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The quest for connectivity: where next for hotel sourcing?

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Why has sourcing and selling accommodation in the post-pandemic world become harder? What are the consequences of not getting it right?

We surveyed some of the industry's leading OTAs and tour operators to find out more.





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About this report

These results were gathered in August 2022 from surveying close to 40 travel companies. Over 70% of those identifying themselves as tour operators, around 30% identifying as online travel agencies or wholesalers, and around 8% seeing themselves as a DMC*.

Meanwhile more than a quarter of the respondents represented businesses with over 100,000 bookings a year in sales and only 14% produced less than 2,500 bookings per year.

At the same time the respondents were overwhelmingly senior, with almost 90% responsible for either company strategy, technology or operations.

The report was created in collaboration with Belvera.

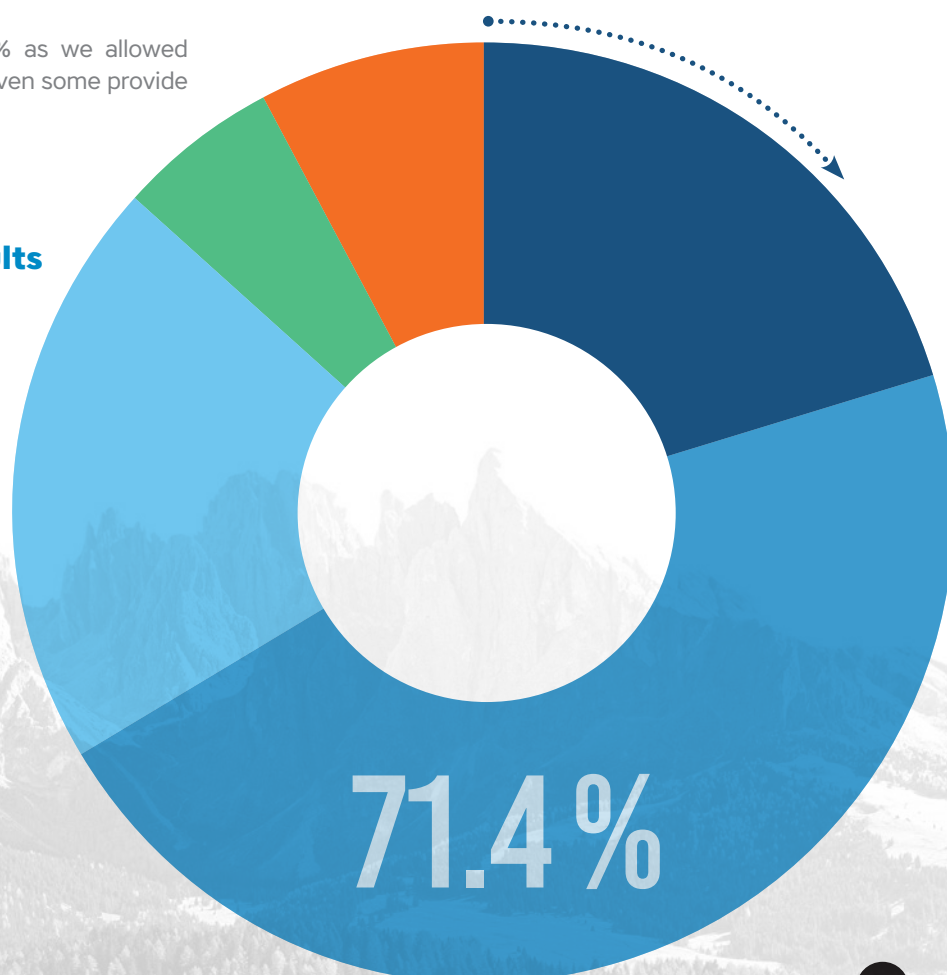
 **Note:** the figures don't add up to 100% as we allowed respondents to tick more than one box, given some provide more than one core service.

 **Click here for the survey's full results**



What is your travel business?

- **31.4 %** Online Travel Agent
- **71.4 %** Tour Operator
- **31.4 %** Travel Wholesaler
- **8.6 %** Destination Management Company
- **11.6 %** Others (Technology Company, TMC, Online Publisher, Travel Agent)



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The importance of **getting it right**

A message from our Managing Director



At intuitive, we believe that the technology that runs your hotel sourcing and connectivity doesn't need to be complex; despite the landscape becoming increasingly so. The fragmented and evolving terrain brings challenges for travel companies trying to keep up, and we're seeing two trends within the industry currently.

Firstly, we are hearing from more and more tour operators and OTAs who find that their existing – and often in-house – solutions no longer match their needs. And secondly, they are overwhelmed by the ever-increasing pace of change; particularly the need for high-performance, latest API connectivity and access to channel managers. This, understandably, has left many confused as to what approach to take.

In other words, not only has the connectivity challenge become more complex, but the importance of getting it right has never been more significant.

