CONTENT IS KING.

A STUDY BY HRS.
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With 40,000 companies visiting our HRS.com portal every month, we know more than a little about what corporates want from their hotel programmes.

We have over 250,000 hotels in 180 countries on our system, managed by a team of 400 hotel purchasing experts in 50 countries, giving us a similar level of insight into what hoteliers need from their distribution channels.

This is the first in a series of papers in which we will be looking at the role of hotel technology in the supply chain. The digital revolution has radically changed how business and leisure hotel bookings are made; mobile and social media are the next phases of that revolution.

These reports are intended to explore and explain the impact of this changing landscape on the business travel sector and how best to exploit it.

We hope to help buyers and suppliers achieve a better mutual understanding of objectives and strategies; to help corporates achieve incremental savings and hoteliers to maintain margins.

We start this series of papers by looking at the subject of how hotel content can be used to increase compliance to travel policy.

Content is King draws on new research carried out by HRS amongst 350 corporate travel professionals, supported by statistical and trend data from other industry sources and by our own practical experiences of 80 million visitors to our website every year.

The paper starts by exploring the nature of content, its relevance to buyer and supplier and how hotels select distribution channels. We then move on to examine how content can be used to enable compliance to travel policy, and thereby reduce leakage.

I hope you find the contents useful.

Jon West
Managing Director
(London), HRS

80% of companies say increasing travel policy compliance is a key objective
Improving travel policy is the second highest priority for travel managers worldwide in 2013 according to Carlson Wagonlit Travel.

Leakage from (i.e. booking outside) corporate travel policy is a major issue across the supply chain and the most frustrating aspect of corporate hotel programmes for 26% of procurement professionals and 19% of travel managers (source: HRS).

80% of procurement and travel managers agree that reducing leakage is a key objective (source: HRS).

Further afield, American Express says that the issue of travellers’ hotel bookings “poses the greatest area of leakage in travel policy” whilst Carlson Wagonlit Travel reports that although 95% of all corporate travel bookings are made through preferred channels, compliance falls to around 50% for hotel bookings.

The problem is exacerbated by an ever expanding array of channels providing greater opportunity for travel bookers and travellers to choose hotels outside policy and thereby lessening the scope for leveraging overall travel spend.

The main reason for having a travel policy is to minimise travel spend, but when leakage occurs it stops corporates from achieving their key objective. So addressing leakage becomes an absolute priority.

Compliance with travel policy is every corporate’s objective because it is also the key to fulfilling Duty of Care obligations as well as leveraging spend. As one corporate bemoans, “My heart breaks when I witness leakage and a lack of compliance because it really complicates duty of care and risk management” (source: Skift.com)

Optimising compliance reduces leakage, so corporates need tools containing the right content that can drive compliance.

Whilst travel managers battle for compliance, finding and optimising market share from distribution channels is a major priority for hoteliers.
Hoteliers must find the right mix of partners to generate occupancy and revenue at the lowest possible cost, and then find the means to optimise the conversion ratio of searches to bookings within their chosen channels.

The breadth and depth of information provided by hotels can have a major impact on the conversion of searches to bookings in both online and offline environments because that content enables bookers to make immediate decisions by removing the need to look elsewhere for a suitable match.

Within a corporate travel policy, content can make the difference between a booking being made within or outside of policy. If the content provided matches the booker or traveller’s needs there is no need to incur the wrath of procurement or the finance department.

Content therefore drives compliance, which is why Content is King.

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<th>Most frustrating thing about hotel reservations</th>
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<td><strong>Travel bookers</strong></td>
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<td>25% lack hotels at the right price</td>
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<td>26% leakage or deviation</td>
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<td>19% cancellation charges</td>
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<td>15% lack hotels at the right price</td>
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The online revolution has forced hotels to provide more and higher quality information - or 'Content' - about their rates, location, amenities, payment and cancellation policies.

With location being the primary requirement of most corporate hotel bookings, geo-coding and Google maps have replaced poorly-drawn illustrations to provide more accurate matches of required location, proximity to transport networks, points of interest and hotel.

Photographs and video are also essential elements of the ‘richer’ content provided by hotels to the Online Travel Agents (OTAs), TMCs and third party websites through which they distribute their product.

For the corporate, content is the range of information visible to bookers and travellers through their selected online booking channel or to agents in their offline booking channel.

For the hotel, content is the only means of promoting their property in the best (and honest) light, to increase occupancy and profit, whilst competing against nearby hotels on location, price, hotel star category, in a fast moving market that can change price several times a day and is kept in check by review ratings.

The content challenge for the hotelier is to provide the depth of information to match the traveller’s criteria, and for the corporate to ensure that their chosen booking channels can provide bookers and travellers with the breath of content to meet their search criteria.

