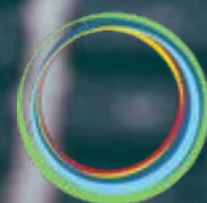


A person's hand is shown writing in a notebook on a desk. In the background, a laptop and a smartphone are visible. The scene is dimly lit, with a blueish tint. A dark diagonal overlay covers the right side of the image, and a light blue diagonal line is on the left side.

The Past, Present, and Future of **GDS Data**

How GDS Data Can Transform
Your Hotel Business



onyx
CenterSource

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GDS: A Case Study in Reinvention

The demise of GDS (Global Distribution System) platforms is greatly exaggerated. GDS is a legacy system that's been around for decades. But only thinking of GDS in terms of inventory is not giving it full credit for its other benefits.

GDS may predate the World Wide Web, but what was once old is now new again. Use of the GDS is currently on the upswing as it holds an enormous and ever-growing amount of data that hotels can use to maintain and improve their competitiveness.

Developing internal analytics and data services will remove some of the reliance on GDS, but not completely. GDS is also changing to adapt to the times—and hotels would be wise to keep up.



The Go-To for Travel Agents and Corporate Travel Managers

The surge of online travel agencies (OTAs) in the past decade reduced GDS usage, but GDS is still favored by large travel agencies and corporate travel managers (CTMs). The travel agent business is experiencing a healthy comeback, predominantly by millennials and high-end travelers who want expert advice and customized travel experiences. Some travelers are also frustrated with the online booking process—especially for complex itineraries—and are seeking out the expert help of travel agent professionals. Those agents will largely turn to GDS for their flight and hotel **bookings**.

The numbers bear this out. Every day, around 600,000 travel agents look at GDS. Three of the biggest GDS platform companies—Amadeus, Sabre, and Travelport—have all seen continued growth in recent years.

Amadeus' TravelClick

75
MILLION

global reservations
in 2018, an increase
from 70 million since
2017

Sabre

7.5%
INCREASE

increase in revenue,
hitting \$3.9 billion

Projected to hit growth
rate of **6%**
to hit \$4 billion in 2019

Travelport

4%

increase in 2018 revenue,
reaching
\$2.55 billion

“There is still no other platform that can compete on both breadth of offerings as well as include every major aspect of a trip,” says Ana Cachon Sanchez, GDS sales manager at Madrid-based NH Hotel Group, an international collection of hotel properties.

“You have the opportunity to give an extra boost to your hotel and increase visibility to properties, airlines, and car rentals because the same platform is being used for all the different services,” says Sanchez. “GDS platforms update information in real time and hotels can update rates or descriptions as well so that information will be immediately visible to travel agents.”

Corporate Bookings Are King

“The biggest market for GDS-listed hotels is still travel agents on behalf of corporate accounts but GDS are living a transformation from their original use by travel agents only, to corporate and leisure online travelers,” says Maite Aguilar, vice president of distribution sales, also at NH Hotel Group.

The numbers bear this out. According to a [2018 report from Phocuswright](#), U.S. Travel Agency Distribution Landscape 2016-2020, increased use is particularly evident in corporate travel, with 90% of corporate travel bookers relying on GDS for hotel bookings. That’s a healthy percentage compared to the 63% of storefront agencies that utilize GDS for hotel bookings.

Business travel is a huge element driving GDS growth, agrees Daniel Simmons, Chief Commercial Officer at HotelREZ, a UK-based hotel technology and representation company for independent hotels, groups and private-label GDS clients.

...increased use is particularly evident in corporate travel, with 90% of corporate travel bookers relying on GDS for hotel bookings.

“The top 100 blue chip companies use travel agencies to arrange and book their business travel. These agencies are connected to the GDS and arrange and book their travel, as the companies benefit from fixed corporate RFP rates at hotel properties, trip and traveler insurance, and simple employee expense tracking. They also do not want their employees to spend too much time arranging their business trips although some are given in-house extranet tools with the preferred properties visible.” Some of the corporate growth in GDS bookings can be attributed to a rise in bookings in countries that have increased business travel in recent years, including Russia and India, where travelers are using more agencies. India has developed into a major business hub and GDS market in recent years. Travelport has inked some significant deals in this region of late. “With GDS, you literally reach every single country with an agent and internet connection,” Simmons says. “It’s the most fantastic tool for sales awareness.”

