



Interview

Julian Bish, Managing Director, Biko Technologies and Nicole O'Brien, Marketing Manager of Hotel Y Sydney.

Julian:

This is Julian Bish and today I'm joined by Nicole O'Brien who is Marketing Manager of the Y On the Park Hotel (Hotel Y) in Sydney.

Nicole, thanks for making the time to talk with us today.

Perhaps you could start off by giving us a little bit of an overview of the Y on the Park Hotel, the size of the hotel and the markets you operate in.

Nicole:

Right, we're a 2.5 to 3.5 star hotel with a range of rooms, half of them are in the 2.5 star category, and half in the 3.5 star.

There're 120 rooms in total, and our clientele is really a mix of international and domestic guests, mainly visitors.

These people are looking for great quality budget accommodation in a great location and they range from being younger people traveling alone through to older couple.

Julian:

You've been using Netroomz now since January or February, this year as your web booking engine.

What was the main factor or factors that caused you to select Netroomz for your web booking engine?

Nicole:

I think it's the fact that it was easily interfaced with our own website and didn't involve any set-up costs. They were the two main elements.

Julian:

In terms of selling your rooms direct on your website what were some of the initiatives that you've implemented to make it successful.

In other words, firstly to drive traffic to your website and then to encourage people to actually make a booking once they get to your website.

Nicole:

I think probably the main thing would be having optimized our website, with the search engines. We achieve fairly good ranking if people are searching for hotels in Sydney. I'd have to say that is probably the key to driving people to our website.

Then making sure the web is promoted on all our collateral.

I think travelers are looking to book now through the internet, it's a fact of life, so if you've got a website. People (hotels) are being forced by consumers to have that facility to be able to book online. People want that, that's the way they're buying travel now.

Julian:

You mention some off line marketing that you're doing, such as including references to your website in your collateral and brochures and so forth. Are you also letting people know face to face when they check in and check-out that they can go and book directly through the website if perhaps they haven't on that occasion.

Nicole:

No we don't, we haven't done anything specific yet, we haven't been promoting in house ...despite that, it's certainly been doing very well.

Julian:

In terms of pricing and availability on your website direct, are you offering best rate guarantee or keep rate parity with other portal style websites? What's your strategy there, or your approach to pricing and availability?

Nicole:

We really get two types of bookings through the site. There are those with the longer lead times which we are filling at our rack rate and then those that are being sold at 2-3 days at a stand by rate, that's the policy we use. We do not sell rooms at a discounted rate with a long lead time – we are only selling discounted rates really on a basis of a (Wotif) or a last minute.com, so we are matching those rates.

Julian:

So for the short lead times you have rate parity with the portal and last minute styles website.

Nicole: Yes.

Julian:

Have there been any challenges that you have had to overcome with the pricing or availability or any channel conflict-type issues that you've had to deal with?

Nicole:

I think the main challenge is managing yield through yet another channel, but I think they are outweighed by the benefits of being able to move and sell rooms directly. So I think you need to be a bit sophisticated about how you do sell the rooms. And really it gets down to managing your rates and not just wholesaling them and flogging them out there at a 20-30% discount, but looking at the seasonality in the coming year, and what your occupancy is looking like in 3-4 weeks time, and making decisions based on that.

But you know then what other channels are going to come through for you in terms of walk ins, and inbound business.
So I suppose it's making those types of judgments.

I haven't really come across as yet any problems with people questioning our rates, because it's not competitive with the lastminute.com or wotif.com, and they're a certain kind of portal in themselves, and that's where I think people are very much driven if they are looking for discounted rooms.

We participate on all those websites, we don't use our website predominantly as a way to move distressed inventory.
We are really focusing mainly on selling rooms (xxx) for the longer lead times.

Julian:

So you're providing rack rate up there for longer lead times, as you mentioned and you're also matching the last minute opportunities that you would put out to the other part of the market.

Nicole:

We do. We have a special rate option for people, they can see if there're rooms available with those short lead times.

Julian:

You touched on there a moment ago the fact that there is some management time that has to go into balancing all this and making the decisions about what you're going to offer out to all these channels.
Specifically as far as managing Netroomz on your own website is concerned, what degree of effort is required on a day by day basis and what skills do you need to have within the hotel to manage it effectively?

Nicole:

I'd have to say there is a fair bit of effort involved managing these portals particularly when its not interfaced with our reservations system.
So we have to manually put inventory onto the system and you've got to be constantly watching that because you are also selling rooms through other channels.

So it's a juggling act and I think what has certainly been a great boon for the end user, the consumer, in terms of being able to book rooms in real time online, it certainly, definitely has created more work for us, there's no doubt about that.

Julian:

Sure, but I guess there's obviously are a number of websites that you're managing. You've got Netroomz on the website direct, and then you've got all the normal 3rd party providers.

Nicole:

It probably takes about an hour and a half each day – to do them
Julian: That's for the whole lot.

Julian:

Netroomz itself is similar to managing any of the other 3rd party sites?

Nicole:

That's right, except you're wanting to move more inventory through your own portal.

Julian:

Does that mean you probably a little more effort and time into that?

Nicole:

Yes.

Julian:

What have the results been for Y on the Park since you've implemented Netroomz as your direct booking engine?

Nicole:

It certainly has been driving business, through the site.
I wouldn't say its additional business, I can't say to you that our occupancy rates have increased because of it... certainly there's a lot of volume coming through and I suppose you could argue that if we weren't there, we might not be achieving those occupancies, and ...it's reduced our marketing costs in a sense.

Julian: How so?

Nicole: It hasn't reduced them yet, I've certainly spend my entire marketing budget for the financial year!!!

But over time it will reduce some of the marketing expense tied up in the print publications.

I know I certainly am going to be driving more effort and money through online marketing activities.

