

10 Proven Distribution Strategies You Can Use Today

We all know that a successful distribution strategy involves a systematic approach that revolves around ensuring that the advertised rooms of a hotel get in front of as many people as humanly possible, ultimately increasing conversions and profits. But how that gets done depends on each unique hotel business. Here are ten proven strategies from a diverse group of actual hoteliers, offering you new ideas on how to formulate your best distribution plan.

#1 Meet Your Guests Where They Are



RED LION HOTEL (RLH)

“Deeper data dives are why we need partners who can provide relevant guest data for us to make revenue management decisions for our brands in real-time, meeting our guests where they are.”

—Greg Mount, President and CEO

Greg and his team had inherited a massive hotel business that was arguably on the verge of irrelevancy. “We took a 40-year old brand with 55 hotels in eight states, and repositioned it to almost 1,500 hotels all throughout North America,” Greg said. How did they do it?

“We figured out that the better strategy would be to bring on the best in class SaaS available, set up a platform with those systems to work together, and let them do the system updates on their own.” This is how RLH RevPak was born; their integrated platform of custom applications designed to provide a single view of all RLH customers, incorporating CRS, CRO, PMS, CRM and more.

RevPak has freed up RLH’s intellectual resources and efforts for other areas, helping their hoteliers to achieve more guest bookings that are meeting guests where they are, mentally in their booking journey stage and physically as they book more and more on mobile devices. This in turn creates a sense of “ownership” when guests are on site, and extends that relationship to keep guests booking over and over again.

#2 Adopt an All-In Mindset



CLASSIC HOTELS & RESORTS

“We knew we would need a technology strategy that better-reflected our belief in staff empowerment, which would mean not only consolidation, but adding features and elevating customer service.”

—Kevin Duncan, VP of Revenue Management

For many hotels, the road to optimizing distribution can be a bumpy one. “Three years ago, our hotels had two different CRSs and three different PMSs, plus the needs of our Reservation Sales Office were not being served,” Kevin explained.

In addition, much of Classic’s pricing is driven by their RMS, so add-ons are a very big contributor to their ADR. “We look at each hotel market from multiple angles to identify the needs of each guest, and then create unique offerings that will meet or even exceed them,” Kevin said. “This was difficult with our previous systems, but now we feed the RMS data right into our CRS, and advertise right on the booking engine, attracting more guests in the process.”

Since streamlining their systems as well as adding a new CRO, or Call Center, the improvements have been steady and measurable. “Last year, we made an extra \$70,000 in add-ons alone. This year, only half way through, we’ve made an extra \$81,000 already, plus our booking conversion is running at about 97% on calls,” Kevin said. “Which not only means increased revenue, but happier guests as well.”

#3 Adapt to a Mobile Market



VAGABOND INN CORPORATION

"Selling rooms on Interstate-5 at 2:00 a.m. is completely different from selling a room in Los Angeles. So, it was very important to choose a strategy that would deliver measurable results to all our franchisees."

—Chuck Valentino, VP of Operations

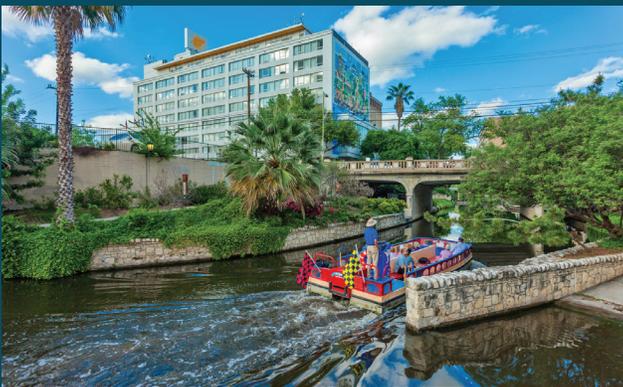
For 20 years, Vagabond Inn had been running its hotels on a home-grown solution that housed both a CRS and a PMS. But time and technology wait for no hotel. With limited reporting, no cloud access, lack of mobility, and a booking engine that was less than attractive, Chuck and VP of Marketing, Kyle Lee, realized that their current system had reached its limits.

For any distribution strategy to work, the inherent uniqueness of each hotel property at Vagabond Inn had to be addressed as well. "Our CRS strategy would not only have to deliver results to our franchisees, but it would have to be easy to adopt and customize," explained Chuck.

A flexible booking engine gives Vagabond Inn more choice as well. "Each franchisee can customize their booking engine layout," explained Kyle. "For example, one hotel may prefer to list each room type by rate but another hotel prefers to display a grid of rates from which to choose. Now, everyone can do whatever works best for their needs."

Comparing the first four months of their new strategy to the same period the previous year on mobility alone, Vagabond Inn has reported a 41% increase in mobile sessions, a 35% increase in average time spent on mobile pages, and a 1,606% increase in booked revenue from mobile devices.