Using GDS to Market to Corporate Travel Managers

Hotels can attract valuable corporate travel manager business by highlighting how their property offers the benefits many corporate travelers look for when booking a stay:

- *early check-ins & late check-outs*
- *meeting facilities and additional amenities*
- *food & beverage options, etc.*
- *proximity to airport*

“Many hotels also see a 50%-plus higher onsite spend from clients who come via GDS,” says Michael Territt, Director of GDS Consultancy at Lisbon-based GuestCentric Systems. “As corporate travelers are more likely to use the restaurant and bar instead of venturing offsite, the GDS turns out to be a more valuable source of revenue for hotels.”

The GDS can also help hotels build brand loyalty and repeat business, says Territt. If a property meets an agent’s or CTM’s requirements and receives positive feedback from guests, they’re more likely to book again.

Many hotels also see a 50%-plus higher onsite spend from clients who come via GDS.

Why Does GDS Have Staying Power?

Travel advisors prefer GDS because of its breadth of global offerings, ease of use when booking more than one type of travel, and the incentives they earn by using the system.

While self-booking tools and OTAs are popular for simple domestic trips, complex international itineraries are still predominantly organized using the GDS, says Ken Young, vice president of revenue account management at Preferred Hotels & Resorts in London, the world's largest independent hotel brand.

American Express Travel has partnered with Expedia to offer corporations a self-booking tool, but Preferred Hotels & Resorts is finding there's been little impact on its European business. In fact, Preferred is experiencing healthy growth in Amex business bookings for its European hotels. "The Expedia tool has taken off in the States, but an international itinerary for a European trip is far more complicated," Young says.

Travel advisors prefer GDS because of its breadth of global offerings...

Changing the Face of GDS

The GDS companies know they're now not the only option for travel bookings. After years of keeping the old school, green screen interface, competition from OTAs has spurred recent GDS platform updates that use more up-to-date interfaces.

The major GDS companies recognized they needed to match the user experience and expectations established by OTAs to maintain relevancy and respond to industry needs. In recent years, the platform has changed significantly. Today's GDS is much more user-friendly and more practical for agents and corporate travel managers to utilize. "The look and feel of the GDS now is completely different from what it was in the beginning," says NH Hotel Group's Aguilar Gaona.

The new GDS interfaces are easier to learn and similar to other modern platforms, hence less mystifying to a new user. Without those adaptations, training new hires on the GDS system could be a time-consuming and unwelcome task for generations who don't remember MS-DOS. In addition, **approximately 62 percent of travel agents work as independent contractors**, and they're unlikely to have the means or time to train on old-school GDS.

The platforms have introduced rich content capabilities on the front end, even while the foundational technology of GDS has essentially remained the same. GDSs are partnering with third-party providers that integrate with their systems to offer more platform options, including additional features and less fragmented service options. Travel agents are taking to the new point-and-click systems and graphic interfaces, and GDSs are offering the ability for hotels to upload more detailed information and content about their properties, including all-important images.

Now it's much easier for agents to find exactly what they're looking for, thanks to the use of Graphic User Interfaces (GUIs) which present GDS data in a more visual 'OTA-style' display with maps and image galleries rather than old-fashioned text based 'green screen' formatting. That also helps an agent sell a property to their clients who want to know exactly what they're getting. Asks Territt, "How better to do that than with visual stimulus as well as simple, straightforward information?"



