



Hello Hotelier

My longest phone call to a hotel explaining the GDS and IDS, took 11 hours.

It started at 9 in the morning and ended at 8 in the evening. And that was a big hotel, *used* to marketing.

All this just to say: the GDS *can* be confusing.

Hence this introduction.

There are as many hotels that profit or profit very much, as there are that loose out on money and time, *as there are that are not making use of the potential they have.*

Nowadays there are so many options and so many 'GDS representatives', basically every month there is a new one, with still lower rates, and lower, and lower (and less and less and less quality, expertise in revenue management) that a hotel can be totally lost.

Exposure to half a million travel agents in the world: of course that is wonderful. GDS and IDS Connectivity **can** be great for an independent hotel.

But it can still seem like a huge and risky step. After all, not every hotel has potential on the GDS.

So take your time to read this. If you are already on the GDS but do not receive reservations: *this might help you to take away your worries* – or, on the contrary, decide to call your representative right away.

I have tried to make it as clear as possible.

Thank you for reading,

Ben Geurts



What *are* the 'GDS'?

GDS stands for: *Global Distribution System(s)*.

They originally stem from the Airline Industry. With the start of commercial flights, the airlines needed a system that would allow travel agents to make reservations for flights.

Together, airlines such as *American Airlines, All Nippon, Cathay Airlines* created a system named SABRE.

The *European Airlines* (Air France, Lufthansa, Iberia, SAS) developed a system named AMADEUS.

This is the reason why most travel agents in the US are still using *SABRE* and those in Europe still use *AMADEUS*.

There are 2 smaller brothers, GALILEO and WORLDSPAN; both owned by Travelport they are on the verge of merging; Galileo is mainly used in the USA and WorldSpan in Asia, but in comparison to Sabre and Amadeus they are rather small.

With the explosion of mass tourism, the GDS systems were amended so that they could also handle hotel reservations, car rentals, cruises, golf packages – anything that could be ordered by a travel agent.

The origins in the airline industry are still visible. For example: *the GPS coordinates remain important*. The GDS almost send a customer to a hotel as though they direct an airplane: they do not send it to a hotel, but rather to precise *geo-codes*.

An other example is that *they cannot calculate children*. If you make a reservation for 2 adults and 2 children, the travel agent will have to read the child policy (the % of reductions for children).

This is often frustrating for hotels, but they have no choice. Every hotel in the world has different, and often complicated, policies for children, and consequently they cannot expect humongous multinationals as SABRE to clean up the confusion.

When a client arrives in a hotel with children, he or she only carries a voucher indicating the price of the adults – ***the child policy is always in the terms and conditions.***





This is one of the major frustrations of hotels, as it is a reason for battles at the reception desk. But the GDS are powerful, and all debates in this direction lead nowhere.

The message of the GDS is: hotel, *you should adapt to us*. Because in this arm wrestling competition, they know they can. Hotels want to be on the GDS whatever the terms, whatever the costs.

Why? Why would a hotel want to be “on the GDS”?

That is simple: there are an estimated 400.000 to half a million travel agents in the world that work with a GDS system.

If a hotel is not in their system... they cannot make a reservation for it.

Consequently, connectivity to these 4 GDS equals a worldwide exposure to just about every travel agency, in every corner, of every city.

And the ‘IDS’, what are they?

IDS stands for: Internet Distribution System.

These are the *virtual* or *online* travel agents.

Whereas your travel agent with a walk-in office around the corner uses a GDS, the IDS are those portals that allow hotel reservations online.

Expedia, Travelnow, Travelocity, Hotel.Com, Worldtraveloptions.com are the very big ones that operate world wide, but there are also Hotel.de, Horse21, Alitalia.com; they might be used locally only, but still cater to tens of thousands of online visitors.

You can also say that Yahoo is an IDS – the Yahoo Travel Section is powered by Travelocity, bringing online reservations under the attention of the more than 300 million visitors per month of this portal.

The convention is that there are 30 very big and important IDS, and some 1200 small to average ones.

In reality there are tens of thousands of IDS in the world, but most can vary from tiny to extremely small, and the overwhelming number of reservations are made through the estimated 1200 known ones.



One of the **problems** for a hotelier is obviously that there are so many IDS, that being on all of them is a logistical nightmare.

Try to manage availability, prices and stay restrictions in 1200 systems!

1200 contracts, contact persons, not even to mention the pile of invoices.

Hence... the “GDS Representative”

A GDS-IDS representative provides the hotel with:

1 system

Such a system can be named a Control Centre or a CRS (Central Reservation System).

