

New Study Shows Online Presence Gap Between Independent Hotels and Chain Hotels Drifts Further

In times of economic uncertainty Independents need to turn to online to control costs and increase revenue

AUSTIN, TX – GuestCentric Systems (www.guestcentric.com), the premier Software as a Service (SaaS) provider for the independent hotel industry, released at a press conference at HITEC 2008 today results from a survey that shows that the online presence gap is widening between smaller, independent hotels and larger hotel chains in the US. The survey was conducted by GuestCentric in February 2008 and 300 hotels located in the US were polled showing dramatic differences in terms of leveraging their online websites to book consumer and business travel online between independent hotels with less than 80 rooms and branded chain hotels.

This gap is revealed in all of the main aspects analyzed in this survey: website and ability to receive online reservations, presence on internet distribution systems and average occupancy rate.

Independent Hotels' Struggle with their Online Presence

The survey found that while overall more than 85% of independents and chains are happy with their website, when asked about their biggest concern about their websites, a significant difference emerged:

- Independents struggle with their website: The number one concern for independents about their website is that it does not generate business for the hotel (33% of respondents). Next, independents are concerned about cost (19%), updating pictures (19%) and content (14%). This suggests that independents are struggling with the basics of their website and that they feel they can't afford the right tools to create a professional online presence.
- Chains worry about providing up-to-date information to the visitor: The number one concern for chains is updating content on their website (41% of respondents). Next, chains are worried about ease of use (15%) and updating pictures (13%). This indicates that chains have realized that keeping the website fresh with promotions and providing a rich online experience is required to capture the online traveler.

Independent Hotels Still Book Majority of Reservations Offline

The study shows that only 44% of the independent hotels are able to receive online reservations as opposed to 93% of the chains. From the independents that receive online reservations, 50% receive e-mail inquiries compared to a meager 7% of chains.

The overwhelming majority of chains (81%) rely on booking engines to automate their booking process, while only 18% of independents have a booking engine.

Independent Hotels Require Online Customer Intimacy

The main concerns regarding the online booking process differ widely between chains and independents. While chains are mostly concerned about booking engine issues (23%) and managing their online offer (19%) a wide set of concerns troubles independents from booking engine issues (16%), booking validation (12%), credit card validation (12%), lack of human contact in an online booking (12%) and security (12%).

These results, coupled with the fact that 28% of independent hotels see no point in receiving online reservations indicate that independent hotels do not trust the online booking process and explain the huge gap in adoption of booking technologies. Independents feel the lack of customer intimacy of online transactions as a major obstacle to embracing online.

Independent Hotels Not On the Online Traveler Radar

Regarding presence on internet distribution systems, sites which are the main source of hotel visibility and research by online travelers 77% of the chain hotels are present in at least one of these sites while only 26% of the independents use them. 43% of the independents see no point on being present and 19% aren't even familiar with these sites.

These results indicate that independent hotels have not recognized the importance of being present in internet distribution systems for visibility of their property and are rather concerned with the high commissions that these sites demand. However, this strategy is limiting access of their property to the online traveler. Because almost 50% of the users prefer to book directly on the hotel website being present in distribution sites will not only create reservations, but also increase direct bookings on the hotel's website.

Independent Hotels Still Struggling to Increase Occupancy Rates

As a result of the strategies by each hotel, occupancy rates vary widely. 35% of independent hotels have occupancy rates below 50%, while only 6% of the chain hotels. On the opposite side, 55% of chains have occupancy rates above 75%, while only 34% of independent manage to have healthy occupancy rates.

“The differences between the chain hotels and small independents shows the opportunities and challenges that face the independent hoteliers” said Pedro Colaco, GuestCentric’s CEO. *“This gap indicates a real need for the independent hoteliers to find available technologies to allow them to cost effectively close this gap and gain advantages over the chains, supplying the market with what they do best: customer intimacy.”*

About GuestCentric

GuestCentric Systems develops and markets web services that revolutionize the way independent hotels work. GuestCentric has built a Software as a Service platform that allows independent hotels to develop long-standing relationships with guests, improve online revenues and lower expenses associated with online distribution. Through the use of Web 2.0 technologies, GuestCentric provides easy-to-use tools at reasonable prices that up until now were only available for hotels with big budgets. For more information about GuestCentric, visit www.guestcentric.com

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