or Cancelon. Each of these sites provides an opportunity for a consumer to resell a room they have prepaid. The consumer offers the room at a discount to the site, to which the site adds a fee or mark-up. The site then offers it through the distribution network which broadens the visibility. This new price can be anything as it is set by the consumer. Lastly, someone buys the room and the site changes the name on the booking.

The screenshot shows the TripAdvisor page for The Redbury New York. The search parameters are: Check In: Wed, 08/07/19; Check Out: Thu, 08/08/19; Guests: 1 room, 2 adults, 0 children. The deals listed are:

Partner	Price	Action
Official Hotel Site	\$169	View Deal
Booking.com	\$169	View Deal
Cancelon	\$162	View Deal
Travelocity	\$169	View Deal
Agoda.com	\$169	View Deal

A red box highlights the Cancelon deal, and a red arrow points to the 'View Deal' button for the Official Hotel Site.

Example of Cancelon undercutting the hotel's own website. Note the parity they have with Booking.com, Travelocity and Agoda.

Who wins? The original purchaser gets some of his/her money back and the site makes money.

Who loses? The hotel. The consumer has now taken control of the hotel's price strategy and rate parity is out the window. Furthermore, confidence in hotel pricing is undercut because in many cases these prices can be lower than even any discount the hotel offers. This reduces brand equity and value – not an easy repair job. Plus customers may find themselves in a pickle and not realize they've done this, which causes a terrible experience. [Read this article](#) about a spine-tingling customer service experience.

How do we solve this? There are a few methods.

- Change the cancellation and guarantee policies for any prepaid and non-refundable rates to state “no resale” and “no guest name change.”
- Fence your prepaid/non-refundable rates to the most opportune booking window and limit the availability. This is likely a good strategy to create a base of discounted business on which to build instead of displacing higher rated BAR business.
- Do not make this available within a short booking window, particularly when you have the greatest opportunity to book your highest rated business. This also helps give time to research and find the violator.
- If you have no resell/no name change in your policies and find a violation, contact the customer about the legal ramifications. Encourage the customer to retrieve the booking; if that is not possible, force them to pay the difference or to return on a date of their choosing, with the difference added onto the newly booked rate.

This also requires diligence to watch these and similar sites for rates. Purchasing a rate parity tool, such as one from OTA Insights or TravelClick, can help monitor and find violations before they are purchased.

For further information, please contact your Preferred Revenue Optimization Director.