“Content educates people so they can make informed decisions,”

Seomoz
“The fact that you can associate a name of a hotel with a brand means that you have an assumption about the quality of that hotel.”
WHAT MAKES A GOOD DISTRIBUTION CHANNEL?

Or how does a hotel choose where to place its content?

The days of the travel agent as the dominant distribution channel are gone as 54% of all travel bookings are now made online (source: World Travel Monitor) and 97% of OTA bookings are online (source: HRS).

Travelport and PhocusWright estimate that online managed travel bookings in 2012 totalled €16.4 billion, equating to 42% of the overall managed travel market in Europe.

Hotel profitability is driven by fixed costs versus occupancy. A hotel maximises its profits when its bedrooms are full, so distribution strategies are geared to selecting channels that will increase occupancy and revenue at the lowest cost.

Ideally, the last available room will have been sold at the last available minute because that means the hotel will have obtained the best market price for their inventory. This is called Yield Management.

The hotelier’s primary concerns in selecting distribution channels are the size and geography of audience reached by the channel, conversion of traffic to bookings, and the cost charged per booking.

As Linda Bekoe of Grange Hotels explains, the different ways in which bookings and availability are delivered and viewed has changed dramatically.

“This range of choice has given hotels the means to distribute their property to the world at minimal cost.

Regardless of the scope of this distribution however, it has always been important to Grange Hotels to ensure that there is parity across the myriad of channels available to the consumer.”

Grange Hotels works closely with its corporate clients to ensure that their allocated distribution channel meets their expectations in terms of efficiency and cost. “Providing the connectivity between our systems is physically possible, it is for the client to determine their preferred distribution channel based on their individual requirements” says Bekoe.

HRS is the corporate distribution channel of choice for 250,000 hotels because it reaches business customers by delivering content through Online Booking Tools (OBTs), TMCs, Global Distribution Systems (GDSs) and mobile, as well as through HRS directly. For example, a partnership with leading GDS channel Amadeus has provided hotels on HRS with access to over 400,000 travel agent desktops and 6,000 corporates around the world.

Mobile opens up further distribution opportunities, especially with the corporate travel policy loaded. HRS estimates that one in three hotel reservations will be made by mobile by 2016, whilst the flexibility of mobile is a perfect fit with the short notice needs of business travel. 75% of mobile bookings are made for arrival the same or next day (source: HRS).
Linda Bekoe believes that mobile technology will eventually become pre-eminent. “It is obvious to most hoteliers that by having as many booking channels as open as possible on all forms of technology, means placing the hotels’ brand in front of as many potential customers as possible. Hotels traditionally greet technology with open arms and mobile technology is no exception.”

The cost of filling a hotel can be substantial. Connectivity, TMC and GDS transaction fees are all borne by the hotelier, squeezing margins already under pressure from corporates seeking discounted rates. The hotelier has to select their distribution channels with care and close out higher costing channels as the occupancy level rises, whilst only offering corporate discounts in a closed shop corporate environment where they can guarantee corporates will book to fill their rooms during the week.

HRS estimates that around 30% of hotels’ revenues are swallowed up by distribution in the traditional Management Company, Channel Manager, Switch, GDS model.

By contrast, hotels pay a flat, low commission rate to be featured on HRS, regardless of the volume of resulting business and no commission at all on corporate negotiated rates.
“75% of mobile bookings are made for arrival the same or next day,”
Once distribution channels have been selected, the hotelier’s next objective is to grab as big a share of the available market as possible.

This is done by optimising their performance against competitors using the same channels. In other words, converting more searches into bookings. The end result is termed ‘bookability’.

To make their hotel bookable, hoteliers have to learn more about their customers, and what makes them book. The principle is the richer the content, the greater chance of a match with bookers’ criteria and to converting those searches into bookings.

Linda Bekoe of Grange Hotels explains. “It is of utmost importance to the hotel that the content, such as brand standards or hotel description, is uniform across all customer-facing media to alleviate customer confusion. This is particularly important due to the ease with which messages can now be communicated globally at the click of the mouse or touch of a button.”

“The challenge for reputable hotels is that their brand, images or content can be easily hijacked by third parties domiciled where intellectual property right laws may be less advanced than in the EU. This confuses the customer who may rightly believe they are booking direct with their hotel brand of choice but actually may be booking an alternative product and/or may incur unnecessary transaction costs as a result of that confusion.”

Content is equally – if not more – important for independent hotels. Brand recognition influences the bookability and the amount a traveller is prepared to pay. For example, the Marriott name is known worldwide and has an associated quality which commands a premium price. Independent hotels don’t have this sort of leverage when the brand is unrecognised.

