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**WHY DO YOU NEED TO  
BE ON A GDS NOW**

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A GUIDE TO THE GDS MARKET  
FOR HOTELIERS

Editors;  
Claudio Limacher  
Iwona Pawluk

Technical editor:  
Yelyzaveta Horbenko

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# INTRODUCTION

In the world where diversification of distribution channels is one of the key factors that make your property perform better, hoteliers cannot avoid to consider GDS as one of the tools they have to diversify distribution. GDS business can be a significant source of incremental bookings. With an optimized GDS strategy better cost per acquisition than with OTAs can be achieved. GDS are a way for hotels to connect and conduct business with travel agencies and travel management companies alike.

GDS deliver some of the most valuable customers for hotels: business travelers, who tend to spend more on premise and pay a higher average daily rate (ADR) than their leisure counterparts.

We believe that this publication will help you use the full potential of this source to reach new customers and increase your revenue.

The time is right. The portfolios of travel planning and management tools that agencies use to manage daily travel business have grown substantially due to technology advancements. With the development of online distribution technologies, the connectivity to a GDS for an independent hotel is not more complicated than to an OTA.

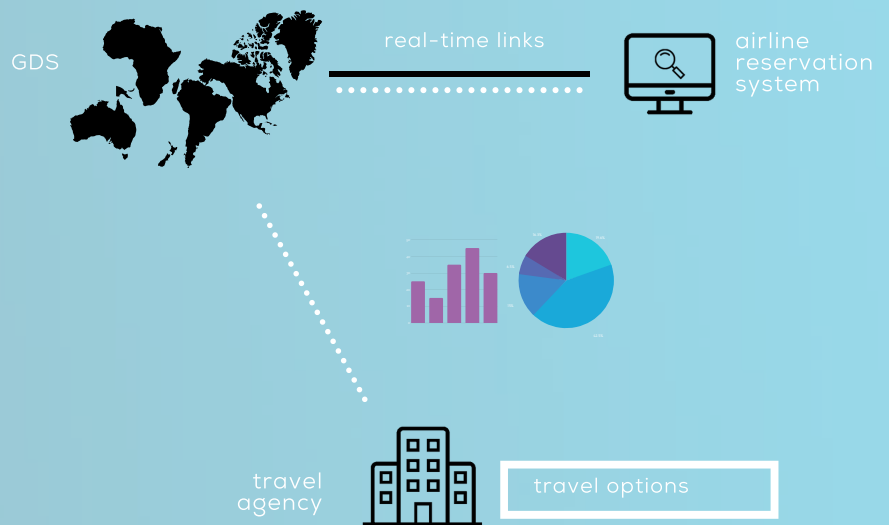
We have prepared this white paper based on data and insights concerning the most important GDS providers in the market. We hope it will help you to formalize and build your GDS strategy for your property.

Claudio Limacher, CEO, YieldPlanet S.A.

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# GDS: THEN & NOW

Global Distribution Systems (GDS) are used to store and retrieve information and conduct a large variety of travel-related transactions. GDS give travel agents and travel sites worldwide a single point of entry. GDS are not exclusive to hotels, airline, car rental, bus and rail services are all served on GDS, too.



In a nutshell, GDS provide price, availability and restriction information and allow to perform reservation functionality to a worldwide market of travel agencies and travel management companies, who can book airline, car, rail, cruise, hotel and other travel arrangements for their customers.

The first GDS was created by the airline industry as a way to keep track of flight schedules, availability and prices. Back in the 1960s, agents used to spend a big amount of time manually entering reservations and pricing itineraries. The airlines who worked with agents as point of sales realized that, by automating the reservation process, they could make them more productive and, in effect, increase sales efficiency.

At the beginning, hotels needed to use an expensive CRS solution to connect with a GDS. The solution was developed and used primarily by large global chains who would benefit from the global distribution of rates and availability.

