



Fáilte Ireland
National Tourism Development Authority

Key Insights and Top Tips on Engaging with OTAs

Informed by Fáilte Ireland meetings with a number of leading OTAs



Key insights for engagement with OTAs

1. Understand what the OTA channel can do for your business

- Understand what the OTA does for the cost of sale / commission charges. The OTA delivers global customers for your business
- Objectively assess if your business needs access to the customers and markets the OTA can deliver
- If you conclude that you do need access then you need to understand if you can replace the function yourself, or lean on the support of a B2B OTA channel to obtain global reach
- Before making this decision, you should assess areas such as finance resources, staff resources, staff skillset and time availability
- If you conclude that you should engage with an OTA, you can do so in the full knowledge of the potential return to your business for paying the OTA commission.

2. Take responsibility for the product that belongs to you

- Your business needs to take responsibility for all the inventory that belongs to it (e.g. rooms, visitor attraction ticket sales)
- Each business is unique and needs to make independent decisions that benefit its own revenue generation
- While the OTA sales channel can deliver global visitors in return for a commission, you should exercise caution before solely engaging in any single sales channel. Ask yourself:
 - Are you committed to diversifying your sales channels (sources of business)?
 - Are you committed to diversifying the markets you operate in (domestic and global)?
- Blending diverse sales channels (both direct and indirect), customer types and markets, creates a more stable revenue generation model for your business

Always be aware that blending diverse sales channels (both direct and indirect), customer types and markets, creates a more stable revenue generation model for revenue generation.



3. Have key questions ready for OTA engagement

There are diverse potential OTA partners for accommodation and visitor attraction businesses. Before engagement, request an appointment with a representative from the OTA. At the appointment cover the following questions:

Product Information	<p>How will your product information be displayed on the OTA platform (text, images)?</p> <p>Most OTAs do not allow a business to create their own descriptions on their platform. Instead, the OTA takes a tourism business description and tailors it for their platform. This tailored description is created to facilitate translation of the English text into other global languages.</p>
Rate Types	<p>What rate types can you make available via the OTA platform and how could you best manage these diverse rate types? For example, rate types might include:</p> <ul style="list-style-type: none"> • Best available rates or public rates • Late cancellation rate types • Advance purchase, prepaid rate types • Package rate types • Add on services: can you upsell via the platform?
Paid Marketing	<p>Does the OTA offer the potential for paid marketing on its platform?</p> <ul style="list-style-type: none"> • Some OTAs operate paid marketing programmes that allow a tourism business a better position on their channel • You can enquire about these opportunities and associated pricing and commission charges • Once the terms of engagement are fully understood, you can independently decide to engage, or not.
Markets	<p>What markets is the OTA prevalent in?</p> <ul style="list-style-type: none"> • What market is the OTA strong in? • Is there an opportunity to increase sale for any one, or a number of markets via targeted promotions in those markets? • Is there an opportunity for you to geo-target (i.e. create specific promotions for a specific market)?

Referrals	<p>Does the OTA allow my business an opportunity to refer other businesses in my area?</p> <p>Many OTAs now (or will soon) enable one business type to refer another business type in their area. For example, many OTAs that are strong in the provision of accommodation services, now enable accommodation providers to refer local attractions, things to do and places to eat in their areas. Ask if this functionality is available and how to engage with it, if available.</p>
Reporting	<p>What kind of reporting tools are available via the platform?</p> <p>You should be aware of the full reporting capability of the OTA platform and ask questions to increase your understanding of this capability.</p> <ul style="list-style-type: none"> • Does the platform offer competitor set reporting? (This allows you to assess your performance versus other businesses relevant to your profile) • What reporting does the platform give regarding revenue generation: (e.g.) booking pace, conversions, performance by rate type etc • What reporting does the platform give regarding country of origin for bookings?
Loyalty Programmes	<p>Does the OTA operate a loyalty programme for its customers?</p> <ul style="list-style-type: none"> • What kind of information and offers are sent to this customer type? • How can you engage in loyalty programmes (if interested)?
New Developments	<p>Are there new developments and functionality within the OTA's platforms?</p> <p>There may be opportunities for you within these developments.</p>



4. Understand the OTA Contract

- Before engagement with any sales channel including the OTA sales channel, always request and review the associated contract.
- Note that most OTA sales channels operate a rolling contract
 - This means that once the contract is created, it remains in place until either the OTA or you decide to review or refresh its statement or understanding of the conditions
 - Before signing any contract, you should fully understand all clauses by querying those clauses with the OTA contact
 - It is crucial that you only engage with an OTA when it fully understands the rules and conditions of that engagement.

