

# REPRESENTATION COMPANIES INTRODUCE PROACTIVE COUNSELING



by John Burns



**S**omething big is happening in the reservations representation business. Many of the companies that provide GDS connectivity for independent hotels, call center services, onward distribution to hundreds of travel Web sites—and in some cases the services of a global sales force—are restructuring their service programs.

Companies as diverse as **InnPoints Worldwide**, **Sceptre**, **SRS-WORLDBOTELS**, **Utell** by Pegasus™ and **Vantis** (formerly VIP International) are adding or greatly expanding their programs to counsel their clients on the intricacies of inventory management and electronic distribution.

While representation companies have traditionally emphasized their provision of connectivity to various distribution channels and reactive support to their respective independent and small chain clients, many are re-engineering their support programs to offer proactive advice on marketing strategies, sales tactics, revenue management processes and channel management options.

## Why the Change?

Representation companies' motivations in moving from mostly passive to unprecedentedly active relationships with their clients are many, but the concerns of clients to make the most of their marketplace appears to be a prime driver.

Representation company executives report increasingly frequent requests from clients for information about developments in the electronic distribution marketplace.

The kinds of questions that representation company representatives are hearing from their clients vary: What impact will Sabre's Spotlight have on hotel sales in the GDSs? Will hotel displays in the GDSs be permanently biased to a few major brands that pay for prime screen positioning? Should our property participate in the Expedia® corporate rate program? When should I offer my lodging on Priceline.com® or Hotwire™? How much inventory should be sold through merchant model Web sites? What is PPC? Does search engine optimization work? How can I effectively maintain all of the Web sites that I want to?

Vice President of Sceptre Mark Ozawa said, "Electronic distribution has had a far more wide reaching effect than we ever expected. It has impacted the entire sales and marketing effort, making proactive advisory services strategically essential."

If representation companies can answer tough distribution questions like the ones above, their services – including strategic counseling – become considerably more important to a hotel. Many representation services do not stop with just suggesting answers to questions such as these. Instead they are increasingly attempting to understand their client hotels' marketing and sales goal, their unique sales points and their competitive challenges. They aim to become what Tom Griffiths of SRS-WORLDBOTELS terms, "a partner with our clients."

And there are other motivations as well. When a hotel is a proficient user of a representation company's reservation technology and presents its lodging in a persuasive manner through the electronic channels, the hotel benefits through additional bookings. At the same time the representation company benefits from the fee revenue on those incremental reservations. In some cases there are opportunities to charge additional service fees for this proactive relationship.

## Is This Totally New?

For some representation companies the coaching services that they are expanding today build on long-available advisory services, albeit comparatively passive ones in comparison to this new generation of vendor-initiated dialog.

Utell and Sceptre both describe long-standing advisory services. The difference is that now they, and other vendors, have moved from a responsive stance to one where the representation company is initiating calls to each hotel. Generally these calls are made monthly, although some are as frequent as biweekly and are combined with less formal conversations that take place between scheduled discussions.

What may well emerge as a key point of differentiation between representation companies in this new era of vendor-initiated coaching is whether the advisory service is limited to maximizing reservation production and the rates for those bookings solely through the channels that the representation company supports. Or alternatively, does the representation company offer counseling on optimizing the hotel's entire reservation process including direct-to-property Internet sites and the property's own Web site?

## The New Service Menu

In moving from responsive to proactive service, representation companies have identified an extensive menu of services they can offer to hotels. An indication of the breadth of services available is gained from the client counseling program offered by InnPoints Worldwide, which includes:

- Monthly InnPoints-initiated calls to properties
- Reviews of the property Web site
- Analysis of client positioning and presentation on third-party Web sites
- Competitive rate analysis in GDS and online
- Examination of rate positioning, availability and participation in consortia programs and in Internet merchant model programs

- Briefings on travel trends and travel distribution developments
- Suggestions for productivity-building promotions
- Explanation of revenue management techniques
- Analysis of productivity reports and advice to correct or capitalize on emerging patterns

In the case of InnPoints, that has developed what they term R.R.E.D. – revenue and relationship enhancement department – the counseling services are coupled with a newly launched InnPoints management dashboard that will provide a single comprehensive access point to all of their services and management tools.

Each vendor has its own distinctive services menu. SRS-WORLDBOTELS adds quarterly property visits by its membership services directors to bring understanding of the hotel's strengths, issues and goals to a more personal level. Vantis provides daily reviews of year-to-date and year-over-year production reports to quickly identify discrepancies. Additionally Vantis couples an operations technician with a revenue manager to offer expertise in both inventory management techniques and channel capabilities. Sceptre begins each relationship with an intensive marketing assessment and analysis, through

which to explicitly define its client's objectives, while Utell by Pegasus staff work with clients to develop a rate strategy matrix, to achieve the best approach to channel management of rates and inventory.

### Is There a Price?

The service choices vary widely from representation company to representation company, as do the fee structures. At one end of the spectrum are vendors that see sufficient benefit to themselves from more astute and productive booking channel use. They have added consulting services without levying additional fees.

Some are developing a tiered structure with increasingly extensive services – and higher fees – for the more service-intensive tiers. In other cases transaction fees are already paired with account management fees; the latter covering these now expanded services. And some vendors are adding new fees to cover the increased attention and interaction.

### Hotel Community Response

Is proactive, vendor-initiated counseling of hotels an idea whose time has come? Initial indications suggest that the answer is yes. Rich Shaum, senior VP of sales and marketing at Vantis, said that the technology that representation companies offer is being increasingly recognized as

“only a tool to an objective. That objective is revenue growth. Our goal is to help our hotels to be better users of the technology and the opportunity.”

Many representation company clients would seem to agree. This recognition has resulted in enthusiastic acceptance of the offer of informed advice from full-time electronic distribution and revenue management specialists.

The importance and rewards of mastering electronic distribution have become clear. Representation companies are recognizing that they can substantially benefit their clients, whether small inns, independent hotels or small to mid-size chains, by introducing this new proactive service option. The availability of expert resources who can assist clients in deciphering and mastering the ever-changing variety of electronic distribution opportunities does indeed appear to be a concept whose time has come.

Representation companies will be challenged to engage and retain expert staff and to develop a truly incisive appreciation of their clients' needs and opportunities. Whether they meet this challenge or not may well determine their continued viability.

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