The connectivity on the GDS was made through a direct connection to one or all the GDS providers - Sabre, Amadeus, Galileo and Worldspan.

Many properties established a direct connection to the GDS, likely driven by a desire for control and, of course, a belief that it would drive lower distribution costs. But as of late, many hotel connectivity teams are re-assessing the cost and benefits of that direct connection. Independent hotels and many small and mid-size chains often use the services of reservation representation companies to gain full spectrum access to GDS as intermediaries and connect with all four major GDS.

Many OTAs originally started by pulling information from a GDS and some still do today in order to offer a more complete offering to guests.

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The primary Global Distribution System providers are:

**Amadeus:**

89,000 travel agency points of sale

**Sabre:**

more than 68,000 travel agency locations and 350,000 travel agents in more than 135 countries

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**Travelport GDS - Galileo and Worldspan:**

67,000 travel agency locations and 295,000 travel agents in 160 countries

There are also regional GDS providers to focus on a specific market, such as:

Infini (Japan), Axess (Japan), Topas (Korea), Fantasia (South Pacific) or Abacus (Asia/Pacific).

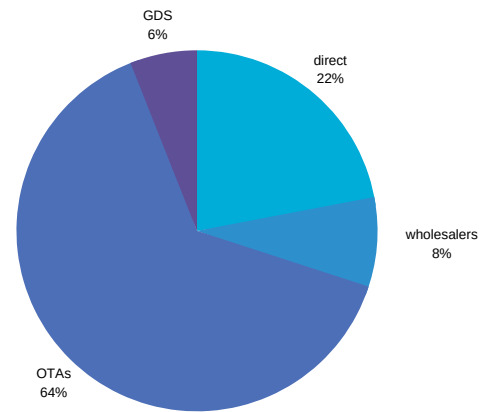
They use one of the primary GDS for their hotel booking system as backbone.

# GDS ECOSYSTEM

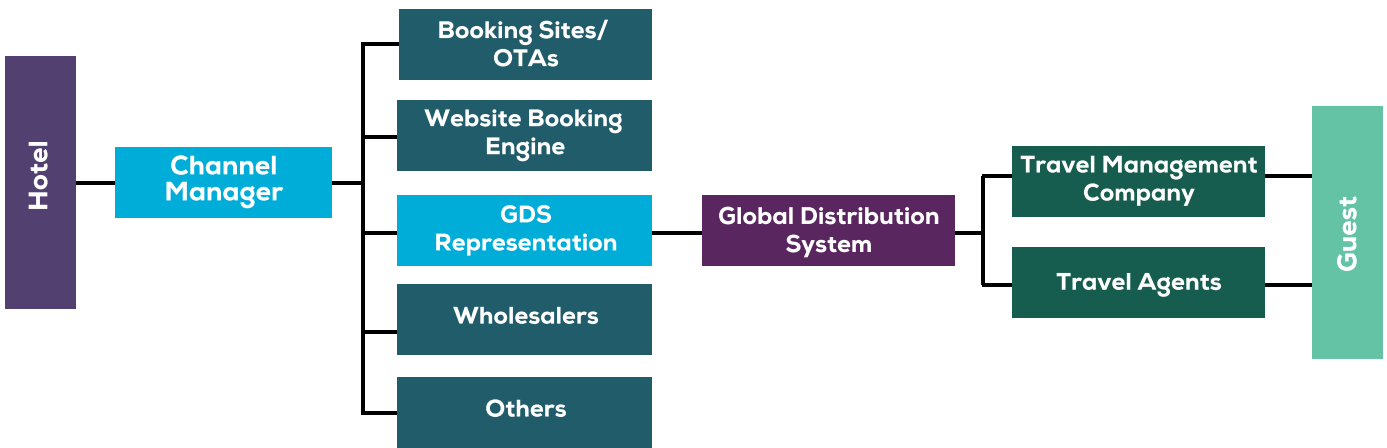
Hotel distribution is very fragmented. Properties have a wide range of channels to connect with and generate bookings from end customers. A hotel receives its bookings from various channels. The fact that each channel has different combinations of 'connections' to deliver each hotels' final product to the guest, makes it even more complex.[1]