To give you some insight into this area, and to validate our own experiences here at intuitive, we decided to survey some of the leading players in the sector and share the results with you.

We hope you find the report enlightening,

Paul Nixon,
Managing Director, intuitive

Why is the challenge of hotel connectivity **more complex than ever before?**

We have evidence of the following trends in the industry that we know are making the connectivity challenge so important for accommodation buyers right now – both to ‘keep up’ but also to add strategic and economic value to their businesses through innovative tech.

More and more hotels are obliging travel companies to connect through Channel Managers. Despite this, companies still want access to ‘more travel product’. In fact, more than **four out of five** responded so in our survey - although it seems that they are struggling to add new connections quickly and efficiently.

This is in part because the pandemic has made both people and investment resources scarcer, both for travel buyers and the hoteliers themselves. This has resulted in a push for direct dynamic rates and more flexible B2B connectivity options.

63 %

of those surveyed have increased their Channel Manager connectivity in the last three years



Inflation and staff shortages are leading to rising costs for the whole travel ecosystem, further straining budgets and resources – and resulting in the need to gain ‘more for less’ from their technology.

All these factors mean that the current tech stacks of travel companies are under huge strain. Such systems were built to load data and connect to one or two external suppliers, not the plethora of options that are required today.



Not only has connectivity become more complex than ever, but the importance of getting this right has never been more significant.

Paul Nixon
Managing Director, intuitive

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Is this part of a **longer-term trend?**



Whilst there have clearly been some one-off and unique things impacting the complexity in the industry, this is nonetheless part of a bigger trend that was happening already.

Until the late 1990s selling and sourcing hotel accommodation was relatively straightforward. Buyers negotiated flat rates for whole seasons in units of seven or fourteen days. This was loaded manually and often arranged face-to-face.

Everything changed with the growth of no-frills airlines and the ability to book online, for the period the traveller wanted. This opened the door for new accommodation players: the OTAs and bedbanks – who could sell accommodation at scale that wasn't necessarily bundled as part of a package.

Year-on-year the technology to make this work has become better – offering much more functionality – and cheaper options, with new developments. Improved hotelier reservation tech, the advent of the channel manager and an increased performance and connectivity across the whole landscape are just some of the advances.

As a result, the market has become both larger and more complex, whilst offering the potential for better returns on investment, leading to companies investing more resources and money to gain a competitive advantage.

..... **Key findings** of the survey

Based on the results of the survey we see 4 trends emerging from travel buyers. Respondants have told us that:

1

They need more connections, more product, and more flexibility

2

The current landscape is driving this desire for 'more'

3

Connectivity is proving a real challenge for many

4

Most are open to bringing in external technology



Key findings

More connections, more product, and more flexibility

The first is the **general trend** for everyone wanting more connections, more product, and more flexibility than they have today – integrated at a faster pace and delivered more efficiently – with many having multiple and overlapping needs:

4^{IN}5

refer to the need for 'increased access to more travel product'.

60%

want increased hotel choice for their customers.

- **83%** are investing just to 'keep pace with API connectivity', i.e. they need to continue building more connections.
- **Three in five:** are investing in tech due to 'challenges with implementing or evolving our current technology'.

63%

are making changes due to 'more and better connectivity options on the market'.

By contrast only one respondent cited their organisation as having 'no change' in relation to how they manage hotel supply recently.



**Why are you (or should you be) investing in technology at the moment?
What challenges are you looking to overcome?**



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Whilst travel companies look for more hotel product, disintermediation and direct contracting are a must. Technology is now available to make this happen.

Patricia Rosselló, CEO at Roibos

⚠ **Note:** the figures don't add up to 100% as we allowed respondents to tick more than one box, given some provide more than one core service.

Current landscape is driving this desire for 'more'

The **second** is the **factors** driving this desire for 'more'. Overall, it seems that travel companies want to:

- Drive their direct relationship with the hotels
Increase hotel portfolio / hotel product range is a priority for 83%.
- **Four out of five respondents are hoping to unlock 'increased access to travel product** (through connectivity and inventory management)' via investment in better technology.

52%

responded that they are investing in tech because 'hotels are changing the way they are working with us'.

- Boost customer retention and customer experience – for example **40% want to 'improve deduping / mapping** to offer my customers all options at the best rate' and just over half want to 'develop customer-facing features to provide a seamless booking experience to strengthen conversion and customer retention'.
- **Just over half want to 'simplify our complex current technology** to improve automation and operational efficiency'.
- **And nearly half want to increase margins too.**

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Lately, more and more hotels prefer to connect via channel managers, rather than directly through a static contract.

