

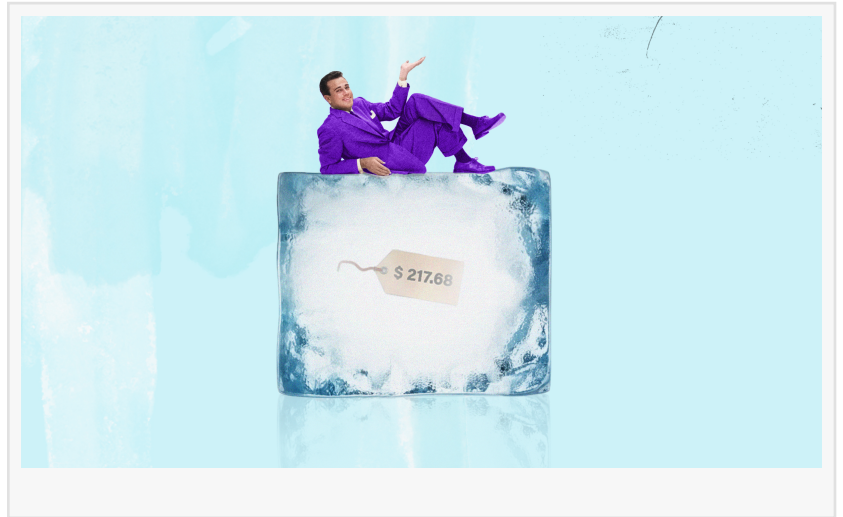
The OTA Anxiety Trap & How Guestcentric's RezLock helps Hotels Convert Hesitant Bookers Directly

Learn how hotels can reduce booking anxiety and increase direct reservations by offering flexible rate-lock options using RezLock.

ALGES, LISBON, PORTUGAL, June 7, 2024 /EINPresswire.com/ -- By Pedro Colaco, CEO of Guestcentric

With the abundance of options, varying prices, and uncertainty about making the right choice, booking travel is a stressful experience for consumers.

This is particularly true for high-demand hotels and busy dates, when the pressure to secure a booking intensifies. Travelers often worry about selecting the best hotel, fair pricing, and fluctuating rates, leading to high website abandonment rates or cancellations prior to check-in.



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Implementing a direct-first revenue management strategy with flexible options like RezLock increases direct bookings and generates higher profit margins compared to those made through OTAs.”

Pedro Colaco, CEO of Guestcentric

Consumers increasingly demand flexibility when planning and booking travel. A 2023 Skift report indicates that post-pandemic travelers prioritize booking flexibility, with many willing to pay a premium for refundable options. Similarly, a Global Business Travel Association (GBTA) survey found that 68% of travelers consider flexible cancellation policies a critical factor in their booking decisions.

To give consumers more peace of mind, hotels and OTAs offer refundable rates. However, last-minute cancellations and a softening demand environment can lead to unoccupied rooms and lost revenue during peak demand periods.

To mitigate their concerns, many guests turn to Booking.com for its free cancellation policies, allowing them to cancel easily if their plans change. While this strategy eases traveler anxiety, it creates significant issues for hotels.

First, there is a high likelihood of cancellations. According to Guestcentric's hotel portfolio analysis, 30 to 50% of all Booking.com reservations are canceled before check-in, translating to a 50 to 60% cancellation rate for tentative bookings. Hotels also face an 18 to 30% net income difference due to commissions and costs associated with Booking.com's Genius program. Crucially, hotels miss out on direct access to customer data for upselling and enhancing the guest experience.

Cancellations typically lead to lower ADR reservations replacing them. A Guestcentric study on June 2024 demand shows an ADR gap of up to 14% between confirmed and canceled reservations. In a 75-room boutique hotel with high occupancy and an ADR of €225, this effect can easily represent a loss of up to €500,000 to the bottom line.

Therefore, hotels need an alternative strategy to enhance the guest experience without compromising revenue.

A 'Direct First' Revenue Management Solution for Hotels

Hotels should encourage guests to book direct to optimize their revenue management strategy. One effective approach is to make all OTA rates non-refundable gradually, starting with peak periods. Given that non-refundable rates are typically lower, hotels can maximize visibility on these channels by showcasing less costly rates while ensuring these platforms no longer serve as a quick solution for anxious travelers seeking refundable rates.

By following this strategy, hotels can provide three options. First, consumers can book a non-refundable rate through Booking.com or directly with the hotel, although this choice often comes with unease about potential plan changes. Second, hotels can offer guests the option to book a refundable rate directly, providing full peace of mind but at a significantly higher cost—about 30% more than the non-refundable rate, in line with revenue management best practices.

Finally, similar to airlines offering lower rates well in advance and increasing them closer to flight dates, hotels can allow guests to lock in a lower rate in advance for a nominal fee.

Enter [RezLock](#) - The Key for Hotels to Give Guests Flexibility and Increase Direct Revenue

RezLock, one of the latest enhancements to [Guestcentric's HyperCommerce platform](#), allows guests to lock in their preferred room rates well in advance for a nominal fee, providing flexibility in booking decisions while offering an extra source of ancillary revenue for hotels. If the booking

does not materialize, the hotel retains the fee for the locked rate.

This approach complements a direct-first revenue management strategy by offering guests more flexibility when booking direct. Meanwhile, hotels benefit from an easy-to-use and fully customizable solution that gives them control over the setup and publication of lock-in fees and durations. Hotels also have more opportunities to strengthen the direct relationship with guests, even if they choose not to follow through with a locked-in rate.

Below are some more ways that RezLock benefits hotels in their direct business growth strategy:

1. **Source of Ancillary Revenue:** Guests pay a nominal fee to lock in their rate. If they decide not to book, the hotel retains the fee and any non-refundable portion of the reservation, creating an additional revenue stream for the hotel.
2. **Enhanced Revenue Management:** By encouraging early rate locking, RezLock helps hotels manage their inventory more effectively and forecast revenue with greater accuracy. This optimization leads to better occupancy rates and reduced last-minute vacancies.
3. **Improved Cash Flow:** Securing bookings in advance improves a hotel's cash flow and aids in financial planning. Early revenue can be reinvested into operations or enhancing guest experiences, benefiting the hotel's bottom line.
4. **Increased Guest Satisfaction:** Rate locking provides guests with peace of mind, knowing that their rate is secured regardless of market fluctuations. This reliability builds trust and can lead to higher guest loyalty and repeat business.
5. **Competitive Advantage:** Implementing RezLock sets a hotel apart in a competitive market. Travelers who prioritize financial predictability and careful planning are more likely to choose a hotel that offers such an innovative rate-locking feature.

Conclusion

RezLock helps hotels address and mitigate consumer hesitancy by offering peace of mind and financial predictability. By following this approach, hotels can reduce reliance on OTAs, minimizing the costly impact of their last-minute discounts and high cancellation rates. Implementing a direct-first revenue management strategy with flexible options like RezLock increases direct bookings and generates higher profit margins compared to those made through OTAs.

In summary, RezLock boosts profitability for hotels by enhancing revenue predictability, reducing cancellations, and optimizing the booking process to capture more direct reservations, ultimately leading to a more stable and profitable business model.

[Contact us](#) to learn more about how RezLock can help your hotel!

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