The number of reservations from GDS has been continuously increasing by approximately 5% each year. The GDS channels are growing, having exceeded 75 millions of reservations globally in 2018, being the record year in history for travel agents using GDS hotel bookings.[2]

Total distribution in Europe Market shares in % of overnights [1]

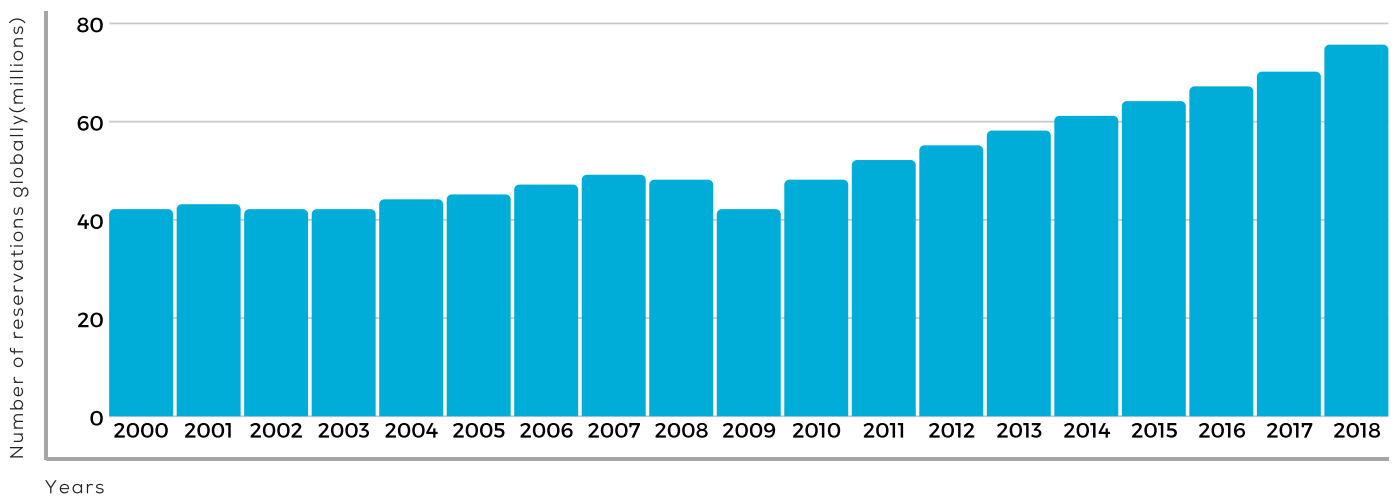


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The GDS are one of the four crucial online distribution channels for hotels.

## GDS | Historical Year over Year Performance [2]



[1] Source: Hotel Distribution Costs report by Infrata, sponsored by the European Travel Technology Services Association (ETTSA), 2018

[2] Source: TravelClick Agency 360



# A BOOST TO YOUR HOTEL'S OCCUPANCY

GDS distribution is the entry point to worldwide corporate travelers. Corporate travelers book many accommodations for their professional travel through travel agents or their corporate self-booking tool (connected to GDS). This makes GDS an opportunity to reach an attractive segment of clients. Compared to leisure clients, corporate clients spend 50-75% more during a stay on extras like food, drinks and amenities.[3]

The GDS feed most consortia, providing a major source of business for hotels that capture strong corporate demand. Some of the main international consortia are [ABC, WIN Global Travel Network, American Express, BCD, CCRA, Carlson Wagonlit, Radius, and Thor.](#)

It is important to realize that if you are not on GDS, then it is much less probable for a travel agent to book your property. Distribution in certain channels is still only possible through the GDS via connectivity with Internet Distribution Systems.

