

Amomas closure creates an important question for hoteliers: how to stop OTAs abusing discounted rates?

Submitted by Antonia Aguilo on Wed, 06/11/2019 - 10:18

The closure of Amoma last month generated a lot of news. Within that you may have seen debate about what role bedbanks play in providing B2C sellers such as Amoma with discounted rates, originally meant for offline channels such as retail travel agents or tour operators?

Therefore we at Hotelbeds want to set the record straight on this issue. As we are the biggest bedbank in the world and sell over 50 million room nights a year, I would like to update you on how our place in the travel distribution eco-system has evolved over the last few years.

As we integrated both Tourico Holidays and GTA into our business over the last two years, we have been busy listening to our hotel partners to greater understand their needs. Two particular areas of feedback stood out and we have responded to those.

Firstly the need for hoteliers to be able to more efficiently and accurately segment their distribution across various channels.

And secondly, the need to access incremental bookings from high-value guests, in particular long-haul travellers.

This is why over the last two years we have been evolving our business to offer our hotel partners access to reservations from hard-to-reach channels such as retail travel agents, tour operators, points redemption schemes and airlines. These channels provide travellers who book further in advance, cancel less, stay for longer, pay more per night, spend more in-destination, and come back more often.

As a direct result of this, we had been steadily reducing our sales via Amoma over the last few years and at the time of its collapse it represented less than 1% (and falling) of our sales.

Equally we have been reducing sales with other similar players and in the last year alone have forfeited approximately 250 million euros worth of similar business - as we did not see these bookings as in the interest of our hotel partners.

Additionally we have increased our investment and resources focused on this area to create enlarged teams and improved technology solutions that help identify any issues quickly for our hotel partners.

And for those B2C buyers that are not adhering to our clear distribution management rules, we have also introduced a 'three strikes and you are out' policy. Any online travel agent that distributes content intended for offline in an online B2C sales channel, just three times, will find themselves cut-off from distributing that hotel via Hotelbeds.

As a result of these efforts we are now seeing our hotel partners report close to zero percent of instances of problems - from a room night production basis - and this figure keeps falling.

Currently around 75% of the sales we gain for our hotel partners are either from non-domestic source markets - in particular China, which is now our fourth biggest source market globally - or from off-line channels such as tour operators, airlines (via their booking process and call centres), retail travel agents or points redemption and loyalty schemes.

Retail travel agents in particular provide hoteliers with hard-to-reach and very high-value guests. That's why over the next three years we plan to increase by 14,000 the number of retail travel agents we work with, taking our total travel agency portfolio to 64,000 - all served and managed by our Bedsonline brand.

Perhaps you now begin to see why our business with Amoma had steadily reduced? This is why in the coming months and years we anticipate that the Amomas of the world will become more and more insignificant. Not only does their business model impact negatively on all of our hotel partners, whether independent or chain, but in the long term it is not sustainable for the industry.

To learn more about the issue of rate integrity - and bedbanks in general - read our White Paper published last week, *Reach, Growth and Occupancy: The real value of the bedbank distribution model* <https://www.phocuswire.com/Hotelbeds-value-of-bedbanks-report>

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