

How to Use Priceline for Discount Hotel Stays

A Four-Part Series by [David Rowell](#)

PART 1: INTRODUCTION

Bidding for hotel stays on Priceline can get you better values than any other way of booking hotel rooms. The trade-off is that you don't know what hotel you will get, and you don't know what the best rate to bid is.

But if you follow the suggested steps below, you'll know much more before you commit yourself to a bid, and you'll also be able to bid much lower, giving you more comfort up front and better rates for your hotel stays.

What Priceline Is and Does

Priceline has evolved over time, and these days there are two sides to its service. The first side is a traditional website travel booking service, and this is very similar to other websites such as Orbitz and Expedia. It warrants no further discussion.

The unique, second side to Priceline is its 'Name Your Own Price' service. This applies to airfares, rental car bookings, and hotel reservations. In this article, we consider the hotel part of Priceline's service and how to get outstanding bargains when booking hotels through their service.

Stated simply, Priceline allows hotels to sell their rooms, on a semi-secret basis, at lower rates than they otherwise would or could, by offering them for sale to you in an innovative way where you only find out the hotel you have booked after you've paid for it.

Priceline also imposes stricter terms and conditions on bookings, but in return for the stricter conditions and not knowing up front what hotel you'll get, you have a chance to get hotels for much less than normal price.

Which hotels can be booked through Priceline

No one knows exactly which hotels use Priceline at any time and which hotels do not.

We've seen just about all the major chains (such as Hilton, Holiday Inn, Hyatt, Marriott, Renaissance, Sheraton, Westin) plus smaller regional hotel groups and individual unaffiliated hotels all appear in winning bids.

But the hotel you'll get when your bid is accepted—that is anyone's guess (unless you're bidding in an area with only one participating hotel).

However, two websites have moderately accurate and up-to-date lists of hotels that have been known to be sold through Priceline—BetterBidding.com and BiddingForTravel.com. This gives you some information, but understand that some of the hotels on their lists may no longer be available through Priceline, and vice versa, some hotels *not* on their lists may now be available.

The Pluses and Minuses of Using Priceline

Priceline is deliberately designed so as not to appeal to all travelers all the time. If Priceline was a 100% solution for all people and all travel needs, then no one would ever pay full price for a hotel room. So, just like airlines add restrictions to narrow the appeal of their lowest fares, so too does Priceline necessarily have some 'swings and roundabouts' so as to limit its appeal.

Plus = Price

The biggest plus of course is the price you're getting a hotel room for—potentially less than half the rate you'd find it anywhere else.

This is not only the biggest plus for Priceline, but it is also the only plus. All the other considerations are minuses to some degree or another.

Minus = Can't choose a hotel

The biggest minus factor, if you bid for a hotel room on Priceline, is that you don't know what hotel you might get, or where it will be.

Sure - that sounds like a huge minus, doesn't it. But it isn't as bad as it sounds. While you can neither specify the hotel you want to stay at, nor can you specify any hotels you do not want to stay at, you *can* specify the star (quality) category of the hotel you wish.

Minus = Location imprecision

As for the location, generally Priceline will divide a city or destination area into smaller zones, so you can specify in which part of the city you wish to stay.

For example, if you wanted to stay in New York city, you would have a choice of 12 different zones that you could select (or not select) within which hotels would be offered to you - ten on Manhattan itself, and two more adjacent (Brooklyn and Long Island City). There are additional zones going further out from there (such as Newark or Westchester County).

The size of a zone varies. Using New York City as an example again, the

smallest zone is the Times Square/Theatre District zone, which covers a small area from W 42nd St up to W 51st St, and from 6th Ave to 8th Ave. Other zones can be much larger, and all are displayed on a helpful map so you know exactly what part of town each zone covers.

So while there is some degree of imprecision about choosing a hotel's location, you can still exercise a certain degree of choice, and if you are choosing the best hotel categories, you can be reasonably certain that an upmarket hotel will be reasonably well situated.

Minus = No frequent flier/guest credit

A small minus is that you probably won't get any credit for your stay added to any frequent guest/flier program.

Minus = No perks if you're a premium level frequent guest member

In theory, if you're a premium/elite member of the hotel's frequent guest program, you won't get any of the perks or free upgrades you'd normally get.

