

Google Just Upended Hotel Distribution

By [Greg Abbott](#), SVP DataArt



Google has quietly changed its approach to the hotel industry in a big way. Separate initiatives have combined to expand Google's hotel distribution influence.

1. Consumers no longer have to leave Google to book a hotel – bookings can be made right on the Google site via Google Instant Booking.
2. The bookings are cutting out the middleman – the OTA's – and going straight to the hotel itself. NB: OTA's are some of Google's largest ad spend so they could indeed be cannibalizing some of their revenue.
3. Google is using a commission model rather than a merchant model.
4. Participating hotels in the Hotel Ads Commission Program are being positioned via Google Hotel Ads and are NOT having to pay CPC.

This shift from Google could be a very good thing for hotels and why should hotels should jump in right away and maximize this opportunity from Google? The reasons for participating are increasingly in line with what hotels want in their distribution strategy, including:

- The bookings are made directly to the hotel and the hotel owns the customer relationship – not the OTA,
- The bookings are made on a commission model – generally more favorable terms than the OTA's merchant model,
- Hotels can get exposure in Google Hotel Ads on a pay for performance basis – not a cost per click (CPC) basis.

If those reasons are not enough to convince hotels to participate, they should consider consumer behavior. Typical consumer behavior already starts with searching Google. There are over 3.5 billion searches made on Google each day. And unlike before, a hotel search can now end in a transaction without ever leaving Google. By not participating, hotels are limiting their opportunity to make a sale. It would be fair to argue that not participating will cost a hotel market share as their comp set takes advantage of the huge audience that Google offers.

It's not just hotels who need to sit up and take notice. Other companies delivering technology to the hotel industry at large need to understand how this will impact their business.

- Software companies need to ensure that they have Google Hotel Ads Commission Program as one of their options. Otherwise, hotels using their software may not have an automated way to participate. Seekda is a channel manager program that was an early adopter with adding Hotel Ads Commission Program as a channel;
- Central Reservation Systems and Property Based Systems are already working with Google to make it easy to participate in Instant Booking. Compatible PMS systems include DerbySoft, Fastbooking, Sabre Hospitality Solutions, TravelClick, and Trust International.

Google's strategy appears to be directly taking on both OTA's and TripAdvisor. These companies will have to figure out how they can counter Google's moves, or, offer a similarly compelling value proposition. There is also risk to OTA's and TripAdvisor if Google chooses to cozy up to hotels by pursuing a path of taking cost out of hotel distribution. Such a move by Google gives hotels additional leverage to put further pressure on to decrease distribution expenses on bookings made via the OTA channel and TripAdvisor.

No matter what the end game is for hotel distribution based on the competitive moves between OTA's, TripAdvisor and Google, hoteliers should immediately take advantage of the benefits available today with both Hotel Ads Commission Program and Google Instant Booking.

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Greg Abbott is a Partner at DataArt, leading the Travel & Hospitality Practice which he formed in 2010. Greg has deep experience in executive sales & travel system operations, with 20+ years in domestic and international online travel industry sector, including entrepreneurship, management, product development, and consulting. His career in travel began in the early '90's while attending the University of California at Berkeley and working at the corporate campus travel agency which was later acquired by STA Travel.

Over his decade with STA Travel, Greg rose to the Director position and later departed to join NEXGEN Travel in Munich, Germany's leading online travel startup, assuming the role of Product Director for nearly four years. While at NEXGEN, his team tackled some of the most unique system and technology challenges in the hospitality & tour operator distribution landscape. On his return to the U.S., Greg joined DataArt as SVP of Travel & Hospitality to lead the charge in building out DataArt's service to leading travel technology companies around the globe. He's a frequent speaker and a thought leader, with a loyal following in the press and social media alike. @jgabbott

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