

ABOUT THE RECEPTIVE TOUR OPERATOR (RTO) CHANNEL

WHAT IS A RECEPTIVE OPERATOR?

- *Wholesaler to overseas wholesalers*
- *Financial intermediary between U.S. suppliers (hotels/attractions) and international wholesalers.*
- *Develops products and contracts with hotels and attractions.*
- *Some aggregate hotels for resale via international travel agents.*

PRODUCTS/SERVICES THEY OFFER

- *FIT (foreign independent traveler) online booking systems*
- *Escorted group tours*
- *Fly-Drive programs*
- *Act as DMC (Destination Management Company) for international business*
- *International leisure groups*
- *M.I.C.E. tour programs (Meetings, Incentives, Conferences, Exhibitions)*
- *Meet-and-greet and ground services*

ROOM NIGHTS SOLD BY THROUGH THE RTO CHANNEL

- *Total overseas room nights from leisure channel: 120 million room nights**
- *Total overseas room nights sold via all receptives in 2012: 19 million (estimate)*
- *RTO channel represents 17 percent of total "leisure" room night sales from overseas***
- **Excludes Canada and Mexico, business travel as well as those visiting friends and relatives; *Estimates based on NAJ TRAX™ Receptive Room Night Production Reports*

ADVANTAGES OF WORKING WITH RECEPTIVE OPERATORS

- *Most efficient way to access international travelers*
- *One RTO can place your product in as many as 70 countries*
- *RTOs deliver business during off-peak times*
- *RTOs help overcome language barriers*
- *RTOs have access to international groups and M.I.C.E.*
- *RTOs assume currency and financial risk of collections*
- *RTOs require issuing relatively few contracts*
- *RTOs move distressed inventory at yields higher than OTA's w/ less risk to brand image*
- *RTOs indirectly provide FREE ADVERTISING in overseas markets*
- *By placing your products in tour operator brochures, RTOs can generate unexpected direct bookings for hotels*

POSSIBLE DISADVANTAGES OF WORKING WITH RTOS

- Must provide net rates 18 months in advance (in case of traditional operators national operators)
- Perception that they provide low-yield tourism class business (rarely true)
- Tiered rate discount for RTOs can seem unnecessary in strong economy
- RTOs may not always be able to fill their contracted allotments
- Sales from wholesalers can take 2-3 years to materialize

STATS AND COMPARISONS:



RTOs vs OTA

	OTAs	RTOs
Lead Time/Days	60-75	90-120
Average Commission Rate	35-40%*	20-30%
Length of Stay/Nights	1.8 nights	2.9 nights
% of reservations that are incremental	5%**	90%

*Ave OTA commission to appear in first screen of search
 **% searches that convert to bookings beyond page 1 listings



OTAs vs RTOs

ATTRIBUTES	OTAs	RTOs
Ave. Booking Lead Time	3.8 weeks	3.6 months
Ave. Cancellation Rate (Source: Murai Research)	40.2% (Booking) 28.3% (Expedia) 20% (Hotel website)	7.8%
Ave. Commission (range)	35-42%	25-32%
Ave Length of Stay	1.8 nights	2.9 nights
Main Advantage	Reliable booking at distressed rates	Build foundation from which to raise ADR earlier
Main Disadvantage	High commissions	Sometimes can't control resellers



In A Nutshell

	OTA	RTO
Likelihood of Guest Sharing Contact Data w/hotel (1-10 scale)	2	7
Automation	Fairly Seamless	<ul style="list-style-type: none"> ▪ Larger RTO's offer XML into existing CRS system: ▪ Extranet with allotments allow hotels to yield with better control
Key Advantages	<ul style="list-style-type: none"> ▪ Fill need periods ▪ Superior user experience 	<ul style="list-style-type: none"> ▪ Build early base to grow ADR sooner Replace group business if falling short. ▪ Identify future trends and ability to "Yield up" ▪ RTO's are more "selective" at finding audiences that will like independent hotel