And the beauty of them is you're getting a direct measurable result whereas you can run an ad in a publication you've got no idea whose seen it.

Julian:

I know you commented that the occupancy level has remained the same so you couldn't say that there is incremental business there, but would you say that the business coming direct through your website now possibly was coming through other channels, maybe commissionable channels, and now its not?

Nicole:

Possibly.

I think travel agents business has been on the wane for some time.

I know that we have a couple of fairly large inbound agreements.

I can't say that - I would say that where people were phoning direct, they're now booking online.

Having said that, we did achieve very good occupancy for this year, so I think it's certainly been instrumental in helping us achieve healthy occupancy. Look, maybe I could say it has contributed 1-2 % to our occupancy because it was a little over what we budgeted for.

Julian:

I think previously you had a request type situation on the website where people would fill a form and then you would come back to them and let them know rates and availability, and then they may ask more questions and kind of go back and forth.

Nicole:

That's where I think it certainly has created efficiency.

Julian:

Has that reduced some kind of reservation workload?

Nicole:

I would have to say, it has definitely, except not to the point where it's allowed me to reduce my costs.

Julian:

But I guess you've freed a little bit of time for these same people to be able to manage all these sites, as you mentioned before...

Nicole:

That's right and they can deliver more – better customer service really. Having said that, because its not interfaced with the reservations system, there is still a fair bit involved in actually making the booking. We've still got to physically go into our system and then make the booking into the system. Really it hasn't freed up a lot of time

Julian:

So what would you say the benefits are?

Nicole:

Really, the benefit is really for the consumer – it gives them that opportunity to shop around and I just think you just can't afford not to have that presence, and if we hadn't had the presence, potentially we may have seen our occupancy drop. That's the upshot of it.

Julian:

That's the most significant. There are going to be some people listening to this who have the same style of request form on the website and I guess they may not know what they're missing potentially by not having instant confirmation for their guest

Nicole:

We're selling on average about or over 500 room nights a month that's around about \$60000 revenue per month, its a pretty healthy channel and one I think any hotel couldn't afford not to.

Julian:

Has that grown since before you started offering the booking engine's instant confirmation... was that channel a smaller contributor?

Nicole:

Much smaller, absolutely I'd say we were maybe selling about 100 rooms nights through on a request basis. Because all we were generating really were inquiries, and being able to make a booking instantaneously, you're getting the business there and then.

People having to then do an inquiry, get a price, find out if there's availability, there's the opportunity that you're lose them.

I think what is brilliant about it is the directness of it.

Julian:

The immediate response for the consumer? You mentioned before the consumer is the beneficiary in the sense of the convenience.

Nicole:

The great advantage for the hotel is giving you the opportunity to move inventory where you never had that opportunity before.

You were lucky if there was the standby desk at the airport, you could ring there on a daily basis and say "does anyone happen to be looking for a room," It just gives you a lot more control.

Julian:

In numbers terms I think you said you were getting a 100 rooms previously and now its more like 500 a month...

Nicole:

I think that now a lot of people who would have once upon a time been ringing the hotel are now using the internet.

A lot of people are making their travel purchases online, and doing that research and if you don't have that capacity to book online you potentially going to lose the businesses to someone who does.

Julian:

What lesson have you learnt and what advice would you have for a hotel that is perhaps struggling to generate significant volume of business direct off their own website.

Nicole:

Promote the website at every opportunity and I think optimization is certainly important, mind you that's not the easiest thing to achieve though either.

Certainly promoting it to guests and doing in-house promotion, best rate guarantee.

Julian:

Offering rate parity is an important part of that approach

Nicole:

Yes definitely I think people need to know if you're going to drive it through to your own site, that they can go there and get the same rate as they might get at a last-minute or a wotif.

Julian:

Because otherwise they're are going to go and research on those sites as you mentioned before anyway

Nicole:

Exactly and those sites have pretty good branding awareness in terms of what they do...

Julian:

So it's a combination of optimising the website, promoting the website both online and offline and following up with rates.

Nicole:

We didn't have to do a great deal other than get the booking engine on there. People are looking for it, if they know that your hotel exist they are going to go online to have a look at the facilities and if they are sufficiently interested they are going to make the booking there and then, you've got to have it there.

Julian:

As long as the rates are on par and availability are on par, with other channels.

Nicole:

I've noticed a lot of our bookings are of a reasonable lead time, its not that people are going on there to try to find discounted rates, they're going on there wanting to make a booking and the beauty of that is you're making yourself accessible to that international audience...

Julian:

That's an interesting comment because what we've observed system wide across all the hotels using the system is that the average lead time is 21 days...

Nicole:

I haven't seen a breakdown of where the business is actually coming from but I'm wondering how many of those is international, I imagine it would be driving a reasonable amount of international business with those sorts of lead times

Julian:

For your hotel, I guess the market mix you described earlier that would be the case I'm just observing across all the hotels of which there's quite a variety – resorts, from 5 star, 2 star and everybody it's 21 days on average, which concerns what you were just saying, that people are using these direct website booking services not necessarily waiting to the last minute to get in, but as long as they can go in there and get a rate and get instant confirmation...

Nicole:

That's a trap that a lot of hotels are feeling that they need to discount their rooms online but that's certainly not a strategy we've taken

Julian:

And it's working well! Anything else you want to add...

Nicole:

I just recommend anybody embrace the web, as a highly effective way to generate business... I suppose just be a bit sophisticated how they manage the sale of those rooms...

Julian:

In the sense of the rack rate the long lead times and matching the last minute offers you're putting out on the last minutes sites.

I think one of the worst things you can do is have rack rate out on your own websites the next week whilst you're offering 50% discounts through every portal sites.

All that does is diminishes credibility for those people who do actually go to the website with the intention to book, they won't come back there again.