#4 Sell Out the Right Way



EL TROPICANO RIVERWALK HOTEL

"Without a real revenue manager, we would have chaos. There are too many channels, group rates, and relationships out there to manage on our own."

—Tim Reed, GM

Something had to change. "We had reached a point where we were reactive to our market instead of proactive," Tim said. Because of this, opaque channels like Priceline and Hotwire had become the norm for them instead of the exception. "We became obsessed with simply selling out," he explained. "We do 70% of our leisure business via the OTAs, so we need to make the most of our rates." Tim made the decision to enlist an outside revenue manager (RM) who quickly set to work assessing not just revenue numbers, but the hotel itself.

After the discovery phase, the RM sat down with Tim and laid out a strategy to boost rates and maintain occupancy—without instantly resorting to opaque channels. "The core of our method now consists of planning much further out than we used to," Tim explained. "Before, we were only looking toward the end of each month. Now we're looking a full six months out. Plus, now we look at tour groups, rates, local demand generators, and the compression from big events."

With a real strategy in place, Tim feels much more secure. "For example, if it's a Tuesday and I have 122 rooms to book by the weekend, I'm not worried anymore because we have a real revenue partner now." As for the cost of having an outside RM, Tim said it's no contest. "She costs less than half of what our in-house management did—and she does twice as much."

#5 Get the Word Out



WINE COUNTRY INN & COTTAGES

“Napa is a fiercely competitive market. We use the flexibility, channel outreach, and visibility of our CRS to not only stay in the game, but to win it more often.”

—Corrina Cuevas, Revenue Manager

For decades, Wine Country Inn & Cottages attracted its visitors by reputation alone, foregoing mainstream hospitality technology. But as time went by, it became clear that the hotel booking landscape had changed. “On the main streets, new hotels started popping up faster than we could have ever imagined,” Corrina said. “So, not only were we facing more competition, but being tucked so far back behind the wineries, some locals didn’t even know we were here.”

Their first purchase was a new PMS system, but when it came to building flexible guest packages, using multiple rates, and pulling reports, there were gaps. “For instance, our PMS wouldn’t allow us to build dynamic packages where your price fluctuates off your BAR,” explained Corrina. Investing in a truly customizable new CRS and booking engine remedied the situation. “Now we go around this by using the add-on feature in our CRS.”

The Inn is also seeing longer stay lengths now via a technique called blended rates. “We’re not able to do multiple rate plans within a single reservation in our PMS, but with the blending capability in our new CRS, we can do multiple nights over weekends, and our bookings are going up because of it,” said Corrina. Pulling reports for the hotel has been enhanced as well. “We really need detailed segmentation reports,” she explained. “What we can’t pull through our PMS we can easily pull through our CRS with no problem.”

The promo codes and rate codes that can be created have also added to their marketing options. “We just generate a unique code for each winery to use on their site so they can steer guests right to us, and we can track the source easily,” Corrina said. “This has helped strengthen our relationships with our neighbors, as well as boosted our bookings.”

#6 Make It Personal



KENNEBUNKPORT RESORT COLLECTION

“Each of our properties is distinctly unique, like a person. We’re not cookie cutter.”

—Heather Strout, Director of RM

With a reputation for seasonal and personalized “laid-back luxury,” plus hosting many group events and weddings, the Collection needed a strategy that would allow for a good deal of customization, plus provide quality segmentation reporting, all wrapped up in a user-friendly system with dedicated support.

This meant being able to offer personalized add-ons such as hot toddies, creative pirate packages for kids, and fall foliage tours. “But before, we didn’t have access to an add-on feature,” Heather explained. “When we finally did, it provided an immediate 10% increase to our add-on revenues.”

Having a CRS with a multi-property component was also a welcome change. “It’s amazing. We don’t have to login and log out now. It’s just a simple dropdown menu and I’m there,” Heather said. “Then, you can pull across the board to get a picture of the whole group. A lot of systems don’t do that.” And those segmentation reports? “If we do a big sale with great response, now we can segment out the results quickly so we can do even better next time.”

During their first year with the new CRS strategy, they began to see where they could really get their online bookings to go, then used those results to improve their strategy. “Our experiment paid off,” Heather said. “Because it’s made us more available and easy to find, our bookings went up 60% YOY across the board.”

#7 Bet on Yourself



WHITNEY PEAK HOTEL

“When we first opened, people told us our approach would never fly in Reno. Getting our distribution right has been instrumental in elevating our confidence level.”

—Niki Gross, Managing Director

As Reno’s first and only non-gaming, non-smoking, independent hotel, Whitney Peak has no fear of being different. This boldness translates well into a passion for customizing their already unique guest experiences, yet there are many challenges. Like a huge surge in corporate headquartering in Reno. “Because of this, we’ve seen a sort of domino effect on our bookings, with originally strong transient OTA-generated bookings dropping from 50% to 8%, while corporate business has grown to 70% of our occupancy,” Niki said. Another concern was having a true 2-way interface with their PMS system to understand how those systems communicate and how to troubleshoot.

