



NZ Hotel Council/Inbound Tour Operator Council

INDUSTRY TERMINOLGY & BEST PRACTICE

Best practice guidelines and terminology used in the accommodation and inbound tour operator sectors

TERMINOLOGY	DEFINITION	BEST PRACTICE
Seasonality	<ul style="list-style-type: none"> • High and low season, national and regional focus with exceptions for special interest e.g. Rugby World Cup 2011 • The differing rate seasons within the validity of a contract, for example a contract with the validity of 01 Apr 05 – 31 Mar 06 may have differing seasonality within those date frames where the rate varies, 01 April – 30 Sep 05 may be at a low season rate and 01 Oct – 31 Mar 06 may be at a high season rate. 	<ul style="list-style-type: none"> • Differing trading periods depending on seasons and locations. • High season (Oct-Apr) and Low season (May-Sep) with allowances for exceptions for special events and regional variations (i.e. ski season). • Standard wholesale rates but keep them simple. •
Allotments	<ul style="list-style-type: none"> • What is given in an allocation of rooms by the hotel to be maintained and managed by tour operator • An allocated number of rooms that are pre-agreed between the hotel and the IBO are 'allotted' to the IBO and become the IBO's rooms to sell. There is a negotiated release back period when if these rooms are not sold XX amount of pre-agreed days prior to eventuation, they are released back to the hotel and are no longer the IBO's rooms to sell. • Standard practise is that the contract will specify an automatic release date that will trigger the return of rooms and show up in that hotel's systems 	<ul style="list-style-type: none"> • Considered a contract between accommodation supplier and tour operator. • Hotel should always ask IBO if they need to request return of rooms – by mutual agreement with disciplines in place tied to pre-agreed rate and conditions. • All requests will be responded to in a reasonable manner by both parties. • Once an allocation is set up with any close out dates advised at time of set up, no further close out dates should be made by the hotel/accepted by the IBO



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<p>Cancellations</p> <p>Group</p> <p>FIT</p>	<ul style="list-style-type: none"> Standard practise is for IBO to provide hotel with final rooming list at 30 days prior to arrival. Unless stated in the contract between IBO and hotel, no cancellation fee applies outside this time. Cancellation fees (usually the first night) will be charged if they are any time within 30 days. Depending on the location and season, cancellation fees may not apply if advised 24-48 hours prior to arrival. 	<ul style="list-style-type: none"> Contracts to state the number of rooms (usually up to 20%) that may be reduced from an allotment outside 30 days without attracting cancellation fees. Cancellation policies to be based on the contract between the hotel and IBO.
<p>Free Sell</p>	<ul style="list-style-type: none"> Right to sell under specified agreed conditions, rate, number of rooms, by market segment An agreement between the IBO and the hotel that the IBO is permitted to confirm an unlimited number of rooms to their clients without seeking a confirmation from the hotel. The IBO sells the room and reports it as sold to the hotel and the hotel is bound to honour this booking. The hotel has the right to advise of 'black out' or 'stop sell' dates when the IBO is no longer permitted to free sell during those dates. The IBO is required to sign and send back any blackout/stop sell advice before the stop sell/blackout can be enforced. Regular updates and communication between hotel and IBO 	<ul style="list-style-type: none"> Without restriction under agreed terms until advised otherwise, in other words the hotel is full.
<p>Brochured Product Rates</p>	<ul style="list-style-type: none"> Agreed rate expressly negotiated for a specific purpose and never to be disclosed and by either party to a wholesaler, consumer or other IBO partner on a standalone basis. Rates are negotiated on the understanding that they are specifically and only for an agreed printed brochure, campaign or inclusion in an itinerary – unless agreed otherwise at the outset. 	<ul style="list-style-type: none"> Package and rate not disclosed. If an IBO willingly or knowingly uses the agreed special-purpose rate for another purpose, the hotel has the right to decline and apply normal wholesale rates.

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Release back Policy	<ul style="list-style-type: none"> • Applies when contract for allotment is not met e.g. within the number of days specified in the contract. • The policy is jointly agreed between the hotel and the IBO for the automatic release back of unsold allocated rooms from the IBO to the hotel. In some cases it is also the time that sold rooms are reported. • Standard policy is that at the time of booking the IBO advises the hotel that the booking is ex-allotment. Once the specified date has been reached any unsold rooms from the allotment are automatically released back to the hotel. 	<ul style="list-style-type: none"> • If tour operator sells fewer rooms than those agreed to, release back policy applies. • Good communication between IBO and hotel.
Materialisation	<ul style="list-style-type: none"> • Number of rooms actually used versus number of rooms booked or allocated. • Group bookings are usually quoted a long time in advance, often with space held for the groups, so the materialisation of group bookings means the % rate of how many quoted bookings materialise into actual bookings. • Encourages matching inventory against business achieved. 	<ul style="list-style-type: none"> • Hotels to review on a regular basis. • Good two way communication based on trust and agreed process. • Hotels to manage inventory with controls, measurement processes and systems in place. • Hotels reserve the right to increase, review, decrease or retain allocations at the start of each season. The benchmark is that hotels will seek 50% materialisation per room.
Waitlist	<ul style="list-style-type: none"> • In the event a hotel cannot confirm rooms to IBO, the IBO can seek rooms at alternative similar standard hotel to cover waitlist. 	<ul style="list-style-type: none"> • Minimum number of hotels booked to cover waitlist. • Release duplicated rooms as soon as practical.



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<p>Best Practice Standards when NZHC member sells to overseas wholesaler on a direct basis</p>	<ul style="list-style-type: none"> NZHC rates to ITOC tour operators based on a commercial decision taking into account, volume, type of business, potential, seasonality, trading practices and business relationship. 	<ul style="list-style-type: none"> NZHC members recognise the added value ITOC members bring to the international travel distribution chain. Hotels accept that IBOs need to work on a margin and recognise this when offering rates to off-shore wholesalers. Hotel room rates to be finalised year following TRENZ and applicable from April 1 the following year to March 31.
<p>Abbreviations:</p> <p>ARR</p> <p>RevPar</p> <p>IBO</p> <p>FIT</p> <p>VFR</p>	<ul style="list-style-type: none"> Average room revenue divided by number of rooms sold Room revenue divided by number of available rooms Inbound Tour Operator Free Independent Traveller Visit Friends and Relatives 	<ul style="list-style-type: none">