It seems that Marriott may be an exception to this rule, and of course, when you're checking in, you should always show your membership card if you are a premium member of any hotel's program - it might not get you everything you'd get if paying full price, but it might get you some sort of halfway level of perks.

Minus = Pay up front and no cancellation or changes allowed

One other possible issue is that you have to pay for your hotel stay immediately. If you subsequently wish to cancel or change the dates of your stay, you're out of luck. Your entire booking is non-refundable and unchangeable. You 'use it or you lose it'.

Minus = Can't request special room types/features

Maybe it is very important for you that you get a non-smoking room (or, for that matter, a smoking room). Maybe there are two of you staying in the room and you want to have specific bedding - one large bed or two separate beds.

You can't specify any of these issues when making your bid, or make any other types of special requests. All you can do is directly make such requests to the hotel after you've bought and paid for the room (best to do this before you arrive), but if the hotel can not or will not help you with your request, you can't ask for a refund from Priceline.

Minus = Can't book multiple rooms for different dates

The good news is you can book multiple rooms (up to as many as nine) for exactly the same arrival and departure dates, but if you want to have one room for perhaps two nights and a second room for three nights, you can't do this.

Sure, you could try first doing the booking for three nights, then making an identical second booking for two nights, but there is a slight risk you might end up with two bookings at two different hotels.

Neutral = Hotel upgrades

This is probably a 'plus' for most people - if you select a grade of hotel, Priceline reserves the ability to provide you with a hotel in that category or in any higher category. It is a nice thought that you might get a 'free' upgrade to a better hotel.

On the other hand, if you're trying to carefully limit the hotels you do or don't get placed in, this feature makes it harder for you to control which hotels you might end up finding yourself staying at.

Who Should Use Priceline

After having read up on the pluses and minuses of Priceline, you're probably starting to get a feeling whether Priceline and its terms and conditions is a good choice for you or not.

Priceline has been designed to not appeal to corporate travelers, but in reality, even business travelers can find Priceline offers great deals. The biggest downsides to Priceline are:

- You can't choose the hotel you stay at, and you must accept the hotel Priceline finds for you.
- You can't change or cancel your stay (but sometimes you can extend it).
- You pay the full cost of the hotel stay up front and it is non-refundable.

If you might need to change or cancel your booking, Priceline could be a mistake. But when you can commit to your travels, consider first the minuses above, and if they're not deal breakers, then a Priceline booking might be your best choice.

Priceline is good if you understand and accept the rules

If you can live with these challenges, maybe Priceline is a good choice. Some people dislike Priceline, but these are almost always people who chose to not understand what Priceline does and how. Typically, they objected to finding that the bid they voluntarily made was accepted and that they couldn't then withdraw the bid.

As long as you understand the issues up front (and Priceline makes all their terms and conditions obvious - all you have to do is read them!), you should have no problems with Priceline.

Best for 3½ and 4 star hotels

Because a 50% saving on a \$200/nt hotel room is more valuable than a 50% saving on a \$50/nt hotel room, Priceline works best if you're wanting to stay at a reasonably good hotel.

If you're looking for the very cheapest hotel, you'll find that the Priceline savings are necessarily smaller, and the trade-offs may be greater. Let's face it - most four star hotels are reliably good, and none are really bad, but if you're looking for a budget motel, you might find yourself at a property that isn't what you were hoping for if you just have to accept Priceline's choice. Better then to carefully pick and choose the hotel from other more traditional information and booking sources.

Another perspective here could be that the saving in cost you'll get through Priceline will more than pay for one or more stars of upgraded hotel quality.

Better for shorter stays

Hotels typically have a combination of some nights with lots of empty rooms and some nights when they're more full. A short stay of one or two (or three) nights gives you a better chance of finding a hotel with low rates for all the nights you need than is the case with a longer stay.

If a hotel has a higher rate for even only one of the multiple nights you need, then Priceline can not give you a blended rate, with some nights low and some high—instead it will set all nights at the highest possible rate.

So in general, the longer your hotel stay, the higher the nightly rate may be. There is one rare exception to this—hotels that have lower rates for full week stays—but for most of us, we'll find Priceline works best for shorter stays.

PART 2: HOW MUCH TO BID

Priceline has the potential to save you huge amounts of money on your hotel stays, but if you don't bid carefully, you'll end up paying much more than you need to, while getting no extra benefits or bonuses in return.

