

2009 Innovations Awards Program APPLICATION

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ID # (assigned by CSG): 09-S-38WV

Please provide the following information, adding space as necessary:

State: West Virginia

Assign Program Category (applicant): Natural Resources – Parks and Recreation (Use list at end of application)

1. Program Name: Electronic Lodge Room Marketing and Distribution System
2. Administering Agency: West Virginia Division of Natural Resources – State Parks
3. Contact Person (Name and Title): Sam England, Park Superintendent
4. Address: 149 State Park Trail, Roanoke WV 26447
5. Telephone Number: 304-269-0524
6. FAX Number: 304-269-0526
7. E-mail Address: samengland@wvdnr.gov
8. Web site Address: www.wvstateparks.com
9. Please provide a two-sentence description of the program:

This program allows for the electronic distribution and creation of reservations of lodge rooms into the internet global distribution market. Generally, these are unsold lodge rooms being booked by Travel Agents and through popular Online Travel Websites where, without the program, the sales would not be possible.

10. How long has this program been operational (month and year)? Note: the program must be between 9 months and 5 years old on March 2, 2009 to be considered.

We implemented the program on February 15, 2008.

11. Why was the program created? What problem[s] or issue[s] was it designed to address?

Chief Logan Lodge is a newly constructed State Park Lodge that opened in July 2006. We needed creative marketing strategies that would bring attention to the new facility and direct customers to our property. Chief Logan Lodge has 2 unique challenges that other State Park and privately operated lodge and hotel facilities do not face. The first challenge is that although the facility is located on a State Park, it does not offer traditional amenities such as unique scenic views and outdoor recreational amenities adjacent to the facility such as golfing, fishing, hiking, and nature viewing. Although these amenities are available nearby, this challenge keeps us from taking full advantage of the vacation and recreation traveler. The second challenge is that although we are very close to a major highway in the area, we are not able to place sufficient signage along the highway to adequately market to the highway traveler. Often times these travelers may pass by Chief Logan Lodge without recognizing the facilities actually offered.

We recognized that we should take advantage of travelers looking to visit the Logan area who would be looking for lodging prior to their visit. The best way to take advantage of these travelers was to maximize our exposure on internet travel websites, maximize the exposure of our park website on the internet, and to create awareness with travel agents.

Exposure of the lodge through many of these venues is difficult if not possible for state park hotels. Channels where a marketing relationship is possible would require significant time and staff to manage the reservations, accounting, relationships and agreements/contracts procurement.

By contracting with an Electronic Global Distribution System (GDS) provider, we were able to market into significantly more venues that would either not be available to us or would require significant additional staff to administer. Additionally, having a contract with 1 GDS provider keeps us from significant purchasing hurdles that would be required due to state purchasing guidelines.

Additionally, we selected a company that integrates with our Computerized Lodge Property Management System (PMS) currently used at all our State Park lodges. Reservations generated from the GDS are entered in "real time" into our PMS through integration software. Front desk clerks are alerted that new reservations have been made. They then check the reservations for accuracy and mark them for consideration upon check-in. Invoices for all travel agent fees and website fees are generated by the PMS. GDS account management is efficiently processed through a web interface.

12. Describe the specific activities and operations of the program in chronological order.

June 2006 –Lodge was completed and furnished. Lodge staff were hired and trained. PMS was purchased and programmed. Marketing strategy was developed.

July 2006 – Lodge opened to the public

April 2007 – We became aware of 2-way GDS interface offered by the PMS and began learning how the GDS industry works. We realized that the GDS program could provide us the marketing venue we were looking for.

June 2007 – Prepared Request for Quotations seeking a GDS provider offering a 2 way interface with our PMS.

July 2007 – Received bids from GDS providers, evaluated the companies, and made recommendation for contract.

September 2007 – Met with WV Purchasing Division concerning the payments to Travel Agents and Online Travel Websites. Agreement was reached that both could be paid through reimbursement of funds (much the same as processing guest refunds) rather than requiring them to become registered vendors.