Additionally, the GDS channel provides a virtual marketplace for travel inventory sellers, such as hotels, airlines and car rental systems to showcase their offers to a global audience of professional travel bookers (agencies, TMC's, etc.). Using GDS, agents can build packages that include a hotel stay, air travel, car rental and other travel services in a single tool, with the best price in the market. Therefore, it is a natural distribution channel for hotels that want to increase revenue and online marketing exposure. GDS give independent properties a chance to offer special packages of services that include hotel, airfare, special events, etc. to their customers. Dynamic packaging is a growing trend. Research shows that travelers who book packages stay longer at their destination and spend more money while there.

[3] Source: Travelport

[4] Source: D-Edge Quick Reference Guide 06/02/2019

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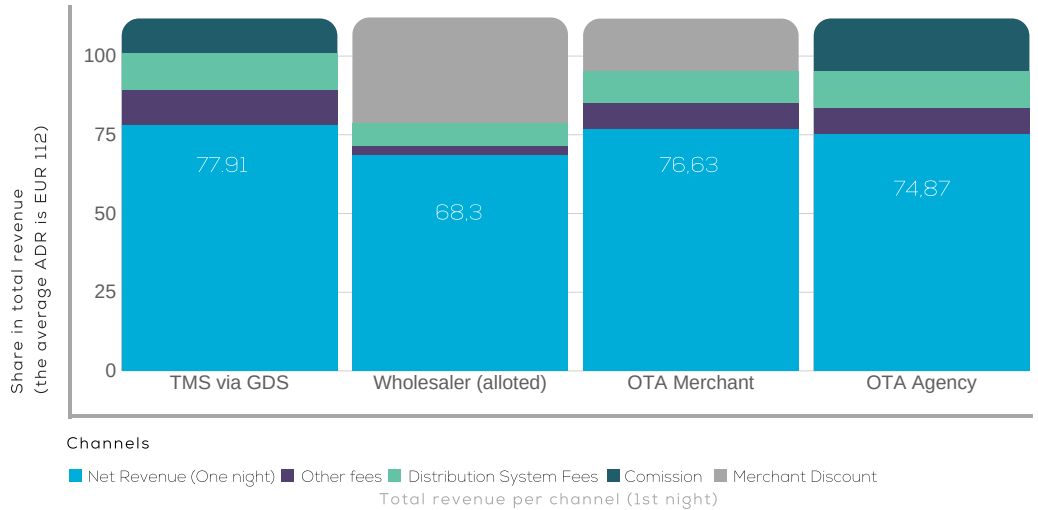
*To maximize your hotel's occupancy and RevPAR, hotels need to develop an effective distribution strategy with a good array of channels, the GDS can play an important role in that mix.[4]*





