

# From OTA to ETA: A new marketing approach is needed for the hospitality industry

The pandemic created a perfect storm of economic complexity and hospitality fragility, leaving consumers seeking affordable, immediate, and extraordinary experiences. Online travel agencies (OTAs) capitalised on this demand, taking complete control over the industry and putting everything at consumers' fingertips.



Source: tirachardz via [Freepik](#)

The hospitality industry is on the cusp of a profitable opportunity if it reduces its reliance on online travel agency service providers and instead builds its own marketing foundations

The platform business has stepped straight into the middle ground between the hospitality sector and the consumer, and taken complete control thanks to the perfect storm of the pandemic, economic complexity, hospitality fragility and voracious, budget-conscious consumer demand, says Ben Swartz, CEO at CBR Marketing. "The industry was severely impacted by the pandemic with many hotels struggling to stay afloat," explains Swartz. "These effects have been further exacerbated by the OTA service providers who have made it challenging for the operator to pick pricing and target markets."



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Stewart Smith 1 Sep 2022



"As the pandemic slowly receded, pulling its tendrils out from within an industry shattered by closures, lockdowns and travel restrictions, it left behind a consumer base hungry for the immediate, the extraordinary and...the cheap. And opened the door very wide for online travel agencies (OTAs) that put everything at the consumers' fingertips.

This has also introduced one word to the sector – stranglehold. In a recent analysis of the sector by Sachin Narode, the co-founder and CEO of Xeni, he points out that the OTAs have 'won over customers by providing easy access to vast supplies of travel inventory and one so powerful that travel providers have no choice but to participate'. It is a theme that carries across continents and companies.

In China, the Jin Jiang International Hotels Group launched WeHotel – a loyalty programme designed to reinvest in the hospitality sector's autonomy. Hilton recently launched a campaign that was dedicated to getting customers to book directly with them so they could shake off the OTA hold and gain their own traction.

The challenge for the sector is that while OTAs provide them with the opportunity to find new customers and move spaces and avoid empty rooms, these online platforms also tack on a pretty hefty booking fee. The commissions vary from OTA to OTA, but invariably sit at the 25% mark and this spend can leave an unpleasant dent in the bottom line. The OTAs would argue that the spend circulates – they invest into marketing that takes a lot of pressure off the hospitality sector and are, themselves, caught in the loop of advertise, market, spend, repeat.

## **Building marketing foundations**

"The key to success is to strengthen the brand, identify the optimal target market and reduce the dependence of a company on OTAs," says Swartz. "A customised digital performance marketing strategy aligned with the company's business KPIs will help re-evaluate and redefine how the company approaches customers. This is key to ensuring the right target market is brought into the business at the right price point."

Targeted social media, email marketing and SEO optimisation are also powerful tools that the sector can use to create and promote a company's unique selling proposition across multiple marketing channels. This should be balanced by website optimisation and improved user experiences that make bookings frictionless.

"We recently completed a campaign with a hotel group that has seen an increase in revenue from direct books from 36% of total revenue to 78% with a 71% increase in average room rates," concludes Swartz. "This strategy has proven to reduce commission payments to OTAs by 62% for this chain, and still kept marketing costs at a reasonable level."

Smart and strategic marketing can put control back into the sector's hands without compromising on OTA relationships and areas of growth. This introduces balances and allows for hotels to refine their pricing and target markets to fit their unique objectives and goals.