WORKING WITH OTAS

How to Drive More Bookings, Make More Money and Not Lose Your Shirt

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WHY YOU SHOULD READ THIS

Over the past two decades, online travel agencies, or OTAs (companies such as Expedia, Priceline, TripAdvisor Experiences and Booking.com that sell travel online), have redefined how travelers book flights and hotels. Now they are going big into tours, activities and attractions.

We have done the hard work of surveying and interviewing OTAs, tour and activity operators and industry experts to prepare this Arival Guide to Working with OTAs. Our goal: to help you succeed amid the growing and complex world of online activity sellers.

ABOUT ARIVAL

Arival advances the business of creating awesome in-destination experiences through events, insights and community for Tour, Activity & Attraction providers.

Our mission: establish the Best Part of Travel as the major sector of the global travel, tourism and hospitality industry that it deserves to be.
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1. What's an OTA...

OTAs, or online travel agencies, are companies such as Orbitz, Expedia, Travelocity, Priceline, Booking.com, etc. They are well-known for selling airlines, hotel stays, and rental cars online. Now it’s time for our sector of travel: Tours, Activities & Attractions. The most well-known brands are companies such as TripAdvisor Experiences (which includes Viator), Expedia Local Expert, GetYourGuide, Musement, Klook and Tiqets.

But there are many others. Airbnb is also allowing some tour and activity operators to list as an Airbnb Experience. Groupon is another major online seller. There are also many OTAs that specialize in some international markets, such as Ctrip in China, Veltra and Voyagin in Japan, and Civitatis in Spain.

More and more traditional resellers of tours and tickets are also selling online and the lines between offline and online blurring. See our full directory of digital distributors at Arival.travel.

2. Why Should You Care?

Online travel agencies are the fastest growing sales channel for Tours, Activities & Attractions, according to the travel research firm Phocuswright. Like it or not (and we know some of you don’t), OTAs are going to be a big part of our market’s future. And you have to be prepared. Why? Because the financial implications for your business are big. OTAs can charge hefty commissions (20% or higher of your retail price), but they can also bring you a lot of business.

Striking the right balance, and figuring out how to use them profitably without becoming dependent on them, is something every Tour, Activity & Attraction operator must address.
3. Where Should You Start?
Start with some research (reading this Guide is a great start!). Not all OTAs are the same. Some operate in one country or region, others have global reach. Some are very choosy and work with a select number of suppliers in each market. Others, such as TripAdvisor Experiences, are building as broad a supply base as possible. In short, different OTAs may offer different products, have different terms and conditions, and attract different customers.

So after you review this Arival Guide, make a list of the key issues that are important to you, and review each OTA that seems relevant. For example:

- Is your current product priced in a way to be compatible with OTA commissions?
- Can you work with their cancellation policies or other terms and conditions?
- Are you seeking more bookings in general, or are you looking to target certain customer segments, such as travelers from Asia or Europe?

Do You Call Them, or Do They Call You?
Many OTAs will find you, and ask you to become a supplier. The good ones will mystery shop your tour or activity to determine if you meet their standards.
Generally OTAs evaluate the following:

- Company size and overall rank and importance in your destination
- Quality and distinctiveness of your product
- Potential of the product to sell via the OTA
- Your ability to fulfill, including customer support
- Technical savviness and use of a standard reservations system that connects to the OTA

4. What Operators Think about OTAs
Arival surveyed providers of tours, activities and attractions to get their thoughts on the growing influence of OTAs in our industry. Three in 10 think it’s great and are likely benefitting from the trend.

Supplier attitudes towards the growth of OTAs

- Great: 31%
- Not so great: 31%
- Actually, I'm pretty worried: 20%
- Don't care: 15%

Arival Industry Pulse Survey: 95 providers of Tours, Activities & Attractions, May 2018
However, half of our respondents were less enthusiastic, and one in five are decidedly worried.

OTAs will continue to drive new opportunity and controversy in our industry. Let this guide help you sort through the issues and set your OTA strategy.

"I'm actually excited. It's a great way to get exposure without a large advertising budget."