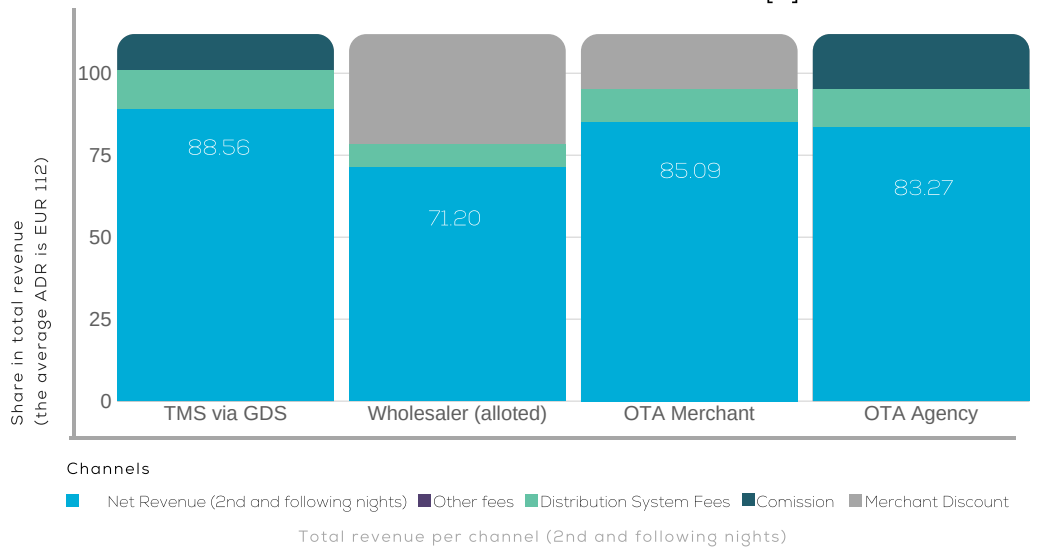
# THE MONEY: COSTS AND REVENUE

It is often claimed that the ADR realized from GDS bookings is lower than the average ADR of the property, effectively negatively impacting the overall ADR. When analyzing data on the net average revenue per booking, the ADR for TMC's via GDS is higher than the average ADR for OTAs.



The Net ADR (after loyalty and merchant discount) for TMC via GDS is higher than the average due to a higher spending business-oriented clients. Unlike wholesalers, it seems GDS rates do not need to be discounted for TMCs using GDS.

Furthermore, when analyzing different distribution channel performance on a Net Revenue level that takes into account merchant discounts, as well as system and other fees (including commission), the TMC via GDS distribution shows a better performance than wholesalers and is in line with OTAs.[5]



Independently from this data-driven comparison, hotels should bear in mind that, in many cases, bookings that come from a GDS will simply not be received by any other distribution channel. To connect or not to connect to a GDS is, therefore, a have or not to have these reservations' game. This is one of the most important arguments in favor of channel diversification.

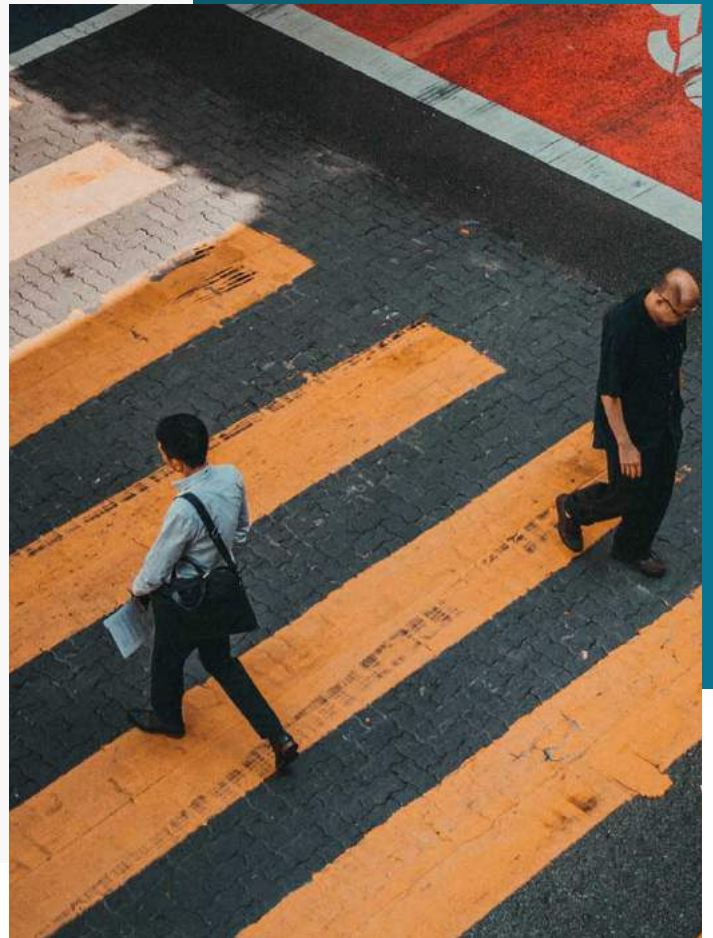
[5] Source: Subset of hotels from the Infrata "Hotel Distribution Costs" report.