They now use their CRS platform to build promotions, with the add-on feature being the clear favorite. “We have a shuttle, gym, spa, cordials, craft beer, and many other goodies for our guests to choose from, but we need them to know we offer them,” said Niki. “Our booking engine gives us a great opportunity to increase revenue and please our guests by putting everything out there at once, so nothing is missed.”

Niki has no doubts about achieving their goals now. “We’ve seen bookings grow 23% YOY, and revenue grow 28% YOY. We are very excited about what lies ahead,” she said.

#8 Balance with Control



LIVE OAK LODGING

“We conduct our business with the firm belief that ‘one size does not fit all.’”

—Paul Thomas, VP of Operations

Working within the leisure market, Live Oak found itself dealing with several issues that revolved around seasonal and weekend rates—always with the challenge of picking up RevPAR. According to Paul, and Director of Marketing, Nikki Patterson, their distribution system was not living up to their needs or expectations. “We were experiencing static and sometimes non-working technology, and our package building was very limited,” Paul said. “Our hotels fill up on the weekends on their own without help from the OTAs,” added Nikki. “With our old system, we were finding it very hard to close our OTA channels when needed.”

Upon switching to a more flexible CRS, they’ve noticed both expected and unexpected improvements. “For instance, now when we make a change at the property level, it’s one click, and done,” Paul said. For Nikki, it’s the flexibility that their CRS has brought to their marketing. “We do a lot of email campaigns at the Lighthouse property. Before we had to drop the rates too low because we had a limited number of rates we could set,” she explained. “Now, we can put out an email special to sell different rooms on different dates, and just leave the special running all weekend because we can set multiple rates in advance.” It’s also about building the perfect guest offerings. “I’m in our CRS every day, building new packages that used to take forever in our old system,” she explained. “Now, one call, five clicks, and I’m out.”

And all that building is paying off. The numbers quickly showed measurable improvements. “Our cost for online reservations for both properties decreased 30% YOY, OTA commissions decreased by 65% for Barons Creek and 80% for the Lighthouse due to a strong shift toward direct bookings, and RevPAR for Barons Creek grew by 4.2%.”

#9 Push Direct Bookings Directly



IZUMI HOTEL BUKIT BINTANG

“Not only has the number of direct bookings gone up, but the quality of those bookings has increased. I feel like anything is possible now.”

—Hatta Othman, Manager of Corp. Sales and E-Commerce

When Hatta Othman first came to Izumi, the hotel was functioning within a confining booking system yielding disappointing outcomes. “Our occupancy rate was only 50%,” he said. “And it didn’t look like anything was going to change. It was very frustrating.” Not only was their occupancy rate low, but the rooms they were booking were majority OTA-driven, which steered visitors to the least expensive of their rooms.

“Now, with a flexible CRS, it’s easier to build customized packages with perks that appeal to our unique guest market,” he said. “We can offer deals for events like school holidays, Asian High Tea, plus fun mid-week specials.” And it’s the ability to build these customized packages that is driving the increase in direct bookings, which are in turn driving up revenues.

Izumi’s numbers prove out Hatta’s confidence. Since adopting Hatta’s strategy of using its persuasive messaging to build the most attractive packages possible, the numbers have climbed significantly. “It’s so awesome,” he said. “Year over year, we’ve gone up about 20% in direct bookings, and our occupancy rate has soared from 50% to 80%.”

#10 Bring It All Together



VALENCIA GROUP

“We believe in a holistic approach to our guest experience, and that translates over to our expectations for our technology strategies as well.”

—Wendy Norris, Corp. Director of RM and E-Commerce

Wendy was seeing a very fractured picture when she looked at her distribution landscape. “We had one company for GDS, one for CRS, and another third-party for web booking,” she said. With her team needing a centralized approach to maximize online marketing and revenues through trending and strategic thinking, this was not acceptable. Looks were also a consideration. “Our website booking engine, for instance, was just not attractive enough for our guest demographic,” Wendy explained.

In addition, Valencia Group hotels run at about an 80% occupancy, and with that comes a lot of peaks and valleys in booking rates—and the need for changing up those rates quickly. “If we’re sold out for a certain rate code, for instance, we must be able to get in there and manage it,” Wendy said. “With a flexible CRS, we can do this not only quickly but easily, which helps our ADR.”

They were also trying to reduce their dependency on the OTAs. “It’s really about the guest experience, and yet selling ourselves at the same time,” she said. “Now, we can serve up packages all on the same attractive screen, plus we can customize virtually everything.”

Need more ideas for creating your best distribution strategy? Please visit shr.global.