



Backpacker Network Germany e.V.
Senefelder Strasse 8
10437 Berlin

Phone: +49 (0)177 3628241
Fax: +49 (0)351 6465250
Email: gf@backpacker-network.de
<http://www.backpacker-network.de>

Represented by the Board Members:

Andreas Taut
Cathrin Eszbach
Alexander Grothe

General Manager:

Michael Lottes

Letter to the Hostels around the World

Berlin, January 29th, 2014

Lately we keep receiving news that alters the rapport of the booking machines towards the hostels. The Backpacker Network Germany is greatly concerned because the conditions continue to work to the disadvantage of the hostels. It is essential that something is done, and we'd like to make a suggestion that every hostel can implement here and now.

Increase the Prices on the Booking Portal to at Least the Amount of the Commission! That's all you need to do. It's really easy, and you'll get your actual calculated price from your guest. You can stop appealing to the guests to "Please book directly with the hostel because it's good for us." No! You now suddenly have an argument: "Book directly because it's cheaper for you!"

The different booking sites provide a service and added value **for the guest**. People can find all of the hostels clearly and comparably on one site, getting all of the relevant information and comparable evaluations, and they can make an immediate confirmed booking. The individual hostels don't offer this, and even as a hostel network with 60 accommodations in Germany, we unfortunately cannot presently offer this service. There are good reasons for guests to use these sites.

This is okay and not a reason to damn one of the OTA's—they're doing good work and have a good offer for the guest. This work and this offer costs money. And they earn this money through the commission. Up to this point, it's all okay. The decisive question is who is going to pay the commission: You or the guest. Our suggestion is... the guests should pay. Because it is their advantage to not have to look at the particular websites, to not have to send inquiry emails back and forth, and to be able to quickly and easily compare. Hostelworld is offering an advantage **for the guest**. Why should the hostels pay for the service of being easily compared next to all of their competitors?

And if one of the OTA's would soon demand a 20% commission, that would also be okay; then their offer would be accordingly more expensive. The market will control the rest—the guest will book where they'll get the best cost-benefit ratio for the booking transaction. And should a booking site with 20% more commission also have the better service, then that's all right. But we as hostels will take ourselves out of having to pay for the guest's booking transaction. Let the booking portals finally compete against each other to offer the cheapest price for the guest. We shouldn't undercut our prices to finance the booking sites.

The booking websites work for the guests; these are their customers, not the hostels. The hostels are just the suppliers of the sold product. The principle flaw in the system is that the hostels pay for the portals. When we resolve the mistake and see to it that the portals are paid by their actual customers—the guests—then these ongoing problems will sort themselves out.

Here's another advantage: **You can just do it**. You don't have to beg or plead or urge someone else not to raise your commission; you're not dependent on the decision of others. You can, today and at this moment, assertively and autonomously act. You just have to do it! Start today, now! This also doesn't need huge international action; you can do it immediately and at the local level. Everyone for him- or herself.

Instead of a big involved operation to avoid harm to the full revenue for the uncertain chance that afterwards, eventually, only a 10% as opposed to a 12% commission needs to be paid, you can make more sales in order to, over the long-term, not have to pay any more commissions. The solution is easy: **Make the OTA's more expensive!** As hostels, that's what you can do here and now.

Best regards from Berlin, Germany - Michael Lottes (on behalf of the Backpacker Network Germany)

A handwritten signature in blue ink, appearing to read 'M. Lottes', is positioned below the typed text.