Online Market Intelligence in the Travel Industry

CASE STUDY

Lixto helps travel companies monitor hotel rates on travel and hotel websites
Hotel.de monitors the prices of hotel partners on competitor websites.

Aggregation and analyses of this data on a daily basis is provided to the company’s Rate Control Team.

Lixto provides improved revenue management for Hotel.de.

A key factor in determining an online hotel intermediary’s competitiveness is negotiating rates with hotels that are competitive to the rates given on competing travel websites. To ensure they maintained pricing competitiveness, Hotel.de had until recently deployed a solution that had several weaknesses. In particular it had no flexibility, no automation and frequent errors in the comparison analysis often led to high costs in operating the solution and slowed the growth potential of Hotel.de. Lixto was chosen to replace the existing vendor to address these problems.
Hotel.de was founded in 2001 in the high-growth market of online hotel bookings. Private and business travelers can select from Hotel.de over 210,000 hotels worldwide. Hotel.de generates over 30 million page impressions per month from over 2.2 million unique users and accounts for in excess of 360,000 night’s accommodation per month. After establishing its presence in the German speaking markets, Hotel.de is expanding into other European countries where they plan to achieve a market leading position as an intermediary for hotel accommodation, in particular for business customers.

Hotel offerings, service and technology competence as competitive factors

The success of Hotel.de’s business model is based on the combination of three main strengths; hotel offerings, service and technology competence. Based on their own self-assessment, Hotel.de has competitive advantage over its competitors in all three areas. To help maintain this, Hotel.de uses Lixto Online Market Intelligence so that at any given time the company can get a transparent overview of their prices with hotel partners. Lixto fulfills a strategic role by automatically identifying rate parity violations among over 17,000 Hotel.de partner hotels. This is achieved in part through the aggregation of hotel price data from competing internet based distribution channels.

A key advantage of the Lixto technology is that all product attributes which affect the end price of the product, such as breakfast or cancellation conditions, are reflected and accounted for in the information given to Hotel.de by the system.

However, the implementation of Lixto Online Market Intelligence has had additional strategic value beyond the identification of rate parity violations. Hotel.de has also witnessed the professionalization of its hotel partner management and an improvement of its brand image.

All rate parity violations automatically highlighted on your screen

"Using Lixto Online Market Intelligence Hotel.de is able to monitor the prices of over 17,000 hotels on our three main competitors’ websites," said Reinhard Wick, Head of Sales and Marketing at Hotel.de AG. The Lixto solution delivers customizable standard reports that highlight the hotels with rate parity violations ranked using rule based escalation levels controlled by Hotel.de. The Lixto solution is fully automated and does not require any manual intervention whatsoever. This enables the Rate Controlling Team to concentrate on other daily business; namely the analysis of the rate parity violations and the ensuing actions that should be taken and the management of the hotel partners.
100 Percent Data Accuracy

Lixto Online Market Intelligence matches each product attribute for every hotel from each competitor website and gives Hotel.de direct access to these product attribute mappings. This ensures that the data in the reports is 100 percent accurate. If a mapping error is detected, Hotel.de can make the correction directly in an easy to use interface. Furthermore, a copy of each web page from which a rate has been extracted is saved in a database so that the user always has a reference point for comparison. “Through using a fully automated real-time query tool such as Lixto Hotel.de saves a lot of time,” said Reinhard Wick. “This functionality enables us to verify if our partner hotels are complying with our pricing agreements.” In this way the Rate Control Team has all the necessary information before they contact hoteliers to notify them of any rate parity violations.

Rate controlling in real time

An automated email is generated for each rate parity violation that is identified by the solution. The Lixto email rate notification tool notifies the responsible rate controller of a violation and once this is verified an email is automatically sent to the hotelier with a detailed description of the rate violation.

Automated account management processes

The Lixto email rate notification tool offers additional functionality to enable further automation and professionalization. Templates are configurable for the emails which are sent to the hoteliers. The content of those emails is based on escalation levels. Depending on how often a rate parity violation occurs within a defined time period, a different email will be sent. By basing all emails on templates that are configured by the manager for the rate controlling team, Hotel.de ensures that rate parity violations are dealt with consistently across the team since the mails and the process are standardized. These emails, and the contact history, are logged and can be viewed in a separate report. In this manner it is very easy for Hotel.de to verify how often a hotelier has violated the rate parity agreement. By systematically catching each rate parity violation the Lixto solution quickly educates hoteliers to manage their rates more conscientiously on the Hotel.de website since hoteliers do not want to risk losing their preferred status, or perhaps even losing a valued distribution channel. Experience has shown that losing preferred status, which results in a lower default search listing, leads to a 20-25% loss of hotel revenue.

Standardization and automation of account management processes for rate parity violations
Control panel for modifying underlying query logic

To help cope with the natural seasonality in the travel industry and other changes in operational data requirements, Lixto provides an additional tool in the solution that enables the flexible analysis of individual market segments. Using the control panel within the Lixto Online Market Intelligence Solution, a user can change the underlying query parameters to modify the frequency of data collection for a particular geography, create a new peer group or adjust any other query parameter to provide a custom analysis.

The Lixto solution enables the identification of considerably more rate parity violations than was previously possible. Since no violations go undetected on the channels that are monitored, Hotel.de is no longer underbid and succeeds in converting more online shoppers to make bookings through its website. The end-result is that hotel partner relationships are managed more professionally and Hotel.de can offer their customers a better service that results in an overall improvement in company image and more bookings.

