

# The Rate Parity Playbook

Driving Revenue Through Improved Rate Parity

**BOOK**  
YOUR TRAVEL

and the Best Deals

Destination City

Arrival Date

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## Why is rate parity important for your business?

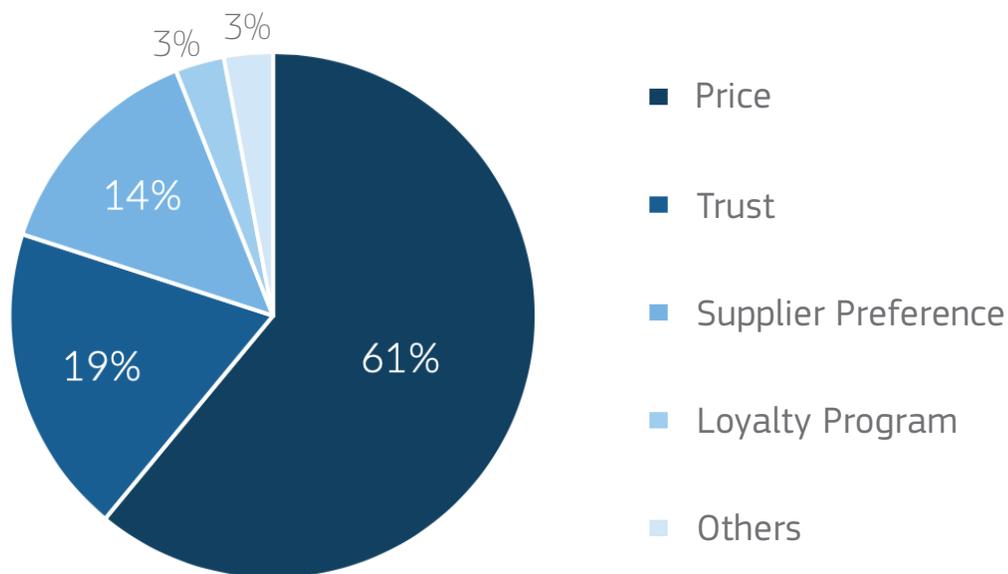
Increasing direct bookings is a high priority for most hoteliers, but can be challenging without competitive pricing. Price is the largest decision factor for travellers when shopping online, and a price discrepancy as low as 1 dollar can influence where they book.\*

Consumers are

# 20-30%

more likely to convert on a hotel's direct booking engine after seeing a more competitive rate on Google Hotel Ads.

## What influences a user to book?\*

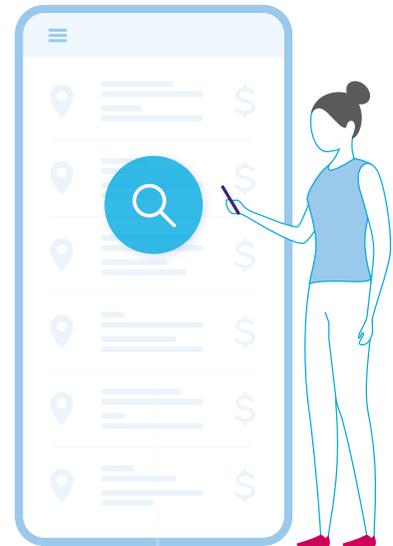


\*Source: <https://www.koddi.com/rate-parity-for-travel-brands/>

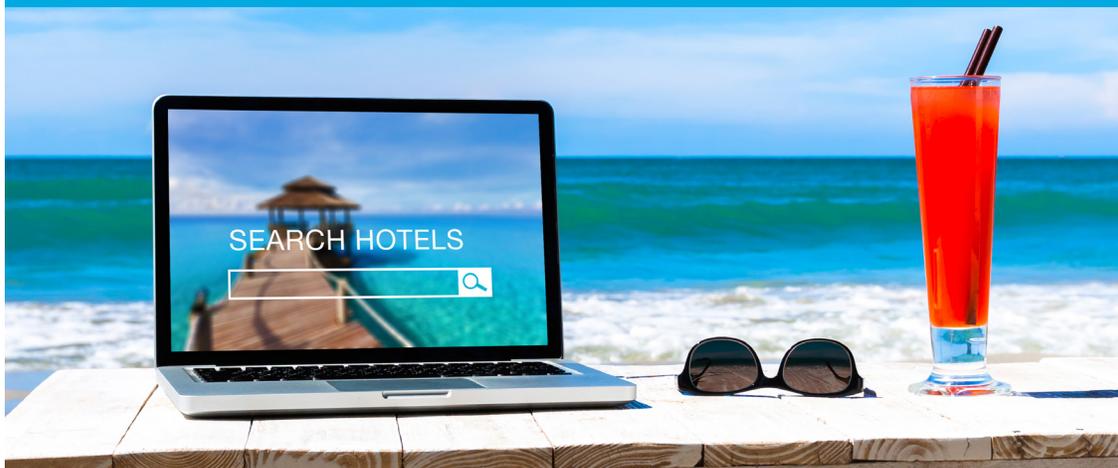
The effect of price is amplified on metasearch channels like Google, Kayak, TripAdvisor, and Trivago, where easy price comparison is the primary appeal for shoppers. Meta users tend to be price-oriented shoppers that are driven to book through the lowest-priced channel.