5. Be up to date on 'Things to Do' emphasis by OTAs

Even OTAs that are well known for accommodation bookings are, or will soon, place a much stronger emphasis on 'Things To Do' within Destination Ireland and globally. All businesses and particularly accommodation providers need to be aware of this new development in OTA selling. Be informed and reference 'Things To Do' and experiences in your area. Travel today is all about product within the context of its destination. When engaging with OTAs know how to reference things to do within your destination.

6. Understand the importance of integration of staff resources for OTA platforms

Reservations and Revenue Managers often engage with OTA platforms for the management of rates. It should be noted that OTA platforms have evolved since their first inception. Most are now offering a marketing capability too, for example via:

- Geo-targeting capabilities
- Reporting on bookings per market, or customer type etc.

A business interested in engaging with an OTA should understand the full functionality within the system and assign staff members with the appropriate expertise to maximise the potential of this functionality

7. Rate alignment or rate differentiation?

Many businesses, in particular accommodation businesses, investigate whether they should align the rates they sell on their own website and the OTA channel or whether they should differentiate these rates. There are multiple factors to be taken into consideration when making this decision:

- What is your motivation and what outcome are you hoping to achieve by aligning or differentiating your own public rates versus the rates you display via an OTA channel?
- Do you think you can replace a reduction in OTA bookings and if so, from where, at what average room rate, at what cost, using which resources in terms of finance, time and staffing and with which strategies?
- Will there be any impact on the long-term partnership between you and the OTA? Does this matter, or not, to you?
- If the aim of not aligning the rates is to drive direct bookings at lower commission rates to your business, do you have a robust system for managing data (according to GDPR compliance) and communications via direct bookers so that you can manage and grow this customer segment?
- Are you spreading your business risk across diverse sales channels, customer types and markets?

A business interested in engaging with an OTA should understand the full functionality within the system and assign staff members with the appropriate expertise to maximise the potential of this functionality.

8. Test, Monitor, Tweak

You can consider improving revenue outcomes via testing. You can test rate types and promotions to assess the best outcome for your business.

Most OTAs will allow flexibility in rate management. For example, if reports from an accommodation business confirms that it has a pattern of strong business on a Saturday night, weak business on a Sunday and a medium level of business on a Friday, the business can decide to flex its rates over a 3-night stay in a way that reflects demand and different pitching levels.

If you are aiming to increase business during any night/period via an OTA (and perhaps other channels too), always assess the outcome of that test to ensure the desired result is achieved.

If the desired outcome is not achieved, you may need to tweak/refine the offering and test again.

9. Does your business have a robust customer relationship management strategy?

Many OTAs report that they do not mind if a tourism business aims to convert an OTA booking into a direct customer. If you are interested in doing this make sure you have a robust system for the collection of customer data (according to GDPR compliance) and a strategy for the management of communications with these customers.

Top Tips for engaging with an OTA

1. OTA is a sales channel

It can deliver domestic and global visitors to your business in return for a commission payment. You should independently assess if the delivery of those visitors is worth it for the cost of sale (commission) charged by the OTA.

2. OTA cost of sale considerations

Understand the cost of sale for each booking (across diverse customer types and markets) delivered via the OTA platform. Decide if that booking represents value for your business versus the cost of sale. Decide to engage, or not engage accordingly.

3. Staff integration and expertise

Before engaging with an OTA platform, make sure the business understands the full functionality available within that platform (rate management, marketing potential, reporting etc.) You must then ensure that the correct staff members are working together to get the most out of the platform..

4. Rate management

Have a well thought out rate management strategy. It is recommended that you inform yourself about diverse rates types and promotional opportunities via the OTA platform (e.g. advance purchase and fully prepaid rates, flexible rates with a late cancellation policy, package rates, upsell potential etc). You can then work out how to build and blend these rate types to create the best outcome for the business.

5. Inventory management

Clear communication is recommended in relation to inventory. Clear direction is recommended regarding capacities e.g. for accommodation providers, if a room can accommodate 1, 2 people, or a family of 4/5 this can be indicated to increase the customer types that can book your business.

6. Reporting

Many OTA platforms offer excellent reporting tools that can inform you about the kind of customers booking your product, competitor set performance, what markets they come from, conversion rates and conversion rates to expect. A business should know how to glean important information from these reports to help inform its own revenue generation strategy.

7. Contracting

You should not sign an OTA contract (or any contract) without being fully aware of the terms and conditions. While OTAs generally offer rolling contracts (i.e. contracts that are not renewed annually), it is recommended that you refresh your understanding of the OTA contract conditions on an annual basis. Meet with your OTA contact to clarify any conditions.

8. Things to do and experiences

Be aware that this is an important and growing trend within travel and OTA platforms. Accommodation businesses should be informed about how to refer local 'Things To Do' and visitor experiences via the OTA platform. Visitor attraction and experiences need to be aware that many OTAs (even OTAs that have been dominant in accommodation bookings) are fast moving toward the inclusion of 'Things To Do' on their platforms.





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