Stability and flexibility to support expansion into new markets

The workflow tools integrated in the Lixto Online Market Intelligence Solution support the identification and correction of errors in the product attribute mappings. Using this workflow Hotel.de can ensure that they are comparing ‘apples-to-apples’ and if they detect a mapping error they can correct it directly using an easy to use interface without any assistance from the Lixto team of consultants. Such mapping errors can occur, for example, when a competitor portal changes the way that they display the data on their website.

“This solution has proven the stability and performance of the Lixto Visual Developer tool in two ways,” said Tobias Neudek, Senior Manager Special Rates & Rate Controlling, Hotel.de AG. “Firstly, the data extraction works on all websites – even those highly dynamic websites using Ajax, pop-ups or java scripts. The solution finds all price and booking information regardless of where it is located on the website or how they are displayed.

“In addition to this, if a website should change through a relaunch or redesign of its content, or similar, Lixto can reconfigure the process in a day or two. After this quick manual reconfiguration the data extraction is fully functional again. In comparison, other tools on the market require significantly longer and sometimes even months before data can be extracted again. This flexibility in regard to the integration of new data sources for Hotel.de is particularly important.

“The Lixto solution is exceptional in that it provides Hotel.de with the flexibility that we require for our geographic expansion as the number of additional competitor portals and hotels that we need to monitor increases”, continued Tobias Neudek. At the moment Hotel.de is contracting approximately 1.000 new hotels per month. Since the Hotel.de Rate Controlling Team can map newly contracted hotels into the system independently of Lixto, the company saves cost and the Online Market Intelligence solution is always up-to-date. In comparison to the previous solution, Hotel.de is saving 12-15% in total operating costs per year.

At the project kick-off Hotel.de had budgeted 12 weeks for the system deployment. Eight weeks after the contract signing Lixto delivered a fully functional system which was tested for four weeks; this then underwent small modifications in the process of fine tuning and was finally handed over to Hotel.de on time and on budget.
Summary

Company
• Hotel.de AG

Industry
• Travel; hotel intermediary

Application
• Online Market Intelligence (market and competitive analysis)
• Price comparison and revenue management
• Sales controlling

Situation, business requirements and goals
• Replacement of a non-automated, inflexible and error prone system with high running costs
• Extraction and modeling of data from competitor websites
• Professionalization of hotel partner management
• Improvement of brand image with hotel partners

Solution
• Online Market Intelligence Solution for more than 17,000 hotels and three competitor websites
• Full data refresh twice weekly
• Customizable reporting
• Control panel for modification of underlying query logic
• Automation of account management processes

Value and benefits
• Transparent information for the analyzed market segments
• Time savings and productivity gain across the entire process chain
• Reduction of the overall solution costs
• Improved revenues through elimination of rate parity violations
• Increased booking volume

Future plans
• Monitoring of additional hotels and competitor websites in connection with the geographic expansion

Technical Infrastructure
• SUSE Linux 10.1
• Lixto Transformation Server 4.6
• Oracle Database 10g

Lixto Products
• Lixto Hotel Online Market Intelligence
About hotel.de


hotel.de allows business and private customers to book hotels of all categories throughout the world at preferred rates. The free and straightforward service is available at hotel.de or via the company's own multilingual 24-hour call centre. The advantages for the hotel.de customer are numerous. Compared to other reservation channels such as travel agents, hotel.de offers its customers substantial price advantages. These primarily result from the preferential room rates granted to hotel.de because of the large booking volumes handled. In addition, customers benefit from the best-price guarantee for room rates and the “Freenights” bonus program. In addition, hotel.de always shows all the room rates available for each hotel, so that the customer can choose the lowest or most suitable room rate according to the best-buy principle. Reservations may be made online or by phone for maximum convenience. A comprehensive range of services for both booking customers and hotel customers underlines the high service and quality standards of hotel.de.

On the supplier side, hotel.de offers its member hotels an additional distribution channel with a wide reach and a particularly effective target group approach. In addition to hotel.de’s myRES reservation system, the integration of external central reservation systems (CRS) of the member hotels on the hotel.de reservation platform allows the hotels to automatically update their available rooms at hotel.de. This obviates the need for complex manual updating, which usually accounts for a major share of a hotel's distribution expenses. Compared to a hotel’s own distribution efforts, other online travel service providers and travel agents, hotel.de often offers not only a wider reach but frequently also a more cost-efficient distribution channel.

Since January 2007, hotel.de has also been placing conferences. The company took over the conference data base, the online booking tool and the customer base of intergerma Marketing GmbH & Co. KG, Hamm, who were operating in the conference business up to that point. Thereby, hotel.de is the leading online service for the reservation of conference hotels. The company not only offers individual overnight stays, but also conference packages, comprising of catering and technical equipment as well as the corresponding facilities. The average value of conference bookings is 15 times as high as is with individual hotel reservations.

About Lixto

Lixto Software empowers better decisions through extraction of specific and precise data from the web to drive operational performance and real-time competitive price visibility for travel and transport, consumer products and automotive supply chain clients. Lixto solutions have been adopted by companies throughout the world, including Fujitsu Technology Solutions, Hama, hotel.de, Iberostar Hotels, shopping.com, SAP, and ZF Friedrichshafen.

www.lixto.com