

Dynamic Packaging - The Next Battlefield

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Dynamic Packaging sales will double by 2009. Online agencies are using it to increase customer loyalty & profit, if hotels sit back, they will be squeezed out of the packaging market.

Excerpts from - 2008 Dynamic Trends Report

Dynamic Packaging is now the next battlefield!

"The Dynamic Packaging market is growing. Hotels, Spas and Resorts need to learn from what happened after 9/11 when the online agencies took control of hotel bookings. Accommodations providers have been fighting to take back control of their inventories (Chains more successfully than Independents). Dynamic Packaging is now the next battlefield. Online agencies have been using dynamic packaging as a way of building increased customer loyalty and profit, if hoteliers sit back and wait they will be squeezed out of the packaging market."

Marc Zablatzky, President of iTravel Solutions

Trends that Impact Your Online Plans (Forrester Research)

Vacation Package Sales on the Web are forecast to reach \$3.3 billion by 2009. That is more than double the \$1.6 billion booked in 2006. What is more disconcerting is that these bookers are the most brand loyal of all the online bookers. They are the most loyal to your hotel, but they currently have little opportunity to meet their vacation needs on your website.

The Major Hotel Brands are winning the Online Battle with Intermediary Websites.

BUT... Independent Hotels, Resorts & Spas are Still Losing the Battle. In 2006 the major hotel brands did 81.4% of their online bookings direct and only 18.6% through intermediary websites (Hilton does 90% direct and only 10% indirect). By contrast most Independents do less than 40% of their online bookings direct.

Online Intermediaries need hoteliers more than hoteliers need them (HeBS).

Hotels are the only major travel segment that still provides abnormally high profit margins to online intermediaries. Now is the time to start working with fewer third party intermediaries and at dramatically lower margins (target 15%-18%).

Avg. Revenue for Online Intermediaries per booking

Airline Reservations \$10

Car Rental Reservations \$5

Hotel Reservations \$80 (ADR \$200, 2 nights

20% markup)

A major STR/PWC study found that the hospitality industry lost over \$1 billion on profit leakage due to online intermediaries in the form of abnormally high markups

This report was researched & created for iTravel Solutions by Marc Zablatzky

For a full copy of the 5-page industry report go to www.iTravelsolutions.com/trends.cfm

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