# How to work with GDS

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There are many different companies offering GDS services. GDS companies have developed different business strategies: they focus on different market segment and their offer has been adapted to these segments' needs. Selecting the right partner to achieve the goals with a GDS is crucial.

There is a difference between just being present in a GDS channel and a more thorough approach when it comes to visibility on this channel. GDS listing is simply appearing on a GDS channel. GDS representation comprises marketing efforts to make your property more visible in the GDS channel and – in effect – increase the effectiveness of using this channel. The latter requires some effort in preparing materials which will be used to present your property.



Multi-GDS representation and services companies distribute hotel inventory on the Global Distribution Systems and DHISCO (Pegasus Online Distribution Database). Some focus on independent hotels, serviced apartments and small-medium chains which do not have the resources and expertise required to fully benefit from this B2B revenue channel.[6] Others have developed more functionalities to work also with hotel chains.[7]

Some providers operate as resellers, offering additional services, such as support and proactive account management. In case of Bookassist via Reonline,[8] 'full service solution' service is integrated with a commission processing tool and DHISCO, which makes it a one-stop shop for all GDS-related matters. Bookassist's proactive account management is based on RFP management for hotel clients. Navarino Services,[9] on the other hand, also uses the DHISCO, providing distribution across GDS platform, offering their clients consulting services, consisting, among others, in assisting in identifying key corporate customers, providing support in negotiating and loading client specific rates onto relevant channels, as well as comprehensive reporting to assess additional growth opportunities.

[6] Source: <https://amadeus.com/en/portfolio/hospitality/hotels/liinkhotel>

[7] Source: <https://www.travelclick.com/solutions/reservations-and-booking-engine/ihotelier-gds/>

[8] Source: <https://bookassist.org/services/gds/en/>

[9] Source: <https://www.navarinoservices.com/services/gds-representation-ids-representation/>





For some properties it is beneficial to work with consortia. There are several advantages for a hotel working with consortia:

- Greater booking potential: travel agents first look at participating hotels when selecting the right property for their clients
- High-yield business: travel agents generally make higher average daily rate (ADR) bookings
- Increased bookability: greater exposure in the GDS by being able to use the Consortia's negotiated rate code
- Increased visibility: additional exposure in agency marketing collaterals, databases, communications, etc. promoting the Consortia's hotel program

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"It's too expensive to be present on a GDS channel" is no longer the case. There are varying price points and levels of service, and some GDS providers that specialize in working alongside independent hotels showing them how to maximize their presence, like Xenia Interantional, [10] would be focused on, providing, apart from the technology, tailor-made representation and account management. Most of these service providers will also help to evaluate if and how your property can benefit from a presence on a GDS. If done correctly, it can level the playing field and also small and independent properties can compete with the chained hotels, bigger budgets and resources.

When it comes to price policy, it is important to implement various rates on GDS. Agents search for public rates using different codes and the more public rates a hotel has, the higher the chance to appear during an agent's search. Hotels with a wider choice of rates on GDS have a much higher conversion rate than hotels with only a few rates. Negotiating rates with corporations and Travel Management Companies provides an additional number of rates that can be booked by agents, and can increase your overall revenues.[11]

[10] Source: <https://en.xeniahs.com/hotellerie-solutions/technology#gdsconnect>

[11] Source: D-Edge Quick Reference Guide 06/02/2019

## GDS: THE FUTURE

Whatever the future holds for hotel booking, one thing is clear: advances will help agents harness the power of the GDS for themselves and their clients.

It's unclear what exactly the future holds for the global distribution system companies, but new technology certainly will guide the evolution of the travel distribution ecosystem. Representatives of the major global distribution system companies emphasize that their objective is to work with industry partners to make sure everyone's goals are aligned – a thing that has been missing in the last few years.

