



Blended Rates

At SHR, one of our main goals is to really listen to our clients. And one topic we've been hearing about for the last couple of years concerns the limitations of the traditional internet booking engine, or IBE, particularly the issue of booking abandonment. It seems that while most hoteliers know that booking engines have had a tremendous evolution since their original creation as an order-fulfilling vehicle for room reservations, many do not know about, or have access to, blended rates—a phenomenon that can seriously alter the booking landscape to the advantage of both the hotelier and their guests.



On a recent webinar, with the help of my friend Tanya Hadwick, who just happens to be the Director of Revenue, Europe, for Millennium Hotels and Resorts, we explored the world of blended rates versus non-blended.

SITUATION

Right now, there are IBEs on the market that have made significant headway in recognizing and serving guest-relevant information, some even including a “shopping cart” function for a more retail feel. Even so, the majority of our webinar audience still rated their current IBE as merely average for distribution optimization.

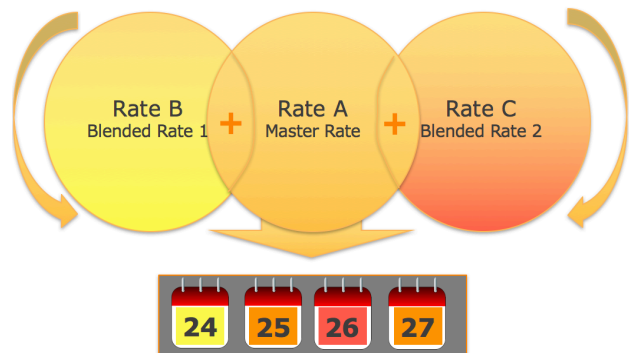
The paradigm that has not shifted, however, that must exist in order to provide a price and an availability response, is the triad of room/rate/date. After all, it's through the sweet spot within these three aspects that hoteliers and revenue managers price and forecast.

However, these components can create some problematic side-effects. First, they tend to hide true availability for a property, creating a frustrating and confusing game of hide-and-seek for the guest—a game they do not want to play!

Second, every time a booking period is not available because of a single aspect in the itinerary, the guest is told “Your promo is not available” or “Your date range is not available”—placing another burden on the guest.

SOLUTION

Conversely, the idea behind the blending of rates is to give control to properties to link rates to an existing rate code for blending purposes. By filling the gaps between rates with a master rate, promotional rates included, guests can continue to book on their preferred stay dates, with all of this blending done behind the scenes, invisible and seamless to the guest. They do not “see” the process of blending, so their experience is not interrupted. Any promotion is simply blended into their selection to create one rate for the entire stay, allowing rate managers the creation of a more positive response that reflects the power of true room availability.



Q: How does the guest know they're getting a lower rate if they can't “see” the higher rates anymore?

A: They will see the rates, but they will NOT see all the possibilities that bog them down normally, forcing them to ask, for instance, “Why can't I get the better weekend rate just because I'm coming in a day earlier?” Blending eliminates this issue.

Q: Does it really work?

A: Tanya reported that her hotel has been doing this since March of 2016, and has found that the expertise of SHR to blend rates has helped them get through reservations much quicker. They can say to their guests “We will do the hard work for you. You don't have to shop around all over the place.” This saves guests time and makes booking easier for hotels—and sharply reduces abandoned bookings.

To learn more, email to contact-sg@shr.global.