The Hotel Industry's Data Woes

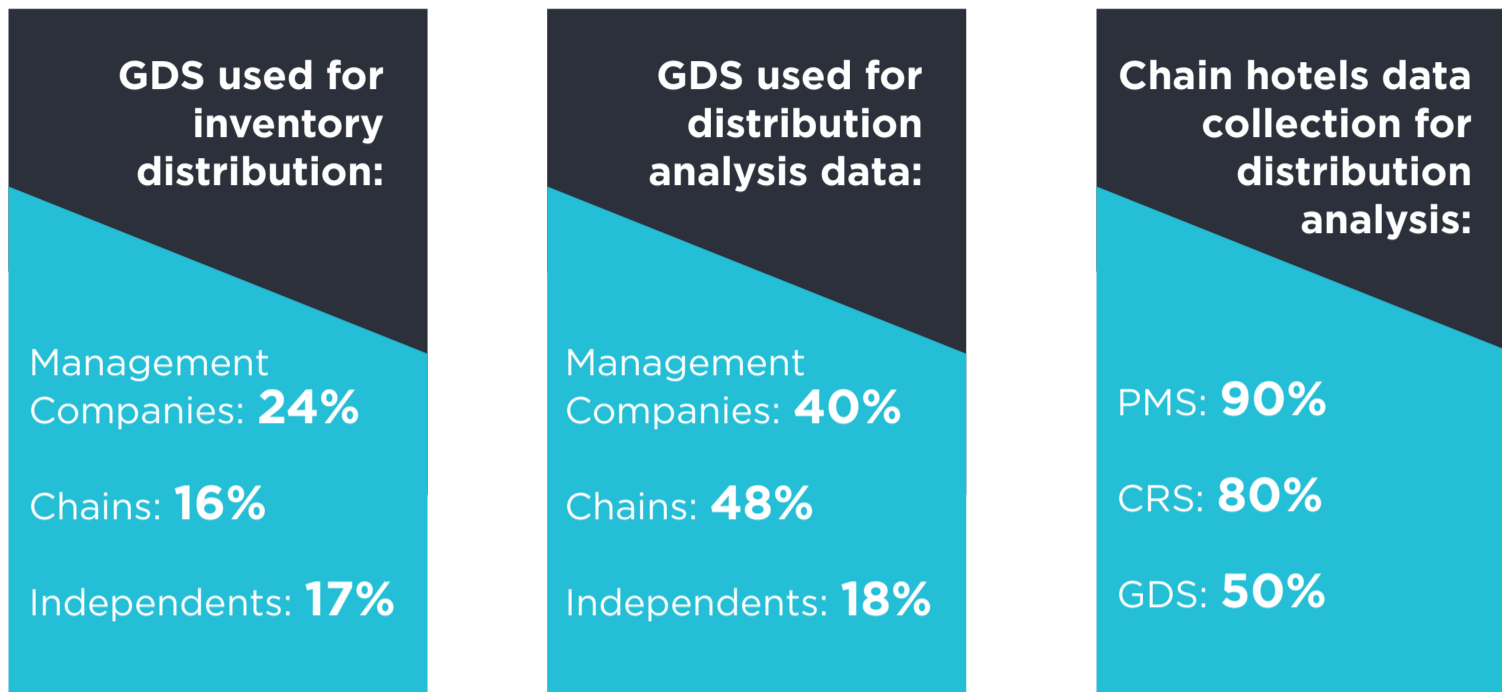
Evidence points to many hotels, particularly smaller and independent properties, failing to capitalize on GDS as a source for data and analytics. They know they need to take advantage of data but are experiencing barriers to implementation.

Hotels cannot access a GDS platform directly. In addition, GDS fees can be steep and complex—they might be calculated in percentages, flat fees, pass-through costs, or monthly memberships. Hotels commonly pay a fee of about 20 percent for every room booked via GDS, which is competitive with OTAs. Of course, a hotel listing on any of the major OTAs is still required to use GDS. Also, the hotels' push for direct bookings has seen results, but not enough to challenge the GDS's predominance with agencies and [CTMS](#).

According to a recent HEDNA report, Hotel Distribution Data Management and Analysis, Hotels primarily rely on GDS for inventory distribution. In fact, GDS is outranked only by OTAs, although in some cases not by much. For instance, many managed properties use the two almost equally.

But when collecting data for distribution analysis, GDS ranks significantly behind PMS and CRS for all type of properties. Chains use GDS data the most, and that tops out at 50%. And when it comes to data capture from third-party channels, GDS comes in second place after OTAs.