While Priceline tries to obscure what the minimum successful bid may be for your stay, it provides some clues. Best of all, two independent websites are full of information about what other people have bid and won hotel rooms for. Using these resources will massively reduce the amount you need to pay for your hotel stays.

When Are Rates Lowest on Priceline

This is a question that neither Priceline nor the hotels that sell their rooms through Priceline want you to know the answer for. However, there are some general answers to this question that are probably correct.

The rates on Priceline depend on whether or not participating hotels think they will need extra help to sell their rooms. If they expect to be full, they'll not even put any rooms on Priceline. If they expect to be nearly full, they might put a few rooms on Priceline, but not at very low rates. And - of course - if they believe their hotel will be not nearly full enough, they'll put low priced rooms on Priceline.

So the question becomes: when will hotels perceive if they will be full or not full on any given night?

Clearly, at some times of year a hotel knows for sure if it will be full or not full. A corporate hotel knows it won't have many people staying at it over Thanksgiving. A leisure hotel knows it will be full over long weekends. If a hotel has a booking from a large group, it knows it will be full. And if there is a special event in the area, the hotel again expects to have more guests than normal.

But for much of the rest of the year, hotels (just like airlines) make use of sophisticated computer modeling programs that project ahead to make estimates about likely occupancy levels. The closer to the actual night, the more accurate these estimates become.

Generally, it seems that most hotels don't start to discount their rates until perhaps six months prior to the date of stay—before then they don't necessarily have a very accurate understanding of likely occupancy levels.

There are also some other events that impact on a hotel's perception of its occupancy levels. Some hotels allocate a portion of their rooms to travel companies, and require the travel companies to 'give back' rooms they won't need at certain points (usually starting at three months and then more at two months and one month), and as these reviews and potential givebacks occur, they get a clearer understanding of what their actual occupancy levels will be.

Bottom line—generally, rates don't get very discounted until perhaps the last three months prior to the date of stay. Once you're within 90 days, rates start to become better, and when you're within a month, hotels are then starting to offer their best rates.

On the other hand, there is a danger that, as you get closer to the date of stay, hotels might have sold all the extra rooms they need to sell, and then start to withdraw their best rates. So there's an element of swings and roundabouts. We've watched availability and rates sometimes improve, but sometimes also get much worse, and there is no obvious way of predicting which way things will trend.

There's one other issue to consider. Remembering that Priceline bookings can not be changed or canceled, you probably don't want to book very far in advance for fear of something happening that might interfere with your plans, or perhaps because some other better deal might come along in the meantime.

So our feeling is that the best rates and best compromise, while still giving you some flexibility can be found in the last two months, and probably better still within the last month prior to your planned date of stay.

And, to take matters to the extreme, we've also had good experience bidding for great rates even only a day before travel (and on one occasion, on the actual day of travel itself), but in general, you probably want to have your travel details confirmed sooner than that.

This also ties into how much time you'll need to make multiple bids through Priceline for your hotel room (discussed in part 3). If you are in a situation where you can do multiple bids, one after the other, you don't need as much lead time as if you're in a situation where you can only bid two or three times a day.

How Much to Bid

Priceline doesn't want you to read this, and seeks to obscure the information

we're passing to you as much as possible.

Priceline, and the hotels it is representing, naturally want you to pay as much as possible for the hotel rooms you're bidding on. It encourages you to bid high by limiting the number of bids you can make, and by presenting information on typical rates that hotels might be selling their rooms for without Priceline type discounts (to encourage you, by implication, to bid higher than perhaps you need to). Priceline also doesn't give you any information about what other people are successfully bidding for hotel rooms.

If you bid an amount higher than the minimum that Priceline and one of its hotels would accept, you still have to pay the full amount of your bid. Priceline does not say to you 'Good news - you bid \$150, but we only want \$125 for this hotel room night'. Instead, it takes the full \$150. Sure, if the room normally sells for \$250/night you might be pleased to get it for \$150, and probably you would never know that it was available for \$125.

For example, recently one person placed a bid of \$120/night which was accepted to stay at the Westin in Seattle. A second person placed a bid to stay at the Westin, for the same night, but at \$70, and this was also accepted. Don't you want to be the person paying \$70/night rather than the person paying \$120?