It is highly probable that with the alterations to price and other factors, the GDS will continue to be relevant for travelers, particularly those travelling for business. People still need to comparison-shop quickly and easily, which a GDS enables them to do while continuing to meet their duty-of-care responsibilities at the same time. Travel Leaders Group expert Jerry Behrens told Business Travel News he believes the GDSs will become a direct corporate booking tool as opposed to one used solely by travel agents and other industry insiders.

[12] Source: "The importance of GDS content" white paper by Sabre



# YIELDPLANET'S OPINION

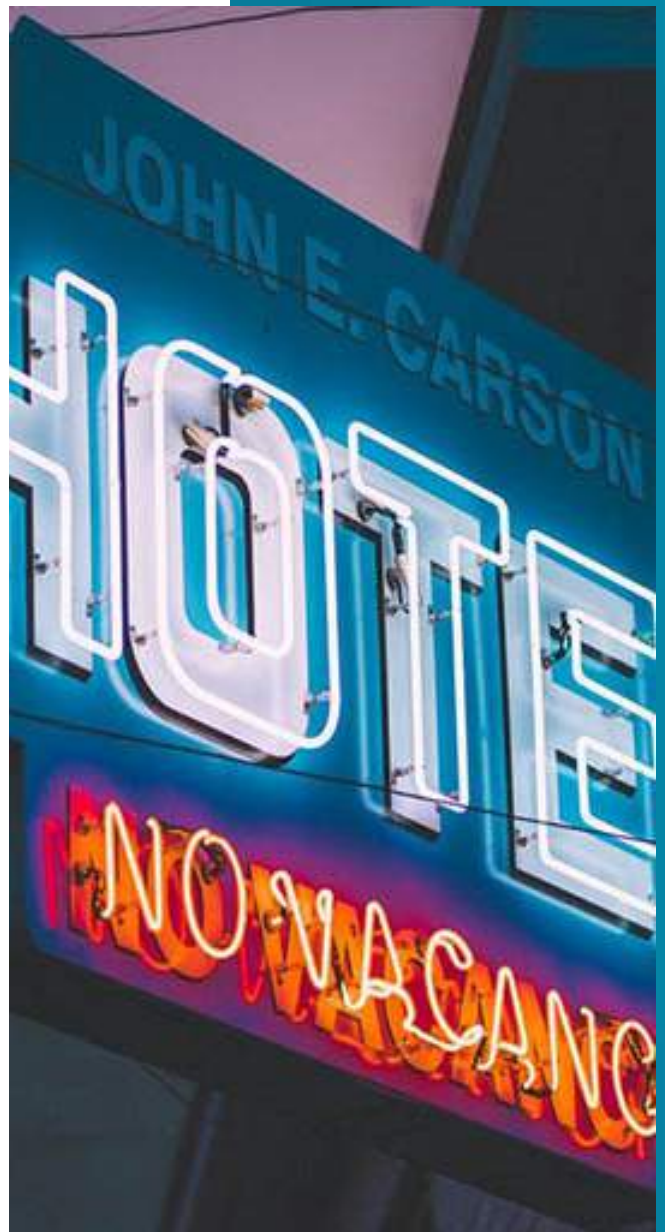
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GDS are often perceived as a channel that works well for big hotel chains. This holds true, but does not mean in any case that independent hotels cannot benefit from the opportunities this source gives. Many times independent hotels underestimate the importance of being present on a GDS channel or do work with GDS, but do not use the full potential of it. Some are present on GDS only for corporate fees. Others, especially smaller ones, overlook this opportunity completely by not even considering GDS as a valuable source of new reservations. It is important to acknowledge that - if the strategy is rightfully adjusted and the offer fits the needs of professional bookers - independent properties can profit from a presence on GDS.

For independent properties choosing the right partner to that will help you achieve your business goals, is outmost important. We strongly believe that - either for GDS providers or for any other distribution channel - the rate alone does not deliver the best ROI. It is a combination of pricing and added value that makes a great difference. Success with a GDS distribution needs a long term-strategy, not a short-term tactical approach. Open up to be booked by hundreds of thousands of travel professionals who generate millions of room nights each year.

