

The Real Deal About Online Booking

A sane look at what online bookings can, and can't, do for you

The Internet has certainly changed the travel business forever. Remember when many people were predicting the demise of the travel agent, because consumers were going to buy everything online?

I remember a few years back, when seemingly overnight some large agencies went into panic mode, scrambling to sign deals to license online booking engines for their websites. They were going to make sure they could compete with the large online travel agencies, before those online travel agencies put them out of business.

By Greg Kott

I heard several different strategies at that time. Some agencies just weren't sure, thinking, "Let's put up a booking engine and see what happens." Some decided to combine strategies; first their agents would consult with the client, then the client would conduct the booking transaction online in a kind of self-service mode. Some used the Field of Dreams approach – if you build it (a web site with online booking capability), they (new clients) will come.

Those new clients never showed up, except at a few larger agencies that invested the significant amounts of money and time required to implement online booking and to market their sites. Even those agencies got few online bookings, and they were primarily for air, car and hotel. I'd bet that in some cases they actually lost some sales because their online booking engines were difficult and confusing for consumers.

You may have heard that between 2005 and 2007 the number of people who booked travel online actually decreased. Why? Because in many cases, especially for large-ticket items and complex leisure travel such as cruises and tours, consumers found that the Internet could not provide enough information and comfort to give them the



confidence to plunk down that credit card. As a result, travel agents have made a comeback.

Doesn't it always seem that the pendulum swings wildly from side-to-side? So, let's not overreact to this most recent trend and completely dismiss consumer online booking as a viable website option for the future. We know that travel consumers – including the clients of travel agencies – are definitely shopping the web for travel, and in a big way.

That's because researching and shopping for travel online works. Consumers like it. The dominant consumer behavior I see today is to shop online and book offline. If you don't have a website, your clients are surely shopping on someone else's site, regardless of whether they book online or offline.

I recommend that you have a web presence so at the very least your clients can shop on your site. There are really good website solutions available today for small and large agencies. In addition, a number of services have emerged to help agencies manage their websites, so agents can spend more time doing what's really important – selling travel.

As the technology and usability of online booking engines continues to improve, I believe that more agencies will find it useful to feature a consumer online booking option, even if those agencies still want the majority of their bookings to be conducted offline. Properly implemented, these options will enhance rather than replace the value of a travel agent.

Bread and Butter Bookings

When you hear statistics about the huge number of online travel bookings, it's important to understand that most travel booked online is commodity travel – air, car and hotel. Think of this type of booking as the 'milk and butter' in your grocery store. Grocery stores may not make their best margins on those products, but in order to stay in business, they have to offer them. Likewise, you should consider of

fering consumers the ability to book air, car and hotels on your site to help minimize the chance that your clients will go to another store.

Implementing good air, car and hotel booking engines on your site is now relatively straightforward. They can usually be framed into your site (a common and easy method to incorporate third-party applications onto a website) or integrated using more sophisticated techniques. Framing into a booking engine is easy to do, but it can give you less of an integrated look and feel.

Booking more complex leisure travel online – cruises and tours – is another story. Most consumers shop for this type of travel online and book offline. Most booking engines that can handle these transactions have a number of limitations that are primarily due to the complexity of the consumer purchasing process. If you offer an online booking option for complex leisure travel, make sure your contact information is available at every step in the process, so that customers can stop and give you a call or send you an email if they need help.

It's a bonus to offer online booking capability for complex leisure travel; few clients will use it now, more will use it in the future. One benefit of offering this option is clients can check pricing and availability online in real time, even if they don't complete the booking.

New Dynamics

Some agencies offer dynamic packaging options on their websites. Booking engine technology for dynamic packaging enables consumers who want to build their own trip to assemble air, car, hotel and sometimes destination activity components into a single package they purchase at a single price.

Since pricing for each component is opaque (invisible to the consumer), suppliers can more easily discount individual products in the package without impacting their pricing integrity. The result is that consumers generally save some money on a dynamic package. Travelers are becoming more and more used to this shopping model because dynamic pack-

aging is the key component of the large online travel websites.

Should you add a dynamic packaging booking engine to your website? The answer is yes, if you want to keep your more self-sufficient clients from leaving your site to buy on one of the large online sites. Just make sure you are price-competitive with the large online sites, even if you have to accept lower margins. Because you can also provide clients with your own expertise, always give them the option to build the trip themselves, or look at your packages and specials, and then contact you for help. Don't make dynamic packaging the only kind of shopping experience available for your clients.


One limitation of the dynamic packaging technologies available today is that they don't integrate well with website search engines that support the traditional tour operator products you sell – the most profitable products you typically sell offline.

I would like to see this kind of integration offered in the future, so agen-

cies can better control what is sold, and steer their clients to their preferred supplier products where appropriate. You could then offer a shopping environment where your clients buy your preferred tour operator products for destinations where they do business, and use dynamic packaging for all other destinations.

If you are considering search marketing for your website, remember that it's a difficult and expensive proposition. The chances that someone will find your site and buy a vacation from you as the result of a moderate investment in a "search for key word" are slim.

Your best shot at getting reasonable page one or page two placement in natural search results will come from your ability to be niche-oriented and highly differentiated (i.e. you specialize in quilting cruises), and from hosting a lot of relevant content on your website.

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If You Build It ... Do It Right!

Do you need an online booking capability for consumers? Your first step is to conduct an analysis to determine if online booking fits with your particular marketing strategy. If you decide to implement an online booking option, make sure you don't ruin a good website with a bad implementation.

Here are a few pointers to keep in mind:

■ **Make the consumer's shopping experience your priority.** I've seen too many agencies slap online booking engines onto their sites without thinking how it will affect the consumer's shopping experience. Early online booking engines were designed to be booking engines, not shopping engines. They were often cryptic, hard to use and offered little descriptive information, limitations that turned off many consumers. Make sure that any online booking capability you add supports a simple, clear and easy experience for your clients.

■ **Avoid multiple booking engines.** I've seen many agencies fall into the trap of putting too many independent booking engines on their website. Consumers do not want to

perform the same search in multiple booking engines in order to see all their travel options for a specific trip. They are used to seeing a single website search on the larger travel sites, so make sure you provide that kind of simplicity on your website.

■ **Give your clients options.** Give your clients multiple options – let them shop and buy how they want to buy and when they want to buy. This means you must give them the ability at any point in the process to click, call or email.

■ **Have realistic expectations.** Understand that your online bookings will be a small percentage of your overall bookings. For the foreseeable future, online booking capability will be a convenience for your clients rather than their dominant purchasing option. Make sure your costs line up with that reality. Within that context, rather than concluding that online bookings won't work for you, keep an eye out for improvements in the technology over the next couple of years that will let you leverage online booking capability into a great business opportunity. — G.K.