Generally it seems that most bids are accepted for rates in the order of 25% - 60% off the regular hotel rates you might see on Expedia or Orbitz. But that's a very big range of bid levels. That means a hotel which normally sells for \$150 might be available for as little as \$60, or might cost as much as \$115.

Knowledge is strength - see what other people are paying

Fortunately, there's a wonderful help to all of us who wish to maximize our savings on Priceline. Two different websites collect and display information from people who have successfully bid for rooms on Priceline, and you can see from their postings what types of bids are proving to be successful. These two sites are BetterBidding.com and BiddingForTravel.com.

Go to the listings of successful bids, at both sites, for the destination you're planning to stay at, and see how much people are paying to stay on the dates you're planning to visit. It is important that you find information on exactly the place and the dates you wish to stay yourself, because there's not necessarily any link between the rates a hotel will accept on a different date. Indeed, if you read through the messages, you'll see a wide variety in successful bids, even for the same hotel.

Understand also that hotels not only have always varying levels of occupancy, but also will typically have some days, every week, when they have higher occupancy levels than others. Corporate hotels will be busiest on Monday - Thursday nights, so you'll get the best rates at such hotels on Friday - Sunday nights. The opposite is true for leisure hotels, who will fill their weekend nights first.

So if you see a midweek low rate for a leisure hotel, but you want to stay on a Saturday night, don't expect to pay the same low rate. Another reason for this variety in successful bid rates is that some people have bid better than others—as mentioned above, I saw on one occasion two people successfully bidding for the same hotel and the same date, but one paid \$70 and the other paid \$120. Which leads to an important part of how to analyze the information in these messages.

Some of the posts on these two websites are more helpful than others. When you see information on a successful bid for the dates you are planning to stay, this does not necessarily tell you the minimum bid that would be successful - for example, if a person simply says 'Got the Sheraton for \$100/nt' while this does tell you that a \$100 bid was successful, you don't know if maybe a \$90 or \$80 bid would also be successful.

On the other hand, the more helpful posts tell you the person's bidding history - eg 'Bid \$80, rejected; bid \$85, rejected; bid \$90, rejected; bid \$100, accepted'. Now you know that the minimum bid is somewhere between \$90 and \$100, so perhaps you might start bidding at \$92 yourself.

Note that of course the bid levels that Priceline will accept vary from day to day - hotels may increase or lower their rates depending on how anxious they are, and maybe some hotels might sell out and stop selling through Priceline. So these messages are helpful but not necessarily 100% accurate.

One last very important thing - when you've completed your own Priceline experience, go back to these two sites and post a helpful message about your own bidding experience. What goes around, comes around, and by helping keep these two sites alive and helpful, you'll in turn benefit when you need to use them yourself.

Priceline's own 'helpful' suggestions

Priceline will tell you the median retail price of hotels in the area you're bidding

on, and suggest you use this to calculate your bid amount. But should you bid at a rate that is half this number, or two thirds, or what?

The best advice is to ignore this number entirely and instead use the information from the two websites above. But if you really want to know, we've had bids accepted for considerably less than half this rate, so if you have no other information to go on, perhaps you should start your bidding at one third the retail rate and slowly go up from there (depending on how urgently soon you need to get a hotel room confirmed and how many bid combinations you can try).

Sometimes you may find Priceline comes up with a warning message after you've entered your bid amount. This message will either say 'Based on recent data, your price has only a small chance of being accepted.' or it might say 'Based on recent data, your price has almost no chance of being accepted.'

If you get the message about almost no chance of being accepted, you should probably heed this message and not waste a bid at what is probably a foolishly low price.

If you get the message about there being only a small chance of being accepted, keep adjusting the price until you see the point at which this message is/is not triggered, and perhaps - if you have no other information to guide you - you might want to start your bidding at a price slightly into the range where this message occurs, and then grow your bid up from there as necessary.

I've never had a bid accepted after getting either warning message, and have had plenty of bids not accepted even though no warning message at all was generated, so these warnings are probably both valid rather than just being 'shill' messages to try and trick you to increase your bid.

Priceline's counter-offer

Sometimes you'll find your bid is refused, but Priceline will come back with a suggested higher 'counteroffer' price that they say would probably be accepted.

It seems that you can usually bid slightly less than halfway between your bid and the counteroffer and have a high chance of having your bid accepted.

