



Campus Travel™
The Smart Choice

A lesson in hotel rates for the academic industry



The A,B,C of yield management.

Yield management is a key strategy for hoteliers, who apply a range of best practice methods to maximise their revenue. While Campus Travel has broader access to hotel rates than any other travel agency in the academic industry, it's important to understand the process behind hotel yield management and hotel rate distribution in order to develop a high-performing hotel program.

How do hotels filter their rates out to the market?

Hotels use channel management tools that allow them to update their rate at the individual hotel level. This rate is then distributed simultaneously to all booking channels including their own websites, third party websites and travel agents, through the GDS (global distribution system). This allows transparency and consistency across all booking channels.

Why do rates differ sometimes among the various booking channels?

There are several reasons why rates can differ from channel to channel. First, you need to make sure you are comparing the same for same eg. same room type, same payment conditions etc. Exchange rate fluctuations may also contribute to this. Secondly, most hoteliers send their rates to all channels at the same time. Some third party suppliers do not use real time, which causes a lag in the display and shows old rates to the consumer.

“Accor makes its public rates available to all channels simultaneously to enhance rate promotion and consistency. This approach in conjunction with Campus Travel gives clients wider access to our latest rates more readily while maximising the exposure of our properties through the various channels.”

Rod Hales, ACCOR

Distribution Manager GDS and Internet Connectivity

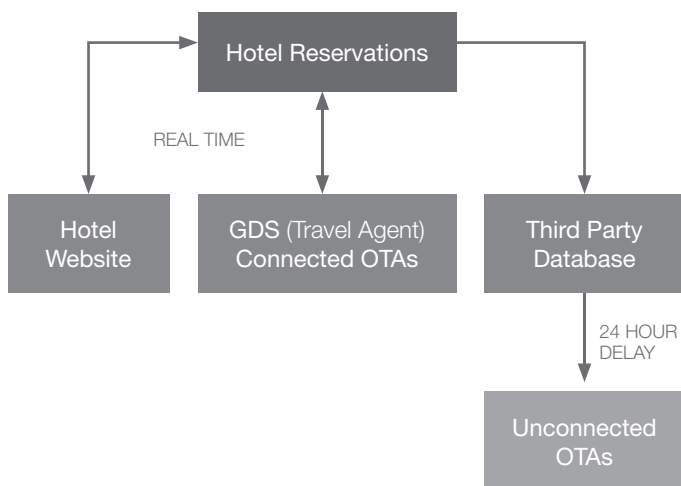
Quite often, when a customer attempts to book the displayed rate, it will no longer be available and will refresh with the new rate, at the time of booking. Travel companies, like Campus Travel, have the benefit of utilising real time rates via the GDS system.

What is BAR, LRA, NLRA and Dynamic Pricing?

Best Available Rate (BAR): also known as Best Unrestricted Rate (BUR) or Best Flexible Rate (BFR). This is the best non-negotiated rate available at the time of booking. BAR rates fluctuate with the market and are set at the start of the year, however each hotel has the capacity to change the rate (on a daily basis if they wish) to meet local conditions.

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Hotel Rate Channel Management



Last Room Availability (LRA): all rooms in the category for which a client rate has been negotiated and agreed upon, should be made available to the client at that agreed rate up to and including the last room in that category.

Non Last Room Availability (NLRA): an agreement between a hotel and a client whereby the negotiated rate is available to travellers at the discretion of the hotel. In peak periods, hotels can block NLRA rates and charge a higher rate to maximise revenue.

Dynamic Pricing: a discounted rate off the BAR rate. Organisations can negotiate a fixed discount off the BAR if they have sufficient room night volume. The discounted rate fluctuates in line with BAR fluctuations.

When does a hotel offer LRA and NLRA?

Where we have our negotiated FCL rate, it is always based on last room availability. Simply, if there is one room left to sell, we will have access to that rate for that room. The Flight Centre Limited rate is based on the best available rate of the day.

As an organisation with a contracted rate, hotels will offer you a rate based on an LRA or NLRA. LRA is a usually a premium rate, but ensures last room availability at your contracted rate, in that room category. The NLRA rate can be lower, however if the hotel becomes fully booked, your rate will be closed out and you will be subject to the best available rate of the day at the time of booking.

The market usually dictates whether a hotel will offer an LRA or NLRA rate, with factors including volume commitment by the organisation, general market conditions and high occupancy cities.

If your negotiated rate is closed out we will book the FCL rate, which then becomes the best available rate. By booking the FCL rate, you are identified as an academic industry customer and the hotel can track your institution's performance, which enhances your negotiation power for the next RFP season. The hotel can also provide security tracking for your travellers, which supports your duty of care.

Why book a contracted rate over a cheaper last-minute rate?

1. A contracted rate provides recognition of the room night for your traveller and your organisation. Booking a rate on a third party website will not count towards the room night target your organisation has agreed with the hotel.
2. A contracted rate will allow for flexibility and usually has a 24-hour or same-day cancellation policy. A last-minute rate will often be an instant purchase and non-refundable.

When is our hotel spend enough to negotiate contracted rates?

This will vary according to local market conditions. As a general rule, hotels will look at offering a contracted rate to an academic organisation when they are able to produce more than 100 room nights per annum into that particular hotel.

Some key global markets such as New York often require a minimum room night commitment of 250-500 room nights before offering a contracted rate.

Once the rate and volume target are agreed to, hotels will monitor production throughout the year to ensure you are on track to reach your room night commitment. A mandated hotel and travel policy will assist to help with this and also work in an organisation's favour when negotiating the following years rate.

Why are there times when you can't book a room night, yet when we call the hotel, they have availability?

Travel consultants around the world use the GDS to make all flight, car and hotel bookings. This technology allows travel consultants to access thousands of suppliers through the one system. Bookings and availability are in a 'free sell' environment, which means your travel consultants can sell and confirm as long as the hotel shows in our system. As a hotel reaches full occupancy, it may have to close out its GDS access to ensure it doesn't enter into an 'oversold' situation. This is why we can sometimes secure you a room by contacting the property direct instead of booking through the GDS.

For further information please visit campustravel.com.au