A GDS-IDS Representative will tell a hotel:

- We will connect you to **all 4 GDS**
- We will connect you to **all IDS**

And the hotel will only have to make the updates *once*, in *one* system only.

This saves very much time and confusion.

Some providers also include the WBE (Web Booking Engine) of the hotel's own website, which means that also the reservations through the website of the hotel itself can be managed through this system.

The connection is seamless, meaning that from the moment the hotel changes its availability or a price in such a CRS, that change is automatically reflected in any IDS or GDS.

That is the advantage. But obviously, it comes with disadvantages too.

The most significant **disadvantage** is that the rankings of a hotel in a GDS or IDS *will be lower*.

It goes without saying that for example Expedia will be more eager to show a hotel, *when they have a direct contract with that hotel*.



A direct contract can be pretty expensive – hotels can pay *up to 20 or 30% commissions per reservation*.

In return for that high commission, the IDS portal or GDS will push the hotel, provide it with better positions within their rankings.

The most significant **advantage** is that the hotel, **in one go, is represented world wide on every possible channel**. Lower rankings – but an exposure that is without comparison.

The hotel does not have to conduct negotiations, close contracts and follow-up on invoices with and coming from dozens to hundreds of sides: *they only deal with one GDS-IDS representative*.

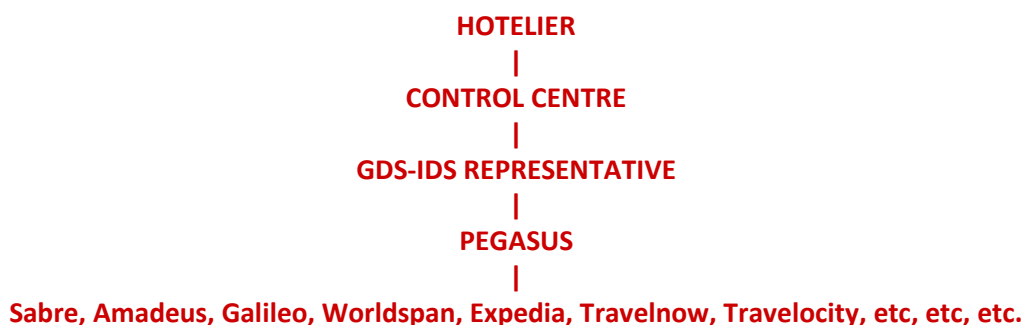
Secondly, in such a case you do not speak about commissions of 25% or more; GDS representatives will advise their hotels to offer 10%, as this has become the international standard.

For a hotel that will attract thousands of reservations, the savings are significant.

A few **notes** though:

Being on “all the IDS” still does not mean that the hotel is represented on just about every online hotel portal.

The IDS are those online portals that are connected with PEGASUS, which is the giant that provides the technical link to make connections seamless. Take PEGASUS out of the equation, and the whole structure falls flat:



There are very many mavericks too: online hotel guides that are not connected to PEGASUS.



Also *they* run in the tens of thousands, as the Internet is an ideal tool for home workers or independents, and there was a point that there was hardly a town on earth where nobody started with a hotel guide.

If you ever hear the word **ADS**: It stands for *Alternative Distribution Systems* and stems from the time when the Internet was still seen as *alternative*.

Nowadays we only use the expression IDS.

“I do not get IDS Reservations”

This is a comment we hear very often. That a hotel does get reservations through the GDS, but not through the IDS.

This has to be put into perspective:

- 1. All IDS are different** and have different policies when it comes to adding new hotels. One IDS will do so within a day after launch, the other within 2 weeks, the next one within 2 months.

So yes, IDS reservations pick up more slowly. In general we say that it takes 6 weeks before a hotel that has gone 'life' on the GDS, will be listed on all the IDS.

- 2. IDS come with different clientele.** Whereas a GDS is used by a travel agent, and decisions often have to be made on the spot, for an IDS this is different.

IDS are visited online and the sales process can be a very long one. Visitors can start browsing in December and only go ahead with the actual reservation by April.

- 3. The IDS are used for research.** Recent research shows that more and more travelers are using the IDS simply to find as many hotels as possible in one website – and then, once they like one hotel in particular, start searching for the direct website of this hotel.

So whereas you might not see the reservation coming from an IDS, it might very well be possible that it is still thanks to your IDS listing that your guest went searching for your website.



No Miracles

A hotel should know that there is no such thing as a miracle.

Being on the GDS = a lot of reservations?