By way of example, recently (Sept 09) I bid \$70 for a hotel room. Priceline responded and said I could rebid at \$92 and might be more successful. The halfway point would of course be \$81. I rebid at \$78 (using the strategy in part 3) and the bid was accepted.

It used to be that Priceline did not answer your bids instantaneously, but this has now changed, and you can expect your bid to be responded to with an acceptance or rejection almost immediately.

PART 3: HOW TO REBID IN LESS THAN 24 HOURS

In theory, you can only make one bid every 24 hours for a hotel room through Priceline. This is designed to persuade you to bid higher - so as to be 'on the safe side' - and, if you first don't succeed, to make you increase your bid by more than is prudent when you rebid a day later.

Use the information below and the chances are you'll be able to place multiple bids immediately after each other, allowing you to start your bidding lower, and to raise your bid amount in smaller increments. This will surely get you your hotel room for less money.

Four Ways to Bid Again/Sooner

This is the other section of invaluable information that Priceline hopes you won't read. The concepts in this section are absolutely vital that you must understand if you're to use Priceline to best advantage.

Priceline seeks to 'bully' you into starting your bidding higher than you otherwise would, and to further 'bully' you into increasing your bids in bigger increments than you'd wish. It does this by only allowing you to make one bid a day - if your bid is unsuccessful, you need to wait 24 hours before you can rebid again.

Priceline believes this puts some pressure on you—to make four bids will therefore take you four days, and maybe you aren't willing to have four days of uncertainty about where you'll be staying. Also, if you're bidding for last minute travel, you might not even have four days until the day you need to check in.

This is a bona fide part of Priceline's 'swings and roundabouts', and it certainly can work exactly as Priceline wishes it to work, by pressuring you to bid higher and, if your first bid fails, to increase your bid by a larger amount for your next bid a day later.

But, fear not. There's a loophole that will usually allow you to make multiple bids, one immediately after the other, so as to remove most of this pressure from you. Not many people know about this loophole, but read on and you'll become one of the empowered few. This loophole will allow you to start bidding at a lower rate, and to adjust your bid upwards in smaller amounts, and when combined with the knowledge of what other people are successfully bidding, will almost guarantee that you're getting your hotels at the very lowest possible rates.

Understanding the Zone System

To understand the first two strategies, you first need to understand how Priceline splits up a city or region into zones.

Go to Priceline and choose a city and dates at random, or, if you want to work along with my example here, choose Seattle and any dates in the future.

You'll be taken to a page that shows a map of the greater Seattle area, with 11 different zones shown on the map and listed alongside. You can zoom and move the map around to see exactly the boundaries of each of the zones.

Now, let's say you want to stay in downtown Seattle. This would be zone 9 or (better) zone 10. You could select either or both of these two zones and then move down to choose a quality level of hotel and the rate you're bidding.

Choose zone 9 first. After checking its box, look down to the options for hotel quality levels, and you'll see that you can choose from a 1, 2, 2½, or 3 star hotel, but you'll also see that the options for a 3½ and 4 star hotel have been greyed out (note that these details might change in the future, because Priceline is always adding and removing hotels). This is because Priceline has no participating hotels at these quality levels in this zone.

So now unselect zone 9, and choose instead zone 10. This time you'll see you can choose 3½ and 4 star levels, as well as lower levels, but this time, the 1 star choice is greyed out - Priceline has no hotels in zone 10 at that star rating.

Last, one more experiment. Leaving zone 10 checked, now also check zone 9. You'll see that the 3½ and 4 star choices remain, but you know, from having looked at the zones individually, that there are no 3½ or 4 star hotels in zone 9, only in zone 10.

Before you bid, you should decide which zone(s) you want to stay in, and which star levels are acceptable for you. Then list out on a piece of paper all the zones that do not have the star levels you want - that is, the zones which only have lower quality star choices.

This information is key to understanding the next strategy.

Strategy 1 - Adding unwanted zones to rebid

If your bid is unsuccessful, Priceline gives you two options. The first is to wait 24

hours, and then to place your bid again, at any price point - probably higher of course.

The second option - and this is where the loophole arises - is to vary the details of your bid and place another bid immediately. To vary your bid, you have to either change the dates of your stay, or the zones you will accept, or add extra (but only lower) categories of hotel.

Most of the time, you won't want to change