

Hotel offers on ebay: How auction house and agents market themselves

Online kick with rack rate taste



Augsburg (September 1, 2006). Three years ago it was still ridiculed as being way out. Today it's an important marketing partner for hotels: Anyone who looked for holiday offers on ebay this week would have had 16,311 listings presented at the click of a mouse. The standard travel offer of two nights with breakfast at a fixed date will as of September see new competition: ebay is pushing last minute offers and experts are already working on a direct booking system for concrete dates. Even amongst ebay's hotel service providers new

profiles are beginning to take form. And they all have one goal: to move away from the discounter image once adhering to the virtual auction house. After all, many hotels making online offers through ebay sell at rack rate level.

Whether it be wellness and relaxation, the love/engagement package or the super last minute... there's no limit to the creativity behind some of the names. Limits are only reserved to the prices: rates go up as far as the bidders will allow. The purchase price is not fixed until the very last minutes of the auction and ebay's customers just love the kick.

Nevertheless, all suspicions to the contrary, holidaymakers looking for deals here, often pay more than they would otherwise pay in other channels. "The prices achieved this way are on average 70% of the hotel's standard rate," Korbinian G. Penzkofer reports from Animod Services in Cologne. This puts the tag on the standard two night offer somewhere in the range of 150 to 180 Euros. Animod is one of over ten professional "ebay vendors" specialised on the hotel industry. There are principally three types of providers distinguished by ebay:

1. A vendor completes the deal in entirety for the hotel handling in its own name.
2. The hotel uses the software and service of a third party, handles, however, in its own name
3. The hotel operates entirely independently.

Animod belongs to the first group; hotelboxx in Bremen and Cultuzz in Berlin belong to the second group. And Roman Schmitt could stand for the third group though he uses hotelboxx for his needs. But Roman personally takes care of details. The General Manager of the Upstalsboom Beach Hotel on Wagnerite consciously "plays" with the innovative online platform. This way he's able to test out new offers before officially adding them to the hotel programme. "The times in which ebay was thought only a useful tool for jacking up occupancy statistics in slow periods are well and truly over," the holiday hotelier reports, who come rain or shine has to market the 81 room hotel on the North Sea island the entire year through.

Thanks to the auctions he now knows more about the online booking habits of his guests: Most of them want to book their holidays for a fixed date and so dates are fixed in the offers. Should he make a wellness offer, this should include a fixed service to be rendered on a fixed date; this way he can steer business into the wellness branch in slow periods, especially in winter months.

"We win new guests through ebay!" Roman Schmitt says happily. With a much more expensive newspaper advertisement he would perhaps attract ten new guests, he says. The results via ebay are considerably better. His online statistics show that anything between 300 and 800 persons take part in any one auction.

As mentioned before, Schmitt uses www.hotelboxx.com when placing offers, a platform behind which Marco Nussbaum stands, Managing Director of the operating firm PHR Management Ltd. Nussbaum is known by many from his Sales and Marketing post with NH Hoteles and prior to that with Astron Hotels Germany. Astron was the pilot hotel group for which the first hotel offers appeared on ebay. One year later, Dorint hotels followed. Today there are hundreds of hotels who have taken the plunge on to the virtual platform.

"Measured against possible turnover, distribution costs are small", Nussbaum works out (see table). "Hotel chains generate more than one million Euros per year in turnover, individual hotels up to 10,000 Euros per month." Between 60 and 100 auctions per week are instigated by hotelboxx. As external service provider, they assume the placing of the offer to completion, billing and collection as well as reporting to the hotelier. Nevertheless, it's the name of the hotel that appears



Marco Nussbaum

in the offer and not the agent.

"We offer a complete consulting package for the hotelier, we put together test offers for auction as well as providing training for his staff," Nussbaum explains. "We see ourselves as partners for the marketing of extra hotel capacity!" Similar to other providers, hotelboxx also uses various of ebay's tools alongside of which there are also the immediate buy packages. These offer hotel stays at fixed prices.

Consultant or fullservice provider

But Animod has no intention of leaving it at that. In future it will extend its services. They began by offering "articles" via the online auction house; since mid 2004, the company has exclusively concentrated on hotels. Animod has fixed its sights on the 4 and 5 star hotels; the 25 three star hotels of "preiswerttagen.de" consortia are an exception amongst their regular customers. Animod claims to be the only hotel provider to have already pushed "power auctions". Here the hammer doesn't fall for just one bidder, but for two or three at the same time.

Animod now wants to become a full service agent for the hotelier: Alongside ebay auctions they now also want to provide support in formulating the offer which is later to be placed online. Two weeks ago they also relaunched their online shop at www.animod.eu. This provides an additional platform for hoteliers to place more refined and original offers as well as more expensive arrangements and so to move away from the discount image adhering to ebay.

The travel voucher sent by Animod as "hardcopy" to their customers, will also in future achieve renewed importance. The hotelier will be able to send further literature, for instance wellness prospectuses or other give aways, along with this. "This provides a further means though which hoteliers can sell their products," Animods Marketing Manager Korbinian G. Penzkofer explains. Of course, Animod makes its own charge for this service (see chart).



Korbinian G. Penzkofer

It is with these small but effective changes that ebay vendors are also developing their own profiles. After all, it's difficult to compete with the market leader Cultuzz in Berlin, which according to Michael Hughes, Global Director Sales & Marketing, already has over 2,500 hotel clients in all sectors initiating 120,000 auctions per year. Yet despite its huge size, the name Cultuzz never appears in the offer, all hotels using the Berliners handle in their own name. As the oldest of ebay's hotel partners (since 2000), Hughes has identified the following trends: 4 and 5 star hotels sell best via ebay, alongside offers with wellness or adventure in attractive destinations with original content. "Chain hotels may well attract 20% of bookings on account of their well known brand. And many smaller houses are very successful here," Hughes concludes. Cultuzz also advises hotels on how to make their offers better and more attractive.

For a three day trip, Cultuzz brings in on average 250 Euros. That individual hotels achieve prices above their rack rates is not unusual. The truth is, ebay bidders don't buy a holiday because they're looking for a bargain, but rather because they're chasing an emotional thrill: 62% of them are looking for a "kick", a challenge.

Cooperation between Cultuzz and ebay is in future set to become even closer: Together they are looking at the markets in Great Britain and France and are even set to open a joint office in India. ebay is very thankful for the hotel professional at its side, after all, as Karim Lankarany, Senior Category Manager Travel says, a lot of things still need to be simplified and optimised.

And so this month the search engine functions are to be polished and more photos of the individual hotels will be added. Lankarany also wants to move away from the fixed date voucher sale and introduce the directly bookable holiday for the dates the customer wants. In mid-September ebay will launch its last minute offers. "A huge potential!" ebay senses, just like the modification of offers to include additional services. In future customers will also be able to simultaneously book a rental car or city tour. "There's still a lot separating us from a travel agency," ebay's travel manager exclaims. Until then around 8,000 offers per day can be found on ebay. That's a lot for the ebay class. / Maria Puetz-Willems

What does the distribution channel ebay cost?

	hotelboxx	Animod	Cultuzz
Set up fee	150 Euros,	keine	125 Euros,

	one off		one off
Account management	11 Euros per month	none	none
Postage charge - voucher dispatch	1,67 Euro	none	none
ebay-fee *			
Service provider charge per auction	10%	16,1%	7%
Miscellaneous			10 Euros per month as System Charge

* The ebay-fees are generally the same for all and follow a sliding scale. More detailed information can be found under at <http://pages.ebay.de/help/sell/fees.html>

May 26, 2005: Analysis reveals offers and purchases on the auction house eBay



• (map)

back