

# Hotels open doors to online bookings to woo Net-savvy guests

**TOURISM** | Vancouver-based hotel management firm expects 15 per cent of reservations will be booked through the Internet next year



BY BRUCE CONSTANTINEAU  
VANCOUVER SUN

When Vancouver hotel general manager Tom Waithe travelled to Boston recently, he had to find the most affordable hotel accommodation possible.

But he didn't use industry contacts to find a great price, and he didn't make dozens of phone calls. He went online.

"I went to Expedia and the rates were better," said Waithe, general manager of the Metropolitan Hotel. "I hate to announce that, but that's just the way it is now."

Online hotel bookings are booming in the hospitality industry as consumers pick and click their way to the best deals possible.

Waithe estimates that 25 per cent of the Metropolitan's bookings now come from online sources like Expedia, Travelocity, Hotels.com and his hotel's own Web site — metropoli-

tan.com.

Alasdair Douglas, vice-president of marketing for Vancouver-based CHIP Hospitality, said online bookings can range anywhere from zero to 40 per cent of a hotel's business and the numbers are growing exponentially.

CHIP manages more than 30 hotels across Canada, and Douglas said about five to seven per cent of the chain's bookings are received online. He expects that to double within a year, as the company has spent close to \$100,000 in the past 18 months to improve its Internet presence for consumers and businesses.

"Bookings on our own Web site are up about 300 per cent over last year," Douglas said. "It used to be in the hundreds of thousands of dollars, but now it's millions."

Hotels are anxious to attract as many online bookings as possible through their own Web sites because it's much more profitable for them than bookings made through a third-party site like Expedia or Travelocity.

Major hotel chains like Hilton or Hyatt or Holiday Inn drive a lot of business through their Web sites because their brands are so well known, but smaller hotels don't have that marketing clout.

"I pay a substantial fee to Expedia for using their services," Waithe said. "When a guest pays \$200 for a room, I only get about \$140 of that because a

huge chunk goes to Expedia.

"It's an expensive site for us, but it really is a wonderful vehicle for getting business up to our hotel on weekends."

Waithe said much of his hotel's weekend business comes from Seattle and Portland residents who decide at the last minute to spend a couple of days in Vancouver.

"We're an independent hotel and a little bit of an unknown, so the average guy in Seattle isn't going to say: 'I think I'll go to Vancouver and stay at the Metropolitan,'" Waithe said. "But when he goes online to Expedia or Hotels.com and reads about us and sees our picture and looks at a good rate, he's more likely to pick us."

Jens Thraenhart, director of Internet strategy for Fairmont Hotels & Resorts, said Fairmont has made a "significant investment" to improve its Internet presence and the company is relaunching its fairmont.com site this month — with better images and more user-friendly ways to book rooms and activities at company hotels.

He said 12 to 13 per cent of all Fairmont bookings come from online sources — about half from fairmont.com — and the hotel chain wants to double its company Web-site bookings over the next year or two.

See **HIGHER-END** G2

# VIRTUAL ACCOMMODATION

- Expedia sold more than 69,000 room nights on a single day this year - equivalent to filling every hotel room in San Francisco twice.
- Hilton Hotels reported more than 450,000 online reservations were made in June this year, representing more than \$109 million US in revenue.
- Consumers find it easier to book hotels online than airline flights, according to a Web Mystery Shoppers study.
- Nearly seven in 10 companies have saved money by using corporate online booking tools, according to a National Business Travel Association survey.



# Higher-end clients still less likely to book rooms online

**From G1**

Thraenhart said Fairmont has created rate-parity clauses with other Web sites so they don't undercut rates found on the hotel chain's own site and stressed that if you find a lower price elsewhere, it's likely a smaller or more-downscale room.

But he said it's important for Fairmont to maintain a presence on third-party Web sites.

"We're still a relatively small chain and consumers may not know that we have a hotel in Kansas City," he said. "So they might pass on going to fairmont.com to find a hotel there."

Global Travel manager Scott Clute said hotel bookings used to represent at least 30 per cent of his agency's business but the do-it-yourself trend by consumers has cut that number in half.

He said travel agents used to get a 10 per cent commission from hotels for every booking they made, but that commission no longer exists so most agents charge a fee for booking rooms.

Clute said online providers that list a wide range of hotel options for travellers often provide the best value, and consumers know that.

"There is often no loyalty [to any particular brand] when people travel on vacation because they're looking for the best deals," he said. "They'll go to a place like the Flight Centre for their airline tickets and make their own hotel reservations and in most cases, they'll save money by doing that."

But Clute said higher-end hotel clients — those who pay \$250 US a night and up — are less likely to book online than more value-

oriented customers.

"Those are the people that want to actually talk to a hotel representative and have them go through their spiel and tell them what you can get at that particular property," he said. "When you're spending \$10,000 on a trip to South Africa, you're not going to do everything online. But if you're going to Las Vegas for \$99, then you will."

Waithe said the hotel industry was caught off guard by the surge in online bookings and admits that three years ago, he wasn't overly impressed by travel industry websites because he didn't think hotels needed them.

"But over the past 18 months, it has just exploded and continues to go that way," he said. "We had 25 new reservations come in yesterday from Expedia. What are you going to do?"