

BOOK DIRECT!



Where's the message to BOOK DIRECT at our hotels and motels?

Have I got a deal for you! Read on to help yourself, help the struggling hotel industry and help your nation in its hour of need...

New Zealand's tourism and accommodation sector has been devastated by Covid-19 and its consequent lockdowns, border closings and social distancing. The best-performing hotels and motels in our country today are those moonlighting as quarantine and managed isolation facilities.

Foreign tourists are gone. New Zealanders are effectively banned from holidaying offshore. Welcome to the Covid-19 new normal – especially if “zero cases” remains our preferred medical response to the pandemic.

Turbocharged by Government financial support, destination marketing bodies across the country are hitting us with the fairly obvious message to travel domestically. *Explore New Zealand, venture out again, spend, spend, spend!* Here's a question, though: Alongside all that expensive domestic destination marketing, have you heard our leaders urging you to “BOOK DIRECT”? Me neither.

Back in April when restaurants were allowed to start offering food delivery once again, Prime Minister Jacinda Ardern publicly highlighted the potentially negative impact of Uber Eats and other third party food delivery services. She recommended finding out whether restaurants “offer delivery directly themselves” and supporting those that did.

Why aren't we hearing the same message in relation to hotels and motels? BOOK DIRECT, rather than through online travel agents (OTAs) or other third party intermediaries.

In a world where hotels and motels are struggling to survive, the Government's failure to emphasize BOOK DIRECT betrays an obvious gap in their understanding of the industry's economics. Support for the BOOK DIRECT message would have an immediate positive impact on *both* the profitability of hotels and motels in New Zealand, and also the Government's overall tax take from the tourism sector. Here's why.

Imagine a typical hotel in Auckland, Wellington, Queenstown or Rotorua. To keep things simple, let's assume it's achieving a rate of \$100 and you want to stay for 5 nights. If you book that room through an OTA (Wotif, Expedia, Hotels.com, etc.), the OTA will take a commission of anywhere between 15-25% of the total room cost. Assuming 20% commission, the cost to the hotel of securing your booking would be **20% x (5 x \$100) = \$100**.

Where does that \$100 go? Most likely to the two main players – Bookings Holdings (formerly Priceline) or Expedia Holdings, which are United States-listed corporations with current market caps of approximately US\$65 billion and US\$11 billion, respectively. Those two companies employ very few people in New Zealand, and make absolutely no investment in physical hotels or tourist infrastructure here. If all near-term Covid-19 travel is going to be domestic, let's stop losing a big chunk of our spending to overseas-based websites that are designed to attract foreign guests. At least with Uber Eats, they actually *provide* the delivery service and get your meal across town. With OTAs, you're basically just paying an overseas-based business for the privilege of using their website.

What happens if you BOOK DIRECT by using the Hotel's own website or by phoning them up? The cost of your booking becomes *much* lower – in the region of just \$5-20 for the entire stay (instead of \$100). The hotel saves \$80 or more providing the exact same service to the exact same guest. Instead of heading offshore, the \$80 “savings” now boosts profits for the local hotel owner.



When you BOOK DIRECT, you're helping an entity that builds and maintains NZ hotel infrastructure, pays the salaries and wages of NZ workers and pays GST and profits taxes to the New Zealand Government.

So here's what you should do: By all means use your favourite OTAs to find a hotel or price-compare your shortlist. Once you've made your choice, shut down the OTA website and switch across to the hotel's own website. Book the same room at the same price there. Alternatively, or if the prices don't match, phone the hotel up and say, "I'm looking at [OTA website] for a 5-night stay starting on 10 July and the rate I'm seeing is \$100, can I book that same deal directly with you?" In my experience, this BOOK DIRECT conversation with a hotel sometimes even leads to a room upgrade, a free bottle of wine or complimentary breakfast. The difference to the hotel can be THAT large.

What else should you do? Forward this note to Kelvin Davis (NZ Minister of Tourism), Jacinda Adern and your local MP. Ask them why we're wasting this clear and obvious opportunity to help our struggling hotels and motels. BOOK DIRECT (or something similar) should be added to the corner of every piece of destination marketing the New Zealand Government currently funds. A simple website can explain the reasons why. All those dollars saved and kept in New Zealand will help Kiwi businesses in their battle to survive, boosting NZ tax receipts and thereby helping all of us.

The New Zealand Government has commissioned some smart marketing for its Covid-19 messaging. All of us have seen the yellow and white stripes or heard catchphrases such as "Team of 5 million". At the end of this Covid-19 misery, all of us should instinctively BOOK DIRECT in the same way we now sneeze into our armpits and scrub at our hands. Especially when booking local, BOOK DIRECT is the right thing to do for many reasons.

BOOK DIRECT. You get the same product for the same price. You help New Zealand-based businesses in their time of need, directly reducing costs and boosting profits. With increased profits, you facilitate a higher tax receipts for the New Zealand Government. A few extra clicks or a short phone-call makes a VERY real and immediate impact.

Told you I had a deal for you. By my count, that's WIN-WIN-WIN. Spread the word because our tourism leaders aren't...