Not necessarily. Many hotels are simply not 'GDS material'. Or the responsible for marketing is not too enthused when it comes to revenue management, or perhaps does not even have the time to follow the training.

Being on the GDS/IDS is a **marketing tool** - a *wonderful* tool for that matter, but still nothing more than a tool.

A car is an amazing tool, and can look shiny and promising... but if you do not **use** it, you might get grumpy and say: it does not drive.

GDS/IDS Connectivity sometimes **only works if you work**. It is up to *you* to make the most of it.

There are tiny hotels of 10 rooms that basically live from GDS reservations only, and luxury hotels of 400 rooms that cancel their contracts within a matter of 12 months because they simply do not get a single reservation.

Much depends on:

- The **quality** of your GDS representative
- **You** following the training
- **You** being enthused

In my experience, it were always those hotels that really, really wanted to understand the possibilities and tactics, that really, really started to play with the control centre and the market... that got far.

Their star rating or number of rooms or budget did not matter. It was the passion and eagerness to make the most of it. Those hoteliers that saw it as an exciting and fun game of Monopoly... not a dreadful *job*.



In that, your GDS-IDS provider plays a very important role. Very good providers are on top of the never-ending evolutions in IDS world, and train their account managers on a daily or weekly basis.

If the provider is excellent, then in general you can sleep on both ears. But still then it can be your motivation that might increase the potential.

What is a typical “GDS Hotel”?

This said, according to the convention there is such a thing as a typical “GDS Hotel” – or hotel with a very high potential on the GDS.

The most important elements are:

- The hotel is located **centrally**
- **Or** it is located near an International Airport
- The hotel is suitable for the **corporate market**

After all, the GDS are the most significant channel for business travellers; that is also the reason that your hotel can be centrally located in Marrakech... that will not help, as Marrakech is not a corporate destination.

Secondary elements that increase the chances are:

- The more rooms, the better
- A star rating of 4 or 5

Again, there is no such thing as a crystal ball. A tiny hotel such as Old Town Square Hotel in Prague works better than seemingly ideal giants in Dubai.

A good **ids hotel** then is a hotel that is located in a destination that is either ideal for weekend or city trips (Seville, Prague,...), either located close to an airport that is catered by many Low Cost Carriers.

Such as the Algarve or Cancun.





Does your hotel **combine both?**

I would say: *then it is time to seriously think about GDS-IDS connection.*

A typical story

In my time as Account Manager I was once responsible for the implementation of 2 hotels in the same city.

(I will not name the city, because it was Dubai, and I would not wish to be arrested at Customs).

These 2 hotels started at the same time, and they were remarkably similar:

- **Same star rating**
- **Same number of rooms**
- **Equally new**
- **Located in the same street**

Within 1 month after both hotels had gone live on the GDS, something amazing happened:

One hotel skyrocketed, as I had not seen before. Usually it takes time before the first reservation drops, but this hotel had its first reservation within the first days, the next day 2, the next day 4, and before the month was over it was one of the most promising hotels I had ever known.

The other hotel – what can I say? It simply didn't get any reservation. It seemed as if all the reservations of the world went to its neighbor.

The reason lay in *the almost extreme difference in attitude between the two marketing managers.*

The marketing manager of the successful hotel was an older gentleman, who had never touched a computer before. *But he was so eager to learn.* So desperately wanting to enter the Internet Era, and not a day went by without an Email or Phone call saying: "Mr Ben, how do I do this again? Could you repeat how I can play with the stay restrictions? What is the difference again between GDS and IDS"?



Sometimes I was literally banging my head against my desk – yes, this was the phone call that took 11 hours.

But it was exactly that eagerness that was the foundation of a smashing success. First, he started to grasp the techniques. Then, they started to enthuse him. And within a matter of a month he had become a true aficionado, simply having *fun* with the control centre, playing with the market as though it were a fascinating and relaxing game of golf.

The other marketing manager never had time, delegated all tasks to a staff that couldn't care less, or were too scared to make mistakes, and just sent an email every now and again to say: "It does not work, I want to cancel".

Ever since then, I know the most important task of any marketing specialist is: to make sure the hotel **understands** the strategy, and, even more important, **enthuse**.

There is not a single successful artist, surgeon, scientist, soccer player... that did not have passion first. *First the passion, then the success.*

Unfortunately, there is still no way to outsource passion. You can buy any tool you want to, but the motor is **you**.

The Costs

Ouch, yes, the costs...

That one reason why hotels often spend months with thinking and comparing.

