

## FINDING THE ORIGIN OF ROGUE WHOLESALE RATES ON OTAS

The recent challenge in rate parity faced by hotels is the emergence of non-contracted rate and inventory in OTAs and MetaSearch channels which is diluting the overall revenues for the hotel. The basic process involves wholesalers contracting inventory and rates with hotels at a large discount and selling it on to OTAs at prices which still leaves room for the OTAs to undercut hotels. Many OTAs sell rates they have sourced from a third party without a direct relationship with the accommodation provider.

When that happens, how do we find the origin of the rate to stop it?

Let's look at an example. Amoma is often mentioned as taking part in this practice. However, in recent times we have also seen Expedia and Booking.com offering 'multisource channel rates' and including third party prices alongside those provided by their partner hotels. While a low rate on sites like Amoma may not be trusted by probable guests in many parts of the world it is a cause of concern when leading OTA like Booking.com starts to feature third-party sourced rate. This could have a massive impact on rate parity for hotels around the world .

Room type	Sleeps	Today's price	Your choices	Select rooms
<b>Superior Room</b> Bed type will be selected by the property Air conditioning • Private bathroom Sea view • Free WiFi • Desk Electric kettle • Free toiletries Bottle of water • Ironing Facilities More Prices are per room	2	<b>US\$219</b> Additional charges may apply	Booking.basico Breakfast & dinner included Book and pay securely with Booking.com Invoice not provided with this option Non-refundable	0
<b>King Room with Garden View</b> Prices are per room	2	You missed it! Sold for US\$331		
<b>Superior King Room</b> Prices are per room	2	You just missed it. The last room on our site sold out a few days ago for US\$356.		

As you would see in the example here on Booking.com the site is displaying Tour operator selling de-packaged. This is a classic example of wholesaler rates showing up on leading OTAs.

In this instance looking at the source code on Booking.com it shows that the Booking.com is soliciting ARI from its partners.

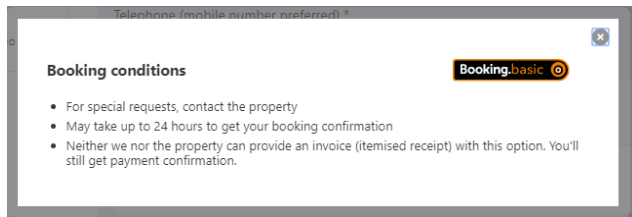
Room type	Sleeps	Price for 2 nights	Your choices	Select rooms
<b>Superior Room</b> 1 double bed 31 m <sup>2</sup> Balcony with view Balcony, Sea view Flat-screen TV Air conditioning Private	2	<b>US\$509.34</b> includes taxes and charges	Booking.basico Breakfast & dinner included Book and pay securely with Booking.com Invoice not provided with this option Non-refundable	0

Source code snippet (highlighted):

```

1066 search_config_adults: '2',
1067 search_config_children: '0',
1068 search_config_rooms: '1',
1069 accommodation_type_id: '206',
1070 url: 'https://carrier.booking.com/wholesaler/get_tpi_availability',
1071 payment_methods_url: 'https://carrier.booking.com/wholesaler/payment/method
1072 hotel_payment_info: {
1073 payment_methods: {
1074 "creditcard": 1,
1075
                    
```

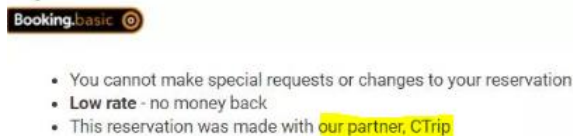
Look closely. In many cases the conditions of sale will be different from the remainder of the rates on the website.



This is now becoming a common issue for hotel who have the typical tour-operator contracts. The chances of these offline rates getting distributed online in a de-packaged format is high. It is important for hotels to retake control over the distribution of their ARI in order to own the customer.

How can we reduce the rate parity and rate leakage instances? Find the violator! Here's how:

- Use Rate Shopping Tools that can highlight any rate outliers. Some of these tools have a book-and-search function, which could be at an additional fee. This can be a time saver; use it strategically to find more egregious violations, especially if you see a pattern with similar times of bookings (days of week, seasons, etc).
- When you find a rate parity situation on a site, make a test booking on it. Be sure to get authorization from your Finance department as it is usually prepaid. In this instance, try and book something that has a low cancel penalty or insist on your money back. On the confirmation voucher received, you can review from where this rate was sourced. See the example below.



Once you've found the violator,

- Work with your sales department on the wholesaler's contract to see if they have a clause that does not allow reselling of rooms, or only as a package.
- From then work with the wholesale partner by sending them the reservation details and asking them to cease and desist this onward reselling of rates. You could enlist help from your legal team for a strong letter stating as such.
- Review your contract during the next discussion period to include the clause of not allowing reselling. You can also review allocations of wholesalers who consistently fail this process.
- Finally, look to fencing and pricing tools such as dynamic pricing, lengths of stay and booking windows to control the distribution.

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