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**THE ONLY CONSTANT IS CHANGE:
A report on the national OTA Swiss
Travel Centre by Horwath HTL
Switzerland**

Do national OTAs make sense? The answer is YES. Horwath HTL has taken the Switzerland Travel Centre (STC) as an example and talked to its CEO Michael Mäder. The STC was founded in 1998 by a joint venture of the Swiss Tourism Association, the Swiss Hotel Association, Gastrosuisse, the Swiss Railway, Swissair and Europcar. All of the stakeholders were interested in boosting the tourism industry in Switzerland. The idea behind it was to create a universal booking platform for visitors to the country. Being among the first available online platforms it worked really well until around the turn of the century when big international companies like booking.com and Expedia, among others, which were founded roughly at the same time, started to dominate the global online booking market. Booking.com offers 1,180,000 lodging opportunities in 227 countries and 40 languages (source booking.com) – in 2014, Expedia had an unbelievable marketing budget of \$2.8 million - figures a national OTA only can dream of.

This makes the booking volume of STC even more remarkable.

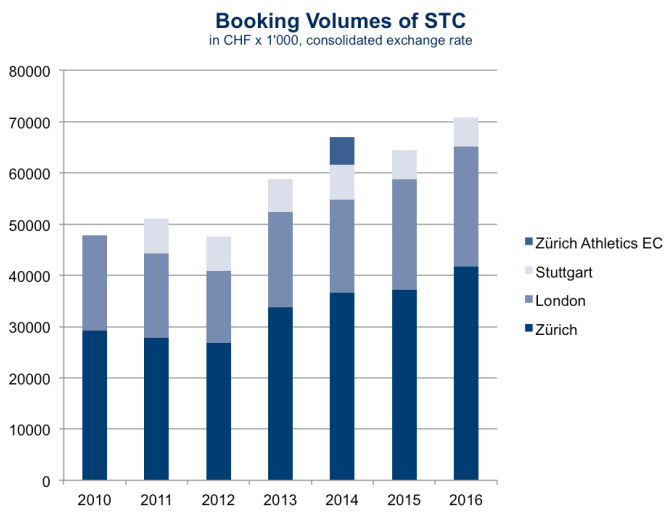


Figure 1: source STC

It shows a more or less steady increase from CHF 48 million in 2010 to more than CHF 71 million in 2016. How was this even possible? Michael Mäder had a clear answer to that question: STC has constantly adapted their products

and how they present them to the market but also has aligned them to the requirements of the partners and the shareholders. Today, the Swiss Tourism Association, the Swiss Hotel Association and the Swiss Railway hold a third each.

The only constant in the past was change.... While direct hotel bookings by individuals declined, the STC created a B2B platform offering more complex packages including transport, hotel, events and sightseeing/excursions to tour operators in a password-protected and secure web space, in co-existence with the booking platform for individual travellers. Transport generates about 50% of the revenues while lodging produces the other 50%.

According to Michael Mäder their client base comes from diverse markets and regions; the most important ones last year were:

1. UK
2. Switzerland
3. Germany
4. USA
5. China
6. India
7. GCC
8. Others

According to the Walliser Tourism Observatorium, bookings made in Switzerland are generated using the following channels:

Direct (Phone, Fax, E-Mail, own Website)	57.4%
Destination Marketing, NTO	4.1%
Tour Operators, Agencies, Hotel Chains	10.7%
OTAs, GDS, Social Media	27.2%

We also wanted to look at the hotels' side of things and interviewed two leading hoteliers in Switzerland. Neither of their properties is chain affiliated. Kurt Baumgartner, owner and CEO of the Belvédère-Hotelgruppe in Scuol, confirmed that the STC is important for Switzerland. In his hotels, presently only about 6% of all bookings come from OTAs and they generate not even 1% of the total turnover. The main reason being that they have 90% Swiss clients - most of them regulars. But according to Kurt Baumgartner there is no question that the percentage of OTA bookings will increase in the future and that hoteliers have to regard them as their partners not competitors. The same statement came from by Jan Brucker, CEO of

the Widder Hotel in Zürich. In the past years the share of OTA bookings increased in his hotel from 6 to 18% and is expected to increase further. Hoteliers should “piggy-back” on the tremendous marketing spending executed by the OTAs and increase their business. If Jan Brucker could be granted a wish from the STC, it would be that the organization, who employs more than 100 staff, puts more focus on 5* products. The same is true for Kurt Baumgartner – who adds that marketing of top products and services should not be managed through discounts or special rates.

On a final note, both hoteliers - regardless if from resort or city setting- confirmed, that not only the STC’s sales activities are important. All the branding and marketing activities on behalf of Switzerland and carried out by the STC are invaluable and will continue to be of great value. A look at the recent global developments, and social media with their tools, promises interesting times ahead and again, more change.

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Heinz heads up the Horwath HTL office in Switzerland and is largely responsible for transactional advice, tourism project development, corporate finance, performance monitoring and operational reviews.

With over 35 years international experience within the hospitality industry, Heinz has worked extensively across Europe, Africa and the USA in a wide range of hotel, tourism and aviation fields. Prior to Horwath HTL, Heinz was Project Manager/Director of Operations at Helog Aviation AG. He was responsible for the operation of Puma Helicopters and 8 bases in Sudan, Sierra Leone, Liberia and Ivory Coast. This role involved the pre-opening and opening of the headquarters and bases, and he acted as Liaison Officer to organisations such as the UN and major oil companies.

Throughout Heinz’s extensive career, he has been appointed to provide short-term asset management advice to hotel owners seeking to improve their operations and profitability. As a consequence he has implemented bespoke business plans, provided investment and renovation programmes, marketing and sales and organisation strategies. He has acted as Managing Director for a number of international hotels and resorts, including Carpe Diem Vacation Resort, Cadaques in Spain, Spa Resort Samoa, Warnemünde and Golfpark Gut Düneburg GmbH, Ferienpark Gut Düneburg GmbH, Haren in Germany, Dorfhof Gerlitz Alpe, Bodensdorf in Austria and Magic Hotel Management Inc., Ft. Lauderdale in the USA.

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