After all, you are often talking:

- A set-up or **yearly fee** to a GDS Provider
- A cost per reservation to the GDS Provider
- The commission to the travel agent (10%)

All that mounts up to *quite an investment*.

Hence the reason why I always advise hotels to start with a **test phase**. Ideally such a test phase takes *1 year*, as it takes time before travel agents discover and start to trust a hotel. 6 months can be just too short to really know whether the hotel will be successful or not.





I have known it to happen several times, that a hotel was not satisfied at all, and with a reason: still no reservations after 5 months. And then suddenly there is the first one, and a second one.

But still the hotel thinks it is not worth the while, wishes to cancel and, out of the blue, suddenly the reservations start dropping and before you know it the hotelier is jubilant.

To be honest: several hotels never had any reason for jubilation, and I almost motivated them to cancel. Usually an Account Manager gets a feel within 2 or 3 months, whether the hotel will work or not.

Mind that **cheap is never cheap.**

Of course there are GDS Providers that do not ask for a Set-Up fee and are willing to work on commission basis only.

That is fine... *as long as you do not receive too many reservations.* If the reservations run into the hundreds, than you end up paying **much** more with the commission model than with a fixed fee.

And as anywhere else: if you are only willing to pay for a Lada, you get a Lada.

Gone are the days that merely "*being on the GDS*" was a guarantee for success. You might be located in a city where hundreds of hotels are on the GDS. So you might be in a system that is used by half a million travel agents... they will never notice your hotel.

The question is **how** you are in these systems; the **quality** of your connection.

You should have a very good relationship with the Account Manager of your provider. He or she is there to assist and support, help you with revenue management, review your listings in the IDS, motivate you to provide the most attractive texts, inform you of the latest evolutions and tendencies...

Very good providers have very good Account Managers that are there *to make sure that you receive as many reservations as possible*; because that is beneficial for the provider too.



The phenomenon of SEO

Now you might understand the frenzy when it comes to having a well working website.

Reservations that are made on the direct website of a hotel come with:

- *No* travel agent commissions
- *No* GDS Provider fees
- *No* yearly fee for the GDS Provider

Consequently, **these reservations are highly profitable.**

Not even to mention that very good websites reduce the need for Email Marketing campaigns, brochures, expensive mailings and, if the information in the website is accurate and informative, all the time the receptionists spend in replying to Emails and telephone calls.

Correction, this is not the result of a good website, but of an **ideal website.**

The bad news is that half the hotels in the world are busy with SEO. Especially over the past 2 years I have seen the interest in the pages regarding SEO in my websites double, and then triple.

The good news is that most hotels never go from *thinking* to acting, or opt for rather low or standard levels of optimization.

As I keep saying: Search for "*hotel Brussels*" and Google.Com will return over 200.000 results. You could say that the hotel in the 1st position is 'more SEO' than the hotel in the 2nd position – and so on.

The question is not whether a hotel starts with SEO, **but which of the 200.000 levels?**

Unfortunately, today SEO has become an even bigger phenomenon than the online hotel guide before, and there are very many money traps or false promises, not even to mention the "Black Hat" methods, or techniques that are either outdated or misunderstood, often rather hurting a campaign than helping it.

"On Top of the search engines for 49\$" ...?

Right. If that were true, we would all be in the first page. Many hotels have thrown away quite some money to many of such promises, only to discover that it does not work like that.



It took me 5 years in hotel marketing, and then another 2 years of full time testing, before I started to comprehend how and when websites rank high. It used to be about 2 or 3 elements only, but nowadays it takes some 10 important techniques, that also all have to be optimized up to the highest possible level.

True optimization is a craft, the craft of very carefully blending SEO, branding, customer friendliness and marketing into one ideal whole.

What is *your* ideal strategy?

GDS, IDS, WBE, Digital Brochures, Email Marketing Tools, Digital Postcards, Website, Standard SEO, High Level SEO, CPC, ITB, WTM...

No miracle hotels often outsource their marketing, and then say: "*Inch Allah*".

Even after 7 years in Hotel Internet Marketing I am still not able to identify a rule that is straightforward. It always depends. It depends on the number of rooms, the branding, the location, the market, the target market, the competition, the wishes of the hotel, the season, the yes-or-no-financial-crisis, etc.

If you wish a second opinion, simply contact me. My email is ben@bernardus.biz and my Skype is *Bernarduss*.



Our GDS-IDS Specialist is **Timothy Mariën**.

Based in Málaga, Spain, Belgian Timothy analyzes the potential of a hotel and finds the best Connection Package for every budget.

He speaks English, Spanish and French.

Thank you for reading