December 2007 – Contract was signed with the GDS, InnLink Central Reservation Services.

January 2008 – Began entering the property information into the GDS (e.g. room types, rates, services offered), conducted staff training and completed account setup.

February 2008 – Account activated and first reservations were received through the system.

July 2008 – Recognized the potential of the program for other State Park managed lodges

September 2008 – Prepared a Request for Proposals to include all other State Park lodges.

13. Why is the program a new and creative approach or method?

We have a computer network and PMS program at all the State Park managed lodges. This allows us to have an internet booking engine on our website where guests can book reservations. The booking engine is available on the individual State Park website but guests must find the website and booking engine in order to create a reservation. The GDS places rooms inventory onto popular Online Travel Websites such as Hotels.com and Orbitz.com. This has 2 positive results. First, reservations are made directly through the Online Travel Websites. Secondly, there are a number of travelers who search for lodging on Online Travel Websites and then find the specific property internet website and book reservations by phone at the property or through the property's internet booking engine. The affects of the latter have made Chief Logan's internet booking engine reservations nearly double that of the other 7 lodges.

In addition to marketing rooms to individual consumers, the GDS allows for awareness and electronic reservations among travel agents. Traditionally, travel agents searched for properties in specific areas and then called to negotiate a price for the reservation. Now travel agents book reservations almost exclusively through electronic methods. Our lodge is now available to travel

agents through this channel. Rates and commissions are electronically managed by the Park staff through the GDS.

Also included by the GDS is a “branded booking engine” that appears to the public be our unique online booking engine. The GDS booking engine is more user friendly and has greater marketing value than the booking engine provided by the PMS. By using the GDS branded booking engine we eliminate the need for costly additional hardware and security systems necessary for public internet reservations booking.

14. What were the program’s start-up costs? (Provide details about specific purchases for this program, staffing needs and other financial expenditures, as well as existing materials, technology and staff already in place.)

Total Start up costs were \$2,295 which included \$750.00 for the implementation and set up with the GDS and a one time \$750.00 PMS interface fee. The PMS company charged \$795.00 for the interface software and support.

15. What are the program’s annual operational costs?

Operating costs include \$240.00 annual fee to Pegasus for inventory management into Travel Agent electronic venues, \$250.00 annual interface support fee, and fees for each reservation made. The reservation fees are \$5.95 per reservation plus 5% of the reservation total stay amount. There are also commission fees to the Travel Agents and Internet Reservations Websites.

16. How is the program funded?

Funding comes from the room revenue created by the reservations. A significant portion of these reservations is new business that would be much less likely to make a reservation without the GDS.

17. Did this program require the passage of legislation, executive order or regulations? If YES, please indicate the citation number.

No.

18. What equipment, technology and software are used to operate and administer this program?

Little additional software or equipment was necessary. The system uses the existing lodge private network and PMS. The software is RoomMaster by InnQuest. InnQuest provides the interface software with the GDS InnLink.

19. To the best of your knowledge, did this program originate in your state? If YES, please indicate the innovator’s name, present address, telephone number and e-mail address.

No.

20. Are you aware of similar programs in other states? If YES, which ones and how does this program differ?

Yes. Other private owned/operated lodges use the same system.

21. Has the program been fully implemented? If NO, what actions remain to be taken?

No. Currently we are advertising a Request for Proposals to implement the system at other lodge parks that may be able to take advantage of additional room reservation sales.

22. Briefly evaluate (pro and con) the program’s effectiveness in addressing the defined problem[s] or issue[s]. Provide tangible examples.

Pros:

The program markets the lodge into channels that would otherwise not be possible. Chief Logan Lodge is now represented both on consumer websites, such as Hotels.com and Orbitz.com, and to the travel agents electronic reservation system. Additionally, greater awareness creates greater internet traffic to the lodge website. Chief Logan Lodge’s booking engine reservations represent about 6% of total reservations, which is approximately double that of all the other State Park Lodges and Chief Logan’s internet reservations prior to using the GDS.

