

Flexible Payment Options Drive Direct Bookings and Revenue for Hotels, Industry Expert Highlights

BNPL is gaining traction as it boosts direct hotel bookings by offering guests flexible payment options—either paying upfront, partially, or before check-in.

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/EINPresswire.com/ -- The hotel sector is increasingly recognizing the strategic advantage of implementing "Book Now Pay Later" (BNPL) models, a trend gaining traction as it directly contributes to boosting direct hotel

bookings by offering guests flexible payment options—either paying upfront, partially, or before check-in. By offering guests enhanced payment flexibility, including options to pay upfront, partially, or just before check-in, hotels are seeing significant improvements in conversion rates and revenue optimization.

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Tarun Goyal

The BNPL approach allows for a variety of payment methods, moving beyond the traditional binary choice of immediate payment or payment upon arrival. While seemingly counterintuitive, many guests demonstrate a preference for prepaying, driven by reasons such as avoiding potential issues with exchange rates, simplifying bookings made on behalf of others, or the desire to use specific preferred payment modes.

For hotels, the impact of offering such flexibility is clear

and positive. Properties utilizing BNPL are experiencing higher conversion rates on their booking platforms and lower cancellation rates. Tarun Goyal, CEO of Simplotel, highlights the significant difference: "With a pure pay later option where you do not even collect the credit card number of the guest, in our platform we see a cancellation rate of 30%. For prepayment bookings, those



Buy Now, Pay Later means more options to guests

come down to about 10%." He adds, "For card guaranteed bookings, the cancellation rate comes down to about 20%.". This demonstrates that guests who commit financially upfront are far less likely to cancel their reservations.

Furthermore, hotels can leverage BNPL strategically to optimize revenue management. For instance, offering more flexible pay-later options might be a valuable tool during periods of low occupancy to stimulate demand, while encouraging or requiring prepayment could be strategically employed during peak periods to secure bookings and revenue. This strategic use based on occupancy levels allows hotels to adapt their approach to market conditions.



Tarun Goyal, Founder and CEO of Simplotel

Implementing BNPL does come with potential operational challenges, such as the possibility of front desk errors or the necessity for additional staff training. However, these challenges can be effectively mitigated and managed through the adoption of automation and smart technology solutions. Technology can streamline the payment process and reduce the likelihood of human error.

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