András Simonfi,
Head of Technology, Imperatore Travel

Key findings

Connectivity is proving a real challenge for many

The third trend is that connectivity for many is proving a real challenge; doing this right is very hard:

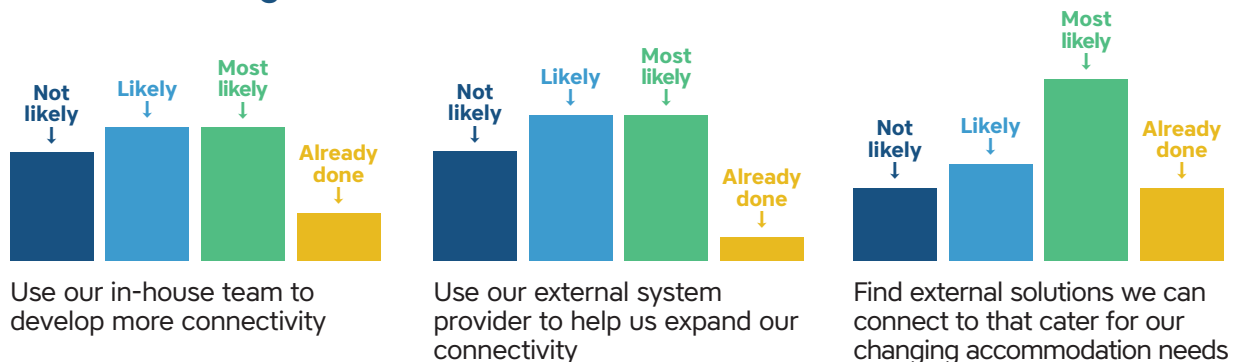
- They are not satisfied with their current tech stack
- Meanwhile they are not satisfied with the pace of change within their organisation: IT resources (51%), budgets (49%), and most of all time to implement (69%), seem to be the main frustrations here.

3 IN 5

are investing in tech due to 'challenges with implementing or evolving our current technology'.



How likely are you to adapt your technology approach to hotel sourcing over the next 12 months?



Most are open to bringing in external technology

All three of the above trends feed into the final one:

It is generally recognised that investing in more internal resources has limited value in resolving their problems.

As a result, many companies are very open to bringing in external technology suppliers to resolve this challenge.

80%

of those surveyed are 'likely', 'most likely' or 'already have done' to consider 'external solutions we can connect to that cater for our changing accommodation needs' in the next 12 months.

How to put the challenges behind you

Combining the results of the survey with our experience of implementing connectivity solutions for accommodation buyers for 20 years, we have drawn up some recommendations.

1. Change is the only constant and embracing that is going to be key to thriving.

2. Have an honest talk with your tech supplier (or internal development team) and be clear on agreeing the limits of your current technology capabilities. This will allow you to find a better solution and formulate a strategy to move forward.

3. Ultimately you need a strategy that gives you an efficient, unified, multi-supplier sourcing solution that increases product coverage – giving you more connectivity, more choice and more channel managers, direct contracting and third-party suppliers. If you can't tick all these boxes, you'll almost certainly face problems.

4. Engage more with your hotel suppliers to understand their technology needs. Don't wait for them to come to you, take the lead!

It is very likely that whatever got you to where you are today, won't get you to where you want to be tomorrow.

5. Your internal technology and operations teams are of extreme value, everyone in the industry is struggling to keep up. Work hard to ensure they understand your commercial needs and recognise their expertise and knowledge – there are many core functions they should always be responsible for managing.

6. But at the same time, identify the areas where external support makes the most sense. Your own platform is never likely to gain the economies of scale or have the exposure that an external provider can offer due to its wide expertise.

7. However, you are likely to need a variety of tech providers and not just one for everything – of those we surveyed only 20% were looking for 'one single tech provider for all integrations'.

8. If you are looking at external suppliers make sure you do your due diligence on their capabilities. For example, speak with existing customers, check that new suppliers are regularly added and updated, ask for performance metrics, support commitments etc.

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We're seeing a clear divide here: those that are embracing connectivity are recovering quickly, whilst those that see this more as a headache aren't performing nearly as well.

Andy Keeley

Commercial Director, intuitive

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Don't underestimate the great value you have in your internal tech and operations teams, not everything can be outsourced. But you must make sure you are taking advantage of their core strengths, the things that only they can do – everything else is worth considering outsourcing to specialist providers.

Craig Shepperson

Technology Director, intuitive

About

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 intuitive

With 20 years of experience, intuitive are committed to becoming the international technology provider of choice. With a London based office, our highly experienced team can offer scalable, innovative and customer-focused solutions for tour operators, online travel agents and wholesalers.

The company provides scalable and customer-focused solutions to some of the world's leading travel brands, including Scott Dunn, On the Beach, Love Holidays and Thomas Cook.



For more information visit:
www.intuitivesystems.com



Or contact: sales@intuitivesystems.com

 iVectorOne

The newest version of iVectorOne API gives travel companies access to the three main sourcing channels in a single connection. Simplify the complex world of hotel connectivity with one API. Control, combine and grow your hotel inventory with proven technology - giving you the future flexibility you need.



To learn more about iVectorOne visit:
ivectorone.com



Or contact: sales@ivectorone.com



**Click here
for the survey's full results**