## Competitive rates have the power to significantly improve:

- Visibility – Meta algorithms display hotel’s direct rates more frequently and in higher positions when they are competitive
- Click-through rates - Consumers are 10-20%\* more likely to click on the hotel’s direct rate when it’s competitive with other channels.
- Conversion - Consumers are 20-30% more likely to convert on a hotel’s direct booking engine after seeing a more competitive rate on Google Hotel Ads.
- Return on Ad Spend (ROAS) - Greater conversion rates drive more direct bookings at a better return



When TravelClick recently polled a group of hoteliers to gain a better understanding of their top challenges, 8 out of 10 mentioned rate parity, and 6 said they felt “powerless” or “out of control” against external forces causing their rate parity issues. After hearing this sentiment time and time again, we launched a pilot study with 10 independent hotels across the globe to identify root causes of rate parity issues, test solutions that could be widely implemented, and achieve positive performance for participating hotels.



In the end, our findings exposed  
**4 KEY STEPS**  
hoteliers can take today to begin improving rate parity.

# Step 1.

## Review your metrics to identify areas for improvement

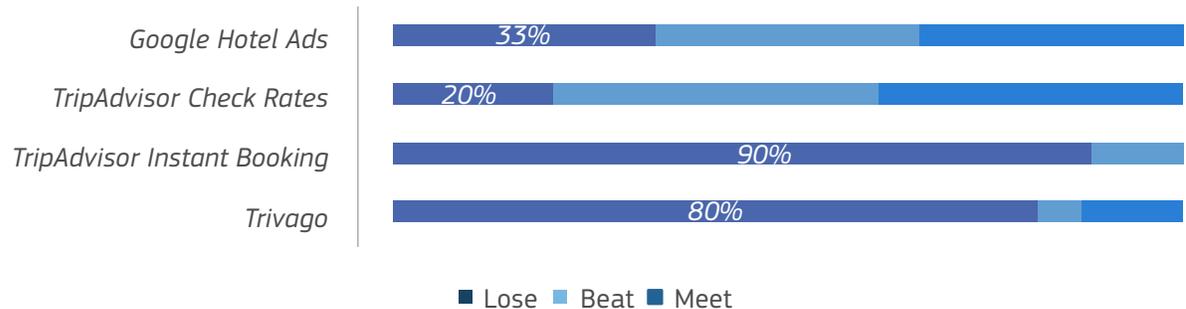
### What can you do to improve rate parity?

We measure rate parity performance based on the proportion of instances that fall under three categories: “Beat” “Meet” or “Lose”

- \_ Beat: Of all distribution providers, brand.com has the lowest price
- \_ Meet: Of all distribution providers, brand.com matches the lowest price
- \_ Lose: Of all distribution providers, brand.com does not match the lowest price

Best-in-class hotels are defined by a high proportion of “beat” and “meet” impressions vs. “lose” impressions. Hotels should aim for <20% of their Meta impressions to be “Lose” scenarios. You can use your Metasearch reporting and/or Rate shopping tools to identify the channels where you can improve Rate Parity.

## Rate Parity Metrics By Meta



Meta	% Beat*	% Meet	% Lose**
Google Hotel Ads	33%	33%	33%
TripsAdvisor Check Rates	40%	40%	20%
TripsAdvisor Instant Booking	10%	0%	90%
Trivago	5%	15%	80%

\* % Beat is the percent of all impressions that the hotel shows the best rate.

\*\* % Lose is the percent of all impressions that another providers shows the best rate.

## Visit the metasearch auction to generate impressions and identify instances of rate disparity

Step 2.

### BEAT

Official Hotel.....	\$199
Expedia.com.....	\$249
Booking.com.....	\$249
Priceline.....	\$249
Travelocity.....	\$249
geataroom.com.....	\$249

Brand.com has the **lowest** Price

### MEET

Expedia.com.....	\$201
Official Website.....	\$201
Hotewire.com.....	\$201
Hotels.com.....	\$201
Booking.com.....	\$201
Priceline.....	\$201

Brand.com **matches** the lowest price

### LOSE

Booking.com.....	\$201
Expedia.....	\$201
Official Website.....	\$230
Hotels.com.....	\$201
Travelocity.....	\$201
Orbitz.com.....	\$201

Brand.com **does not** match the lowest price

Step 3.