Corporates may be unfamiliar with the locations they book so content is crucial in order to drive bookings into that property. For example, a four-star independent hotel with an 8.5 guest rating, customer reviews, good photographs and a 6pm cancellation policy on the day of arrival available at £150 per night could offer better value than the local four-star chain hotel at £180 per night with the same guest rating where both hotels are in the same location.

In many channels, the hotelier pays to be placed higher in the list of options available to the buyer and therefore receive more bookings. Hotels on HRS cannot ‘buy’ more bookings. Instead, HRS’ proprietary hotel database includes powerful analytical tools which can guide hotels on how to improve and tailor their content to convert more bookings. ‘HRS Recommends’ uses a series of algorithms to match booker behaviour with the most bookable hotels in order to ‘recommend’ a selection of hotels most suited to them. The better the content the hotel provides, the more likely it is to be featured here.

To increase market share on HRS, hotels must optimise their content for their audience. Hotels that want corporate business have a range of tools to help drive conversion including corporate discounts and added value services such as last minute cancellation free of charge, free car parking or free WiFi.
Because HRS receives all of its income from hotels, there is no charge made to the corporate for bookings or services. The hotelier retains most of the income from the transaction whilst HRS gets the content to the corporate at the lowest possible cost.

Where the rate has been negotiated between the corporate and the hotel, HRS waives the hotel commission. This is why hotels are so keen to offer a corporate discount to corporate customers, not only to fill their beds mid week but also to create a relationship with the corporate in anticipation of being involved in the next annual Request For Proposal (RFP).

The time or cost (such as having photographs taken or a video produced) of enhancing hotel content to improve conversion can easily be weighed against the cost of lost revenues.

Good content has a quantifiable return. According to PhocusWright’s Consumer Travel Report, 50% of US online travel shoppers view professional photos and 25% view professional videos.

HRS research shows that doubling the number of photographs can increase a hotel’s conversion several times over. Even a full (rather than partial) property description can increase conversion significantly, especially as HRS then translates this into 32 languages free of charge to the hotel.
CONTENT BEST PRACTICE – WHAT TO LOOK FOR.

1. Professional photography should reflect the personality and features of a hotel and its different room types
2. Multi-language descriptions should be translated professionally
3. Detailed information about facilities, services and location
4. Room and advance booking availability
5. Bookings can be cancelled at least up to 6pm on the day of arrival or midnight if possible
6. Guests’ comments and reviews
According to HRS research, the three principal objectives of most corporate travel policies are to minimise cost, ensure travellers’ safety and to reduce leakage.

Content matters to corporates because it can increase compliance to programme – and thereby reduce leakage. As we have already seen, up to half of all corporate hotel bookings are made outside policy. This equates to £3.3 billion in un-leveraged hotel spend in the UK during 2012 (source: GTMC).

In companies where travel policy is not mandated, there are two types of leakage. The first is when bookers go outside policy either deliberately or because the options available to them do not fully satisfy their or the traveller’s needs and therefore ‘force’ them outside policy.

Direct hotel bookings happen because they can appear cheaper, although practitioners often fail to factor booking conditions such as cancellation policy, payment criteria, duty of care from their employer, lost volume for negotiations and lost personal productivity into their calculations. Despite the implications of going outside their travel policy, practitioners believe that they are “doing the right thing”.

The second type occurs when the channel corporates are booking through doesn’t have availability, there aren’t any hotels instantly bookable in the right location, or because the rates are too high. When the content is poor, the booker is more likely to use the internet to help make a more educated decision and compare prices.

The required hotel might not be available on the Global Distribution Systems (GDS) that power many OBT and TMC systems. GDSs typically only contain chain hotels and rarely contain independents. Transaction fees can also provide the incentive to book elsewhere. The booker then goes to the internet and then even directly to the hotel.

HRS figures show that leakage is the biggest source of frustration for 26% of procurement managers. 80% of all travel buyers and managers agree that minimising leakage through policy compliance is a key objective, of which 69% are actively pursuing leakage reduction initiatives.

Leakage stops corporates from achieving their travel policy objectives because they can’t track bookings or travellers, so the company fails in its Duty of Care obligations to its employees.

Leakage also prevents that spend from being consolidated with in-policy spend data to leverage future savings, thereby preventing costs from being minimised. This is why reducing leakage is an absolute priority for corporates.
Based on interviews with 350 corporate travel professionals, HRS has identified the following ‘top 8’ reasons for policy leakage.

Source: HRS

45% Employee preference
37% Can get cheaper rates on the internet
34% Hotels aren’t conveniently located
33% Hotels aren’t available
28% Use of loyalty cards
24% Can buy cheaper directly from hotel
20% Inducements from hotels
1% No particular reason
HRS research shows there are 10 criteria that travel bookers care about when booking hotels.