The program is responsible for generating over \$110,000.00 in revenues in the first year. This represents approximately 10% of the room revenue at Chief Logan Lodge for the same period. Adjusting for the 3% of revenue that we should have received from the internet booking engine

without using a GDS branded booking engine, we have about 7% gross profit or \$77,000.00 revenue that we would not have been realized without participating in the program. Deducting approximately \$9,000.00 for annual fees, per reservation fees and commissions, the net profit for our first year will be about \$68,000.00.

By using the “branded booking engine” provided by the GDS, we are able to reduce computer hardware replacement in the future. At each of our State Park Lodges, 1 server is designated specifically for web reservations through the PMS. Using the GDS, we can eliminate that server and associated costs. In addition to the cost savings, the branded booking engine is much more user friendly and has a more professional appearance. Pictures of room types are presented to the consumer during the reservation process. Information on room and property amenities is enhanced.

The accounting process is very streamlined and efficient. An invoice is created by InnLink and provided to our accounts payable clerk through a web interface. She is able to review the charges, verify the guests’ stays and make adjustments as needed. Travel Agent and Online Travel Websites commissions are tracked in the Property Management Software.

One state contract is much more efficient to manage than numerous state contracts with the numerous distribution outlets.

Cons:

The \$9,000.00 cost to participate is significant however, represents only about 8% of the room revenue generated by the GDS.

The state contract used is only valid for 3 year periods and has an annual spending limit of \$25,000.00. Fees for the first year to GDS InnLink were approximately \$5,000.00. If we expand the program, the number of lodges participating will be limited by the spending limit. Additionally, every 3 years we will be re-bidding the contract. If we are required to change providers, it will cost us approximately \$1,500.00 of start-up costs for each lodge and will require 6 – 8 weeks after the initial start-up for our inventory to be distributed throughout the various distribution channels. A long term contract would be beneficial.

When the network connection is lost due to power outages or internet connection loss, reservations continue to be made through the GDS based on the last confirmed inventory availability. This has caused at least 1 overbooking. The GDS provider must be contacted during loss of connection to keep from double booking rooms.

23. How has the program grown and/or changed since its inception?

The program has a natural initial growth. For the first 6-8 weeks the information is being distributed through all the various marketing channels. Additionally, reservations grow as internet users and travel agents looking for accommodations in the area, return to the lodge with positive stay experiences.

24. What limitations or obstacles might other states expect to encounter if they attempt to adopt this program?

We found that our Division of Purchasing was willing to be flexible in allowing us to consider our payments to Travel Agents and Online Travel Websites as essentially “refunds”. Without that flexibility, the commissions due these entities would have been difficult to manage as each one would need to register as a state vendor and require us to process an invoice for payment. This streamlined process has helped us maintain a positive working relationship with the various entities.

2009 Innovations Awards Program Program Categories and Subcategories

Use these as guidelines to determine the appropriate Program Category for your state's submission and list that program category on page one of this application. Choose only one.

Infrastructure and Economic Development

- Business/Commerce
- Economic Development
- Transportation

Government Operations

- Administration
- Elections
- Public Information
- Revenue

Health & Human Services

- Aging
- Children & Families
- Health Services
- Housing
- Human Services

Human Resources/Education

- Education
- Labor
- Management
- Personnel
- Training and Development
- Workforce Development

Natural Resources

- Agriculture
- Energy
- Environment
- Environmental Protection
- Natural Resources
- Parks & Recreation
- Water Resources

Public Safety/Corrections

- Corrections
- Courts
- Criminal Justice
- Drugs
- Emergency Management
- Public Safety

Save in .doc or rtf. Return completed application electronically to innovations@csg.org or mail to:

CSG Innovations Awards 2009
The Council of State Governments
2760 Research Park Drive, P.O. Box 11910
Lexington, KY 40578-1910

Contact:

Nancy J. Vickers, National Program Administrator
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The Council of State Governments
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This application is also available at www.csg.org, in the Programs section.

Deadline: March 2, 2009