## Diagnose the Root Cause

Most rate parity issues (approximately 80%) are caused by external factors, where the distribution partner's rate is not correct. A smaller proportion of rate parity issues (approximately 20%) are caused by configuration issues, where the hotel's advertised rate is incorrect.

Check which rate is incorrect – your brand.com rate or the distribution partner's rate?

### BRAND.COM

#### ✓ CHECK FOR COMMON ISSUES

- \_ Are promotions flowing properly to the metasearch channel?
- \_ Is the base rate accurate?
- \_ Is the issue caused by currency conversion?
- \_ Does the meta price include correct taxes and fees?

### DISTRIBUTION PARTNER

#### ✓ CHECK FOR COMMON ISSUES

- \_ Is the rate on Meta meant for wholesale, B2B or otherwise non-public?
- \_ Once you click through to the Distribution Partner's site, does the rate display differently?
- \_ Does the Distribution Partner's Meta price include all taxes and fees as seen on the Distribution Partner's site?
- \_ If none of the above, is the Distribution Partner cutting commissions to display a lower rate?

## Take action to resolve

## Step 4.

### External Factors

*If the Distribution Partner cuts into their commissions to display a lower rate, take action through the following methods:*



#### Price policing

- \_ Clearly document instances where the Distribution Partner is not advertising the correct rate
- \_ Escalate issue to Distribution Partner/Wholesaler Market Manager to resolve
- \_ If the issue repeats, consider taking stronger action, such as opting out of prepayment programs or pausing inventory altogether until the partner commits to a resolution.



#### Implement a direct-first strategy

- \_ Clearly document instances where the Distribution Partner is not advertising the correct rate
- \_ Offer a direct-only discount ranging from 5-30% and increase actions to market brand.com to Customers

*If the distribution partner advertises wholesaler, B2B, or otherwise non-public rates intended for offline distribution:*

- \_ Make a test booking to uncover the wholesaler rate at fault. Contact the wholesaler and confront them with this evidence.
- \_ If a wholesaler persistently re-sells your offline rates, consider taking action against the wholesaler by reducing or closing inventory

*If the distribution partner advertises a false rate on the metasearch channel versus the ultimate price on the partner's landing page or check-out page:*

- \_ Investigate whether rates are always lower or if there are instances where the rate is higher, as this could be a rate caching issue
- \_ If you rule out rate caching, document instances of this occurring and escalate to your distribution partner or local market manager

*If the distribution partner does not advertise accurate or complete taxes and/or fees on the metasearch channel:*

- \_ Identify if providers are legally required to advertise the missing tax item(s). If they are, escalate the issue to your OTA market manager. If not, consider removing the tax item from your online listing.

## Internal Factors

*If your hotel's rates accessed from other countries are incorrect by 1-2% currency conversion issue:*

- \_ Identify the currencies where this is occurring most frequently (usually currencies that transact in larger numerical values, such as Colombian Pesos or Thai Baht)
- \_ Try applying a general promotion of 1-2% to the currencies where this occurs most frequently

*If your hotel's rate, excluding taxes and fees, is incorrect on Metasearch channel(s)*

- \_ Ensure that the right rate plan is being mapped for online distribution and that promotions are properly configured
- \_ Check whether you have a promotion applied that is not supported on metasearch channels
- \_ Contact your Central Reservations Solutions provider's support team for assistance



Promotion configurations supported and not supported by most meta channels

Restriction Type	Meta Supported?
Channels / Devices	Yes
Corp. Group. Discount	No
Dates	Yes
Geo-Pricing	Yes
Length of Stay	Yes
Occupancy	Yes
Rate Amount	Yes
Sell Limit	Yes

*If your hotel's rate excludes taxes and fees that must be advertised*

- \_ Check whether you have missing or incorrect taxes or fees and contact your Solution Provider's support team for assistance

## How can TravelClick support you?

Our team of experts is here to help you drive success through improved rate parity. Let us show you how easy it is to gather detailed rate parity metrics and rate competitiveness data through our Rate360 solution and iHotelier Analytics Metasearch dashboard to help you to identify areas of improvement. Let TravelClick manage the escalation of rate parity issues to meta providers on your behalf and provide your property with a team of expert and localized account managers who work with hotels around the globe to improve rate parity in all markets.

## About TravelClick

TravelClick offers innovative, cloud-based and data-driven solutions that help hotels around the world to maximize revenue. Our interconnected suite of solutions – Business Intelligence, Reservations & Booking Engine, Media, Web & Video and Guest Management – help more than 25,000 customers to make better business decisions to know, acquire, convert and retain guests. With our worldwide presence in 176 countries, we have a deep understanding of local markets along with a global perspective that drives optimum results for the hotels we serve.

Contact **TravelClick** to get started