SEGMENTATION BRIEF

ALIGNING CURRENT HOTEL SEGMENTS WITH USALI INDUSTRY STANDARDS

THE BRIEF

The hotel's current property management system, or PMS, uses a segmentation structure that differs from the lodging industry standards outlined in the 11th and 12th editions of the Uniform System of Accounts for the Lodging Industry, or USALI.

Today, the PMS groups reservations into broad and sometimes overlapping categories such as:

- OTA
- OTA Net
- Discount
- Package
- Corporate
- Group

These categories may support basic property-level reporting, but they do not provide enough detail for accurate revenue analysis, financial auditing, channel measurement, or commercial planning.

A USALI-aligned structure organizes demand into clearly defined market segments. These segments reflect factors such as:

- The type of rate purchased
- The guest's eligibility or affiliation
- The purpose of the booking
- Price sensitivity
- Booking behavior
- Contractual terms

The standard macro categories include:

- Retail
- Negotiated
- Qualified
- Discount
- Government
- Wholesale
- Contract

The most important difference is that a market segment remains separate from a booking source or distribution channel.

For example, a guest may book a full-price Retail or Best Available Rate through the hotel website or through an online travel agency such as Expedia. The rate remains Retail in both cases. The booking source identifies where the reservation came from.

Keeping these fields separate allows the hotel to answer three important questions:

1. What did the guest purchase?
2. Where did the booking come from?
3. How sensitive was the guest to price?

This structure gives commercial teams a clearer view of demand and supports stronger revenue decisions.

We recommend expanding the framework into 10 transition segments. This added detail can provide deeper audience insight and support modern revenue management systems that use historical trends, booking behavior, and pricing data to guide decisions.

A complete explanation of the proposed structure, definitions, and hierarchy is available here.

FINDINGS FROM THE DATA AUDIT

A review of the hotel's transactional data identified several issues with the current configuration.

The PMS uses defined segment rules, but active reservations do not consistently follow those rules. Rate codes often move between categories without a clear or repeatable pattern.

For example, the current structure separates third-party bookings into OTA and OTA Net segments. However, the data shows that some net-rate bookings appear under OTA, while some retail offers appear under OTA Net.

The OTEXEC rate code, which represents the Expedia Collect net model, provides one example. Some reservations using this rate code appear under OTA, while others appear under OTA Net.

This inconsistency makes it difficult to measure performance accurately.

The audit also found that all Hotel Trader rate plans currently receive credit under the Direct source channel. Because Hotel Trader represents third-party production, this mapping overstates direct booking performance.

COMMERCIAL IMPACT

These tracking issues create two primary risks.

1. INACCURATE COMPETITIVE BENCHMARKING

The current setup may compromise Demand360 reporting by inflating direct acquisition figures and overstating organic performance.

As a result, the hotel may appear to generate more direct demand than it actually does.

2. LIMITED SEGMENT-LEVEL ANALYSIS

Competitor hotels may classify third-party reservations across segments such as:

- Retail
- Discount
- Promotion
- Package

The hotel's current structure may place most OTA reservations into one broad category. This limits the team's ability to compare performance with the competitive set and understand the type of third-party demand the hotel attracts.

TravelClick currently has an open request for the hotel's mapping file. Once the file becomes available, the team can confirm how these reservations flow into external reporting systems.

CURRENT PMS SEGMENT LIST

The hotel currently uses the following segment values:

CURRENT SEGMENT	CURRENT SEGMENT
Retail	OTA
Discount	OTA Net
Package	Wholesale
Qualified Discount	Group
Corporate	Complimentary
—	House

THE CORE ISSUE

The current PMS configuration combines three separate classification concepts in one field.

1. MARKET SEGMENT

This identifies the type of demand or commercial relationship represented by the reservation.

2. RATE STRATEGY

This describes how the hotel priced the reservation.

3. BOOKING SOURCE OR CHANNEL

This identifies where the reservation originated.

A single reservation can contain all three dimensions.

For example:

- A guest can book a Retail rate through an OTA.
- A guest can book a Package through the hotel website.
- A guest can book a Qualified Discount through a direct channel.
- A guest can book a Wholesale rate through a third-party partner.
- A guest can book a Corporate rate through the global distribution system.

The current structure requires the hotel to select only one label. As a result, the system either loses or misrepresents the other details.

A stronger structure records each dimension separately. This supports accurate reporting and gives the commercial team a more complete view of demand.

KEY DIFFERENCES FROM INDUSTRY STANDARDS

OTA IS A SOURCE, NOT A MARKET SEGMENT

The use of OTA as a market segment creates the most significant reporting challenge.

Under a USALI-aligned structure, OTA should function as a booking source or channel. It tells the hotel where a reservation originated, but it does not describe the commercial nature of the booking.

An Expedia reservation could represent several different market segments or rate strategies, including:

- Retail
- Promotional
- Package
- Opaque
- Wholesale
- Qualified
- Unqualified Discount

When the PMS uses OTA as the segment, it replaces valuable information about the guest's rate and booking behavior with a channel label.

Separating the source from the segment allows the hotel to measure both dimensions accurately. The team can identify what the guest purchased while also tracking where the booking originated.

A complete breakdown of the recommended framework and segment definitions is available here.

RECOMMENDED GROUP SEGMENTATION

REVREBEL designed the proposed group structure to support properties with different levels of group demand.

Some hotels manage complex group pipelines with frequent changes in demand. Others, including Now Now NoHo, may follow a more straightforward booking pattern.

Based on the hotel's operating model and its position in the New York City market, REVREBEL recommends the following focused group segments:

- Group Corporate
- Group Association
- Group Government
- Group SMERF
- Group Tour
- Group Citywide

These categories provide enough detail to measure group performance without creating unnecessary complexity.

RECOMMENDED NEXT STEPS

The hotel should begin by approving a clear segmentation framework that separates:

- Market segment
- Rate strategy
- Booking source
- Distribution channel

The team should then document the definition and purpose of every code before building the new structure in the CRS and PMS.

After implementation, the hotel should test a representative group of reservations across direct, OTA, wholesale, corporate, package, and group channels. This review should confirm that each booking reaches the correct segment and source fields.

The final step should include ongoing quality checks. Regular audits will help the hotel maintain data integrity, improve reporting accuracy, and support more informed commercial decisions.

A well-structured segmentation model gives the hotel a reliable view of its business. It helps revenue, sales, marketing, finance, and operations work from the same information and make decisions with greater confidence.