Data from HEDNA



45% of management companies and **48%** of chains say they have the data they need—but need more of it faster

Third-party daily data sources: GDS **44%**; OTA **60%**

These figures illuminate the relationship hotels have with the GDS—they're still using it, but not relying on it as much as in the past, and not always using it for data.

The HEDNA report also found that many hotels say they don't have the data they need, pointing to a disconnect between available data and access. Properties are flooded with data, says Simmons; the work comes in deciphering it. It's crucial for hotels to know if they have rate parity, how much of their business is coming from agencies and corporate RFPs, and what their competitors are selling, so they can get as close to an omni view of their business as possible. "It does involve putting on a detective hat to go through the data to utilize it," Simmons says.

Data collection is something with which all hotels are still grappling. The two major barriers hotels say they face regarding leveraging data to its full potential are:

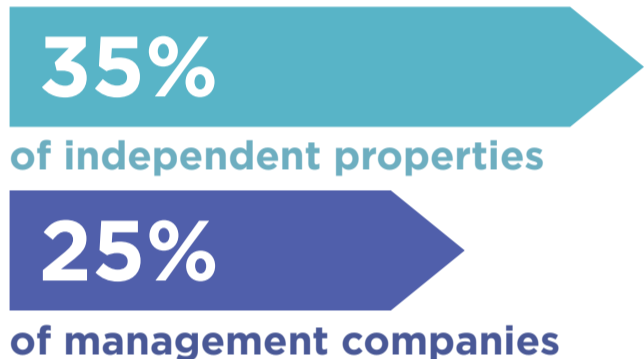
- poor data quality and
- integrating data from external sources

Many hotels still rely on spreadsheets to keep data—which may be a quick and familiar means to access data, but it’s a time-consuming one with a high potential for human error. Hotels’ second highest method for data storage is via internal databases. Internal databases come with their own set of complications, including barriers to data integration and security risks.

As with many industries, data quality is a significant issue for hotels. Data errors, duplicative data, and aging data are key problems. Without clean, high-quality data, there can be no accurate performance metrics and no accurate projections, leading to stalled growth.

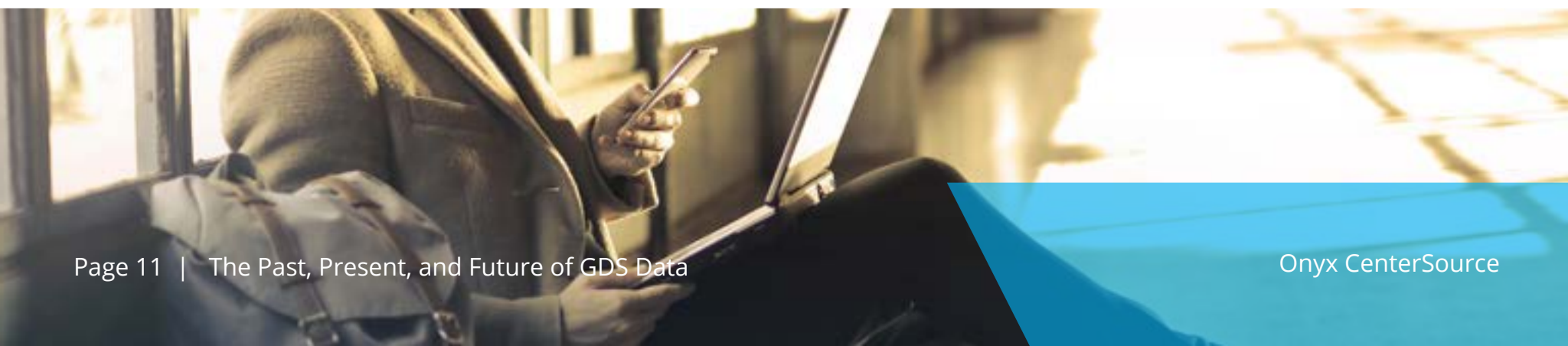
Hotels are cognizant that they lack data management capabilities. A considerable part of their data management problems stems from the fact that many hotels do not have data management teams.