In the [GDS section on YieldPlanet's website](#) interested hotels will find more information from the GDS service providers mentioned in this guide, as well as other providers that can help to make your GDS strategy a success.

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# CONCLUSIONS

To maximize your hotel's occupancy and RevPAR, you need to develop an effective distribution strategy. GDS can play an important role in the channel mix. The GDS business can be a significant source of incremental bookings from a lucrative segment of corporate clients for chains, but also for independent hotels. GDS are a preferred booking tool for business - if you are not on it, then it is less probable for a travel agent to book you. Therefore, a reliable partner for GDS representation is necessary to help you achieve your business goals.

# SOURCES

[1] Hotel Distribution Costs report by Infrata, sponsored by the European Travel Technology Services Association (ETTSA), 2018

[2] TravelClick Agency 360

[3] Travelport

[4] D-Edge Quick Reference Guide 06/02/2019

[5] Subset of hotels from the Infrata "Hotel Distribution Costs" report.

[6] Amadeus LinkHotel, a representation company created for independent properties, serviced apartments and small-medium hotel chains, distributes content across the world's leading GDSes. More information: <https://amadeus.com/en/portfolio/hospitality/hotels/linkhotel>

[7] The iHotelier GDS solution provides seamless access to the leading GDSes as well as many other features, including connectivity for hotel chains. More information:

<https://www.travelclick.com/solutions/reservations-and-booking-engine/ihotelier-gds/>

[8] Bookassist offers complete direct bookings solutions for hotels: online marketing and web development, as well as distribution services. In conjunction with Reonline, Bookassist provides GDS connectivity, RFP Management services, as well as support and account management. More information: <https://bookassist.org/services/gds/en/>

[9] Navarino Services provides complete online reservation management systems for hotels. Its CRS provides complete distribution across the world's major booking sources, among them all four of the GDS Platforms, along with DHISCO. More information: <https://www.navarinoservices.com/services/gds-representation-ids-representation/>

[10] Xenia offers hotel accommodation services, hospitality process services, and consulting for the travel industry. It enables partner hotels to distribute the sell of their rooms via all four of the most important GDS and web portals, as well as via direct and indirect Xenia channels: businesses, TMCs, consolidators and others. More information: <https://en.xeniahs.com/hotellerie-solutions/technology#gdsconnect>

[11] Source: D-Edge Quick Reference Guide 06/02/2019

[12] Source: "The importance of GDS content" white paper by Sabre



# ABOUT US

YieldPlanet is a SaaS provider delivering travel technology solutions for revenue and distribution management. We deliver powerful, yet easy-to-use solutions that meet and surpass the challenges of distribution and revenue management.

15 000+ properties in 60+ countries use our solutions.

We are integrated with 400+ channels.

## OUR SOLUTIONS

### Channel Manager

- Single point of control for all your distribution channels
- Save time and reduce administrative cost
- User-friendly interface
- Improved distribution by working with a balanced array of channels
- Synchronized with your PMS

### Price Optimizer

- Price Optimizer boosts RevPAR through effective, AI-powered yield management
- Unique combination of an RMS and Channel Manager to automate optimized distribution
- Optimizations are done in real time across all channels

YieldPlanet Spain  
Gran Via 1176 BIS, 2ndo 9no  
08020 Barcelona, Spain

YieldPlanet Switzerland  
CH-6005 Lucerne,  
Switzerland

YieldPlanet Poland  
Wał Miedzeszyński 630  
03-994 Warsaw, Poland

[www.yieldplanet.com](http://www.yieldplanet.com)



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*The creation of this report would not be possible without cooperation with our trusted partners. Thank you to: Bookassist, iHotelier, LinkHotel, Navarino Services, Reconline and Xenia International for their involvement in this project.*