Location is the most important, followed by cost and overall value for money. The remaining criteria range from distance to/from transport hubs to hotel reviews and travellers’ experiences.

The travel manager’s objective is to maximise policy compliance by ensuring that each of these criteria can be matched by hotels booked in-policy and so address the elements of policy which can limit compliance, perhaps by adding new, independent or chain hotels to a programme.

It can also include encouraging preferred hotels to enrich their content by providing real-time availability and bookability or by giving greater prominence to added value benefits such as free parking or WiFi, or by making cancellation policies clearer. HRS hotels accept cancellation up to midnight on the day of arrival, with most offering 6pm.

By enriching its content, the hotel makes it easier for the booker to choose that hotel because the reasons not to book have been taken away.

Bookers and travellers want to be able to make decisions on the spot, which is why corporate portals like HRS display all content, including the images and hotel reviews which provide re-assurance over quality, especially at hotels not used before.

HRS content in a travel programme enhances compliance because HRS has a solution to each of the reasons for booking outside policy. HRS makes travellers’ reviews, distance from the town or city centre, added value benefits and chain ownership status visible alongside availability, location and cost.

By providing the information bookers require to match their needs, HRS content removes the temptation to stray from the booking channel or policy and substantially increases compliance – providing that HRS is the chosen booking channel.
ISSUES

Inevitably there are issues surrounding the accessibility of rich hotel content. Some OBTs and TMC environments are unable to take all the information and content available via HRS. Whilst they are connected to HRS, they cannot display all the rich content features due to limitations in functionality on their customer interface.

In these cases, the way to guarantee access to all HRS hotel content is to have a dedicated HRS portal.

In the TMC offline arrangement, the key to effective content is how such information is displayed to a customer service agent, and how effectively the agent interprets and communicates that information to the corporate. Reduced bookability has to be offset by the agent’s communication skills.
CONCLUSIONS

If a booking channel has the right breadth of information and depth of hotel choice, it can answer all the questions a booker will ask. This is why Content is King.

21st century travellers are more knowledgeable, demanding and critical of the hotels in which they stay than their predecessors were. Travellers often expect the same booking and travel experience in their professional lives as they get in their personal lives.

In the social media age, guest feedback can be more powerful than a cheap rate. Together with detailed, relevant amenity information the combination becomes compelling.

The value of good content is being recognised throughout the supply chain. GDS providers are focussing on enhanced hotel content, corporates must decide which channel offers the best content to meet their needs, whilst hoteliers decide which channels offer the widest range of touch points and opportunities to grow market share without exponential cost increases. The answer to all questions has to be HRS.

Content is king because it ensures a buyer does not need to look elsewhere to get answers to their questions. The online shop window is as critical as the high street, and HRS provides the ideal shopping environment for both seller and buyer. The seller chooses to enjoy the best of online merchandising techniques, whilst the buyer has the re-assurance of information that enables informed purchasing decisions to be made. It’s the quintessential ‘win-win’ which can only be achieved where the intermediary is offering both parts of this critical equation.

Maintaining margins is essential to the health of the hotel industry in general and independent hotels in particular. In our next report we will examine hotel distribution channels, and their comparative costs, in more detail.
HRS – A UNIQUE NEW MODEL?

HRS is unique in the global travel industry; a global hotel solutions provider operating a global hotel portal connecting business and leisure travellers with hotels worldwide; a distributor of hotel content to more than 300,000 TMCs and partners worldwide, and a developer of market-leading software.

Comprehensive hotel descriptions, HD photographs and 5 million guest reviews of the 250,000 properties are available through the HRS system, our GDS and TMC partners, more than 300,000 retail travel agents and through apps for smartphones and tablet PCs.

HRS customers can book accommodation online, with no booking fees, at market-beating rates. Our corporate customers can access exclusive HRS corporate discounts of up to 30% off the Best Available Rate (BAR).

For hoteliers, HRS is the lowest-cost distribution solution on the market.
ACKNOWLEDGEMENTS & SOURCES

American Express
Buying Business Travel magazine
CWT
GTMC
Hotel Marketing Strategies
HotelNewsNow.com
HRS
HSMAI Foundation
PhocusWright
Travelport
www.eyefortravel.com
www.skift.com
www.tnooz.com
www.travelmarket.com

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Content is King was written by Mark Harris of Travel Intelligence Network on behalf of HRS.

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TIN’s output has included five editions of the Meetings Industry Report and four Serviced Apartments Industry Reports, many white papers, client magazines and articles for trade magazines as well as helping create & launch Business Travel Market.

For more information visit www.the-tin.com