Twenty-five percent of management companies don’t have any data resources at all, and for independent properties that number jumps to thirty-five percent.



While hotels understand there are better ways to leverage their data, they often lack the resources to do so. This is an issue for smaller and independently managed properties, says GuestCentric System’s Territt. “I think data analysis is hugely important for hotels, but unless you’re a huge chain, you may not have the resources to access the data and analyze it well,” he says. “I think they’re stuck between a rock and a hard place.”

Travelers research hotels before they finally book a room, and often use several sites—multiple OTAs, review sites, the hotels’ own sites—to inform their decision. Every click and search is a data point that can be used to better understand the customer—the problem is that this consumer research remains opaque to hotels. This is important because hotels need to know the path to a booking in order to truly optimize their distribution investments.



One solution to this problem is third-party integration platforms that can do some of this data heavy lifting, especially if a hotel is hesitant to commit resources to hiring in-house data specialists. With the proliferation of these services today, hotels no longer need to go it alone.

Back to GDS School

Data is the key to maintaining and improving competitiveness. Increasingly, hotels are recognizing how essential it is to understand what their direct competition is doing, and where each property sits within its segment. Hotels need the right kind of data to help discover new markets, personalize marketing to accommodate guest preferences, and create the best distribution strategy for their business.

This information is already available in GDS. But to use GDS effectively means learning the system thoroughly. Independent properties find today's distribution landscape confusing, says Simmons, and they are sometimes overwhelmed by GDS's intricacies—loading images, various rates, and how commissions are paid. “The hotels can struggle,” he says. “It's a very complex system.” Industry experts agree that it would do hospitality professionals well to learn the ins and outs of GDS.



5 Steps to Stay Competitive on GDS

How can hotels take the first steps to optimizing their GDS performance with limited resources?

1. Know where your bookings are coming from

Many hotels don't know where their bookings are coming from, including which channels. “I think that's a key problem,” says Marcus Klar, COO and director of marketing and development at TOP INTERNATIONAL Hotels, a Düsseldorf-based hotel co-operation offering electronic distribution services for independent hotels. “When we ask a hotel, ‘Do you know where your bookings are coming from?’ Many hotels say no,” he says.

2. Continue to optimize and update your listings

Klar says many of the smaller hotel groups he talks to claim GDS is obsolete. But then he'll see that the data on their GDS listing is incorrect, missing, or of poor quality, so it shouldn't be surprising that they're not attracting bookings from agents. Every hotel also needs to upload high-quality, up-to-date images that show the property along with descriptive text and correct rates. "If you don't load rates, you can forget the GDS," Klar says.

3. Keep track of your listings—even if you're using a third-party service

When hotel bookings arrive en masse to a property management system, hotels need a level of sophistication to understand from where their business originates. Hotels also often rely on third-party GDS providers to keep them abreast of how the hotel looks in the GDS—but they aren't keeping track of their GDS listings themselves. That's a bad idea, says Klar. "They should know how their hotels look in the systems and where to change their information if needed," he says.

4. Leverage rate codes

GuestCentric System's Territt agrees that many hotels lack the knowledge to really use GDS to its full benefit. An important feature to understand is how rate categories work, and that you can set specific rates to target specific audiences. A travel agent will be looking for a corporate rate code or a weekend rate code—without those, the hotel may have already lost potential business. "If you don't have rates loaded in those different rate codes, then you do not have the same visibility as a hotel that does," he says.

5. Treat every channel uniquely

Many hotels load their best available rates, advanced purchase rates, and last minutes rates on the GDS—the exact same rates as those posted on the OTAs. They mistakenly think that parity means they have to offer all their rates in all channels, but that's not the case. Hotels can leverage each of their distribution platforms individually to attract the right guests and optimal revenue. "Make sure you choose the right rate for the right distribution channel because it will help you achieve the right kind of clientele for your hotel," says Territt.



Getting the Most from the GDS

Hotels shouldn't underestimate the value of the GDS as a source of data. Because it is captured in real-time, GDS data can provide an excellent snapshot of what's happening on a day-to-day basis within segments.

