

B2B Distribution: the unsung hero of hotel distribution management

Submitted by clatruiyols on Thu, 22/02/2024 - 14:00

Hotels that strategically leverage these partnerships position themselves for sustained growth in a complex and fragmented market.

In today's dynamic hospitality landscape, the importance of having a trusted B2B distribution partner cannot be overstated. Let's delve into why B2B distribution remains a key player in the success of hotels and how it addresses critical concerns such as cost reduction and rate leakage prevention.

1. Diversifying Revenue Streams:

While OTAs and direct bookings are essential, B2B distribution opens new avenues for hotels to diversify their revenue streams. Establishing partnerships with reputable B2B distributors allows hotels to tap into different market segments, reaching a broader audience that will not be easily accessible through other channels.

2. Cost Reduction through longer Lead Times:

Long lead times enable hotels to anticipate revenues and optimize resource costs, allowing to fill rooms in advance. This not only ensures a steady stream of revenue but also helps in optimizing inventory management. By securing reservations with long lead times through these partners, hotels can optimize revenue management strategies, allowing them to increase ADR on direct bookings and OTA channels.

3. Global Reach and Market Expansion:

B2B distribution extends the global reach of hotels by connecting them with non-domestic bookings - from markets where they could otherwise have never reach - or from niche channels, such as points redemption schemes, airline websites, tour operators, or retail travel agents. This widespread network aids in market expansion, allowing hotels to attract guests and explore emerging markets that might be challenging to access independently.

4. Cost-Efficient Marketing:

Collaborating with B2B distribution partners involves shared marketing efforts. This collaborative approach helps hotels benefit from the marketing expertise and resources of their partners, reducing the individual marketing costs that would be incurred for reaching the same audience on their own.

5. Preventing Rate Leakage:

The unauthorized distribution of room rates is a top concern for hotels aiming to maintain rate parity. B2B distribution partners implement robust systems and technologies to prevent rate leakage, ensuring that the agreed-upon rates are maintained across all channels. This safeguards the hotel's pricing integrity and prevents discrepancies that could harm its brand image.

6. Technology Integration for Seamless Operations:

Probably the best part about connecting with B2B distribution partners is the technology they offer to connect, creating a seamless operational environment. This integration streamlines processes such as inventory management, reservation handling, and payment processing. The result is increased efficiency and reduced operational costs for hotels.

In conclusion, while OTAs and direct bookings play a crucial role in a hotel's success, B2B distribution remains a vital component to increase hotel's revenue streams. The ability to diversify income sources, reduce costs, prevent rate leakage, and expand global reach make B2B distribution partners an indispensable strategy in the ever evolving & fragmented hospitality industry.

□ TIPS – Summarizing, the QUICK WINS of an agreement with B2B Distributors are:

- Distribution of sales across a wider range of countries, markets, and niche channels.
- Free marketing and Indirect advertising.
- Automation of systems and ease of distribution.
- Longer lead time, average stay and higher booking volumes.
- Robust systems to detect and stop rate leakage.

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