Tour Operator

"They are monopolizing the industry and setting extremely unfavorable terms for suppliers."

Tour Operator
5. What to Expect

Arival surveyed providers of tours, activities and attractions to get their thoughts on the growing influence of OTAs in our industry. Three in 10 think it’s great and are likely benefitting from the trend.

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<tr>
<th>The Good</th>
<th>The Bad</th>
<th>The Inevitable</th>
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<tr>
<td>They can bring bookings. They have a lot of marketing reach and lots of travelers</td>
<td>Commissions average 20% or higher. And as OTAs grow in market influence, commissions will increase. Some operators already report increases from some OTAs.</td>
<td>OTA market share and influence will only grow. Smart operators need to get savvy about distribution now.</td>
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<td>They can help you reach international travelers that would otherwise be too expensive to market to</td>
<td>OTAs limit brand exposure. Unless you have a well known brand, OTAs will promote your product, not your brand.</td>
<td>Every OTA is a competitive marketplace, and you have to work your listing just like you work on Google or other platforms to get your products to rank high.</td>
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<td>It’s performance-based marketing spend – you only pay for bookings you get</td>
<td>Big impact: small changes – such as the algorithm for their sort order display – can have immediate consequences on your business</td>
<td>Everything will become more automated. Use your res system’s API to connect directly, or push them to integrate if they don’t currently offer one.</td>
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<td>Some provide support in setting up and translating your content</td>
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<td>Most OTAs act as the merchant of record, which means their commission includes payment processing (credit card fees) and currency exchange if the booking is international.</td>
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1. How it works
Each OTA has a formal sign-up process, though for some OTAs, it’s completely automated and online. Others will have a multi-phased process where you make an initial application but must be approved first. This will include a contract - the agreement between the you and the OTA that addresses matters such as commission rates, payments, and other terms & conditions. Even if your reservation system has an API to the OTA, you still have to be an approved and contracted supplier to sell on the OTA's websites and apps.

The following sections go through key areas you should understand to successfully sell your tours, activities or experiences via an OTA

2. Commissions

The Basics
The cost of distribution is a key issue when it comes to working with OTAs. Here’s what you can expect – and what you need to know to make the best decision for your business.

What to Expect
The average commission ranges between 20%–25% off of the retail listing price. So if you set your tour or ticket price at $100, expect $80 in net revenue. Some may also offer a net rate model – where you provide a base rate and they add a mark up to the retail price.

How it Works
The OTA collects the money from the traveler at booking and pays the tour or activity supplier based upon sale or redemption. (Redemption is the process whereby the OTA customer checks in for their tour or activity and you then notify the OTA that you have delivered the tour or service to the customer.)
Some OTAs – especially the bigger brands - issue payment once monthly, accumulating moneys from all bookings. It is up to the supplier to follow the redemption process (for paper vouchers, or increasingly, electronic redemption through the OTA extranet or if you have an API connection to the OTA through your reservation system). For other OTAs, the payment schedule may be different. So make sure you read the fine print!

The OTA typically “bakes-in” all of its services (marketing, support/customer service, payment processing, etc.). You should not have to pay extra fees. Some OTAs offer additional marketing opportunities (more prominent placement on their website) for higher commissions or on an advertising basis.

**What You Need to Know**

Everything may not be negotiable, but that doesn’t mean you shouldn’t try! The OTAs will increasingly automate contracting, pricing, product set up, etc. But that doesn’t mean you have to accept the first commission term offered. But be realistic. Smaller suppliers, especially those working with the OTA for the first time, have less leverage than larger, more established companies.

It pays to know your costs. Know what you need to earn before you sign up. Factor all of your total costs into your retail price, including the OTA commission. You must have a clear sense of your costs for each ticket or tour and what is your minimum acceptable margin.

Learn up front how the OTA calculate commissions. Generally, commission should be calculated from the retail price not including fees and taxes. Make sure you understand the full cost of working with them and check that their payments to you match the agreed contract terms.
You are responsible for redemption and reconciliation. You and your staff must be familiar with each OTA’s redemption process – whether paper vouchers or electronic redemption. And carefully track their payments to you, which are often (but not always) made once-monthly.

OTA commissions are likely to rise, but don’t simply accept them without asking for more. We expect OTAs to attempt to raise their commissions as their market clout grows, but that doesn’t mean you have to accept their terms. If they want more, ask them what you can expect in return.

“OTA costs/commission levels are about double the rest of the traditional trade. I’ve heard some people are paying 30%. In some cases that means the OTA is making more gross profit on the tour that the operator is! I won’t go past 25%.”

Peter Syme
Splash White Water Rafting, Scotland

"Use the OTA’s request for additional commission as an exchange for additional marketing support."

Sheelagh Wylie
Vice President, Business Development & Head of Sales, Midways Attractions, North America
3. Terms & Conditions

The Basics
After commissions and payments, you have typical terms and conditions (T&Cs) such as cancellation and refund policies, who provides customer support and when, and who owns the content about your tours when posted on their websites. Some OTAs are more flexible than others, so make sure you can support their T&Cs, or that they can support yours.

What to Expect
Not every OTA is the same, but expect them to ask for T&Cs that are as traveler friendly (and OTA friendly) as possible (to help drive more bookings) – such as flexible cancellation and refund policies.

Have your paperwork in order. Some OTAs require proof of insurance.

What You Need to Know
1. Ask about cancellation policies. Some OTAs have been pushing for a 24-hour cancellation/full refund policy for travelers. If this presents a hardship to you because you have a lot of moving parts and/or sub-contractors to coordinate, negotiate for a longer cancellation lead time.

2. They own the customer. Until the tour or activity starts, customer communication happens through the OTA, and you may not be able to communicate directly with travelers. So make sure your listing and post-booking communication on the OTA includes everything the customer needs to know.

3. Most OTA contracts also prohibit you from marketing to the customer. So while nothing stops you from collecting traveler information at check in, make sure any follow-up you do does not conflict with your OTA terms.
4. Product Setup

The Basics
Product setup is the process of getting your tours, activities or attractions listed and bookable on the OTA. This may include some or all of the following:

1. The tour or activity name
2. Marketing language to entice the traveler
3. Descriptions, including specific inclusions and exclusions (“what’s included” in the tour or ticket price)
4. Photos
5. Departure times and logistics
6. Prices
7. Cancellation and other terms and conditions

What to Expect
Each OTA handles product setup a little differently, but your agreement should specify what you must provide, and what the OTA will do. Most OTAs actively rewrite your descriptions and request different photos to improve your listings performance on search (e.g. Google) and booking conversion rate on their sites.
How it Works
Most OTAs today either offer an extranet (a private website for their tour and activity operators to load products and manage bookings). More and more reservation systems have direct connects (APIs) to the major OTAs and automate some aspects of your interactions with the OTAs. But there will still be some manual setup steps even if your res system has an API.

Do's and Don'ts

1. **Start with a just one or two products.** Be strategic. You don’t need to offer every product. If you have some tours and departures that you already sell out on your own, don’t offer them. List the products you want to push. (But bear in mind some OTAs do their homework and may insist on having access to your top sellers.)

2. **Keep it simple!** Don’t try to offer too many products or options for any listing. Don’t overwhelm the casual online shopper with too many choices.

3. **Make it stand out (and do your homework).** Your tour and experience is unique. So make sure that casual online shopper thinks so. Carefully study similar offerings on that OTA to ensure your key selling points come across clearly and distinguish you from the competition.

4. **Be as flexible as possible with last-minute booking.** More and more travelers are shopping on their phones in destination and booking last-minute. In Arival’s Summer Travel Pulse study, three in four travelers planned to book at least some of their tours and activities when they get there. Operators who can support same-day or day-before bookings will capture more OTA business.
5. **Let OTAs help.** If they want to rewrite your tour descriptions, let them. It’s usually for a good reason. They have many online marketing experts on staff. As long as they accurately represent what you offer, let them work their SEO magic.

6. **Don’t rush it.** Don’t go so fast to get listed that you don’t do your products justice. Take your time to get your listings right. Remember – each OTA is a competitive marketplace. You need to make your listings shine.

7. **If your res system has an API to an OTA, use it!** Connecting via the API reduces the manual checks on the supplier extranet and allows automatic passing of data between the OTA and your res system. If you expect to do a meaningful amount of bookings through an OTA, consider managing your OTA bookings through an API.
"What the heck is an API? We’re not big fans of acronyms ourselves, but API is easier to say than “application programming interface.” Basically, it’s short for tech that enables two different systems to exchange data. Most modern tour reservation systems today have “APIs” into the major OTAs. That means, after an initial setup, the booking data can pass between your system and the OTA without you having to manually check emails and extranets."

Arival Team

"APIs are absolutely wonderful; it allows us to accept bookings up to 30 minutes before tour departure, and without the API, last-minute bookings through third parties are a real problem."

Michael Jensen
Haunted Key West
5. Merchandising

The Basics - The Sizzle after the Setup
Great merchandising is imperative!
Merchandising is the overall presentation of your products – what you call them, how you price them, any add-ons or special offers you include, the display (photos and descriptions)... it’s how you set them apart.
Merchandising is the sizzle in selling.

What is Merchandising?
You have to think of an OTA as a marketplace, where you are competing against lots of other products for travelers’ attention. So you have to market your products to make them stand out. This will be different for almost every tour, activity and attraction, but here are some things to consider:

• How you name your offering
• Your product and company description
• Your pricing and packaging – what extras or special offers to include
• Promotional opportunities through the OTA (which may include additional discounts, or paying a higher commission or fee for higher placement in search results

Will OTAs help?
Many OTAs will help suppliers with merchandising, either by taking the supplier’s content and editing it or by providing guidance. You do have a say, but the OTA only makes money when your product sells, so they have a vested interest in presenting your offerings to appeal to their customers.
What You Need to Know

1. Don’t skimp on story (and content). Make your story, descriptions and photos authentic – but compelling.

2. Not every OTA is created equal. Different OTAs may have different offerings in your market, or focus on different customer segments. Don’t just copy and paste descriptions and photos from one to the other.

3. Weak content is the #1 most common mistake! Invest in professional photography and quality copy writers. And don’t assume it’s done. Keep it fresh – and make sure the listing represents well on the OTA’s website and mobile app.

4. Should you use OTAs for promotions and discounts? The answer is definitely maybe – but with caution. Limited promotions can be effective, especially if you can reach new customer segments, Be very careful about cannibalizing your other channels and your ability to sell full price.

5. Your brand, hidden: OTAs have different approaches but typically place limitations on the supplier’s ability to promote their company brand. TripAdvisor last year began removing company names and URLs from bookable listings so more lookers would book on their site. You may not like it. You’re welcome to complain about it. But this is increasingly the way of the OTA.
6. Pricing

The Basics
When working with OTAs, pricing your products becomes a balancing act of figuring out how much you can give away to the OTAs and still make a satisfactory profit while also attracting customers. Before you even begin OTA relationships, sit down and crunch your numbers. Know what you need to make in gross profit so you know what you can afford to give away in commission. Know your “floor,” the lowest you’re willing to go, and how many new sales you need to make in order to justify the commission rates.

What to Expect
OTAs are willing to help you price your products. Just remember who they’re working for. They will also expect pricing competitiveness with other channels, including your direct channels (e.g. your own website).

How it Works
You set up pricing – including deals and special promotions – in the OTA’s extranet. If you use a reservation system with an API to the OTA, you have to work with your reservation system provider to configure your connection.
What You Need to Know

There is no one-size-fits-all answer to how a tour, activity or attraction should price via an OTA. Here are few key things to keep in mind:

1. **Don’t undercut yourself.** Don’t allow pricing on an OTA to be lower than what’s on your own website or via your in-person or walk-up price, unless you have a very specific strategic reason for doing so, such as to push sales for a new product, or drive more bookings in low season.

2. **Pricing Parity.** OTAs may request (or insist) that your own website rates do are not lower than the rates you provide to them.

3. **Be competitive.** OTAs are a marketplace. You are competing with other activities and tours. Do searches where your listings would appear. Evaluate your competition and think about your pricing. If there is competitive product, where does your pricing stand. If it’s higher, is the justification for the higher pricing clearly communicated in your listing? If it's lower, evaluate the competition. Maybe you could increase your prices.

4. **Have a strategy.** How much of your business you plan on getting through OTAs versus direct will affect how you want to price your OTA products.
7. Customer Reviews

The Basics
Reviews are a big deal. We all know it. And every OTA tries to get as many as they can. And the reviews travelers leave impact your ranking and – ultimately – future bookings.

What to Expect
OTA platforms enable, collect, and publish user reviews of supplier products. Some take a hands-off approach, leaving it up to the supplier to monitor and respond to reviews; others will call supplier attention to unaddressed negative reviews, and still others will do the monitoring for you. Regardless of what OTAs do, make sure you are all over it.

How it Works
Users book tours and activities and come back to the platform to leave their reviews, often prompted by an email from the OTA. Generally, the platform has a notification system to inform suppliers when a new review has been left, and the supplier can then log into the back-end to respond to the review as they choose.
Need-to-Knows

1. Encourage guests to leave you reviews. This cannot be understated. Ask them to leave a review anywhere and everywhere. TripAdvisor is always top of mind, but Google reviews are becoming more and more important. Reviews on the OTAs are also very valuable.

2. Regularly monitor guest reviews on all platforms. Don’t expect anyone to do this for you (unless you hire them to). There are third-party systems that will monitor this for you.

3. Respond to and address any negative reviews. Ignoring or failing to respond to poor reviews will leave a negative impression.

4. But don’t flip out if you get a negative review. A negative review or two provides a little authenticity and gives you a chance to respond and appear like a human and a brand that cares. Even if the reviewer is unfair in their criticism, always respond with humility and grace. Remember, it’s lots and lots of potential customers – not the recent unhappy customer – who you are really targeting with the response.

"Sometimes a one-star review isn’t a bad thing. It makes the rest of the readers believe the reviews are authentic."

Ken Frohling
Ken Frohling, Former CEO, Americas, Tiqets, and VP, Viator
7. Analytics

The Basics
OTAs should include analytics in their extranets, so you can better understand your customers, their behaviors, your conversion rates, your reviews, and other insights to help you fine tune your product merchandising and marketing.

What to Expect
Some OTAs provide these analytics as part of their total package. Some will help you interpret your results and offer you guidance and recommendations to improve your bookings; others are completely hands-off.

How it Works
It should be pretty simple. Log into your extranet account dashboard.

What You Need to Know

1. **Log-in weekly.** A good rule of thumb and habit to develop is a weekly “check-up” of your analytics. Think of Analytics as an important diagnostic tool in the good health of your business.

2. **If you don’t know how to read or interpret your analytics, ask for help.** If you don’t have time to check them, think again. Make the time. If you are not sure, ask an OTA or get some expert help.

3. **Don’t overlook what’s not working.** Often, what’s not working is more revealing than what is. If you see a dip in bookings, conversion or negative reviews, that should be a big flag to dig deeper.
4. Is it you, or the market? Your business doesn’t operate in a vacuum. So neither should your data. If your volume is up or down, how does that compare with other suppliers on that OTA or with OTA bookings overall?

5. Signals from the analytics should prompt you to do checks. Has something changed on the OTA? Are there new competitors? How are you doing with reviews, search results rankings, or pricing? Analytics checks should become part of your weekly routine.

"OTA costs/commission levels are about double the rest of the traditional trade. I’ve heard some people are paying 30%. In some cases that means the OTA is making more gross profit on the tour that the operator is! I won’t go past 25%.”

Peter Syme
Splash White Water Rafting, Scotland
SEVEN KEY TAKEAWAYS FOR TOUR & ACTIVITY OPERATORS

1. **Be strategic and selective.** Don’t jump in with all your products. Just because you’re signing up with an OTA doesn’t mean you need to merchandise all your offerings through them. It’s not required by contract so be selective. Consider choosing products that you need extra help in selling.

2. **Know your numbers before you start** – and certainly before you negotiate. Do your homework on costs before you sign on the dotted line. Make sure it’s you – and not just the OTA – who wins.

2. **The traveler is your customer, but not really.** In OTA contracts, the OTA owns the customer data. So, if you want to relationship-build and market to this customer, you will have to capture information from the customer when they check in or during the experience itself. And be very careful about any follow-up marketing. Check your OTA agreements. The traveler needs to proactively reach out to you.
**It may be your tour, but it's not your brand.** How your listing and brand shows on the OTA may not be the way you want it to. Each OTA organizes their listings a little differently, but don’t expect to see your brand shine on the OTA site. The OTA may rename your listings and rewrite all of your content. They may or may not list the name of the operator providing the tour.

**For some, they are already here.** The OTAs will compete directly with you on Google for your tours and they may bid on your brand and tour names. They are going to do more and more of this. Address this directly within your negotiations. But get ready for keyword bidding costs to rise.

**Expect more automation, less personal service.** OTAs are getting bigger, adding more listings and more technology. Expect to be asked to do more and more through email, extranets and less through personal time with account managers. But don’t let that stop you from asking and pushing on them when need be.

**Actively monitor and manage your listings.** Search regularly on desktop and mobile to see how your listing appears. Monitor for any new competitive listings. Check for and respond to reviews. And this always applies to TripAdvisor even if you’re not accepting booking through TripAdvisor. Even if you’re not participating in TripAdvisor Experiences’ supplier program, make sure you create a profile page with them (or check if there isn’t one already and claim it). TripAdvisor is the biggest travel website in terms of traffic, and it’s too important for any tour or activity business to ignore.
"Do not ever sign a contract in desperation. Make sure it aligns with your own strategy."

Stacy Shuster
Director Marketing & Sales, Ripley’s Believe It or Not, New York

"Don’t solely rely on OTAs for the majority of your revenues. Work other channels like Groupon, tour operators, hotel concierges, affiliate marketing/referral partner, and wholesalers."

Stacy Shuster
Director Marketing & Sales, Ripley’s Believe It or Not, New York

"There is no human interaction anymore. I can only go online and submit a request or email. We get an email and tick a box or they remove the product. Now we’re dealing with a giant who doesn’t want to communicate and you either accept or you don’t. As they grow there seems to be an increased disconnect between how they do things and how things go on the ground with the operators. There is a lack of understanding from the people."

Peter Syme
Splash White Water Rafting, Scotland
Like any industry, we have our jargon. We are doing our best to keep Arival Guides jargon-free, but here are some definitions just in case we slip up (we are travel junkies, after all).

**API:** abbreviation for application program interface and in the context of OTAs, is the technological means to pass inventory and booking data back and forth between the OTA platform and the supplier’s reservation system. Most modern reservation systems today for tour and activity operators have APIs to major OTAs.

**Extranet:** the websites provided by OTAs in which the tour or activity supplier can load their product data, pricing and content, access reservations, handle customer communications and other interactions with the OTA.

**OTA:** the abbreviation for “online travel agents,” traditionally online platforms that help travelers research, plan, make determinations about, and increasingly, book components of the travel journey.

**Reseller / distributor:** another term to describe OTAs and the channel through which tours, activities and attractions can sell. Distributors can also apply to any third-party that re-sells your tours or activities, such as a travel agent, tour operator, hotel concierge, etc.

**Reservation system:** software that enables operators to manage inventory and bookings; also referred to as reservations technology.

**Suppliers:** Creators and operators of tours, activities and attractions. Click [here for a helpful list](#) of all the types of entities that fit into the category of “Supplier.”
THANK YOU!

... to the companies and individuals who took the time to be interviewed and share their perspectives for this Arival Guide:

Haunted Key West • Expedia LocalExpert • GetYourGuide • Klook • Merlin Entertainments • Musement • Rezgo • Ripley’s Believe It or Not Splash White Water Rafting • Tiqets • TripAdvisor Experiences • Wisconsin River Outings