GDS also provides valuable data about traveler demographic preferences, booking trends, and markets. It can help win new customer segments and improve relationships with current ones by providing insights with which to tailor loyalty programs, instead of offering every repeat guest the same benefits (and the same benefits likely offered by the competition).

Expect data offerings from the big GDS players to improve exponentially—and soon. They all recognize that hotels need to offer dynamic personalization to travelers who are suffering from travel option overload, a consequence of the information-rich digital travel era we live in.



GDS Leaders are Innovating

Sabre is starting to use artificial intelligence and machine learning to pinpoint traveler queries and use predictive analysis to improve personalization and forecasting. The data is there—**the company sees around 150 to 200 terabytes of data go into its system every day.**

It just hadn't been harnessed to be useful to the end travel industry user. But we now have technology that makes that possible and new platforms that are on the verge of unlocking additional data-driven capabilities.

Hotels already know GDS and pay for access to it, so for many, expanding how they use GDS will help them get more data for their dollar. Although the hotel business is weighed down by legacy technology, GDS is among the travel technologies that are being aggressively updated to meet the needs of hotels, travel advisors, and corporate travel managers.

In combination with other resources, GDS can provide some major insights. While GDS data alone captures some basic reporting to measure a few key performance indicators (KPIs), finding the right combination of reporting can bring hotel revenue management insight to another level.

New products are emerging from companies like Onyx CenterSource that thread together hotel data from the chain to property level. These emerging products will revolutionize reporting on major KPIs and give hoteliers the insight they need to get results.

Coming Soon at GDS...

1. Ease of Use

GDS has become much friendlier for agencies to use as well as easier to understand, says NH Hotel Group's Sanchez. "GDS is not just a booking tool now, but it is really becoming a technology platform for airlines, agencies and hotels," she says. "More and more, they're becoming technology partners."

2. Tech Advances

GDS is providing new technologies, says Territt, particularly for capabilities like virtual payments which have only recently been adopted by GDS. Making APIs (application programming interfaces) available to outside companies—which are required in order to provide a wider range of GDS-compatible 3rd party products and services—is essential for GDS to keep up. In addition, any technology available on OTAs needs an equivalent on GDS.

3. Industry Expert Expectations

So, where is there opportunity for additional GDS improvements? For one, hotels require better interfaces and connectivity to all distribution channels as well as various methods to book rooms. Also on the wish list: a single, easy-to-use database with multiple options for travel agents. "I think GDS needs to be open to interfaces in every kind of direction," says TOP INTERNATIONAL's Klar. "They should be open to everything available from other developers. I think that's going to be the future."

Insights Start at the Hotel Level

For any property, data is essential to understanding today's traveler. But a cohesive data strategy isn't possible until hotel management starts working together to break down siloed functions and create a unified vision of a hotel's target market and distribution strategy, says Preferred Hotels & Resort's Young. "Revenue management, sales, and marketing need to get together to understand their interrelationship and not work in isolation, so a true strategy can emerge that's beneficial to all parties," he says.

As hotels become more proactive about their data management and analytics, hospitality technology providers must continue to evolve to provide easy to use and budget-conscious data services. A hotel must also carefully consider which entities it partners with and how to get the most out of any relationship.

For any property, data is essential to understanding today's traveler.



Analytic Data Services™

Onyx CenterSource's Analytic Data Services enable hoteliers to make informed business decisions to drive more revenue.

ADS interactive dashboards give you the most comprehensive view into agency partner performance and competitor ranking for a single property or across your portfolio of properties.



Key Metrics™

OPERATIONAL REPORTING

View and filter key commission, revenue, and transaction metrics from chain to property level to measure performance against KPIs.



Partner Analyzer™

VARIABLE COMMISSION ANALYSIS

Deliver insights on the contribution of booking partners to your hotel performance and make real-time adjustments to improve operational results.



GeoView™

GEOGRAPHIC ANALYSIS

Visually navigate your portfolio and quickly view and customize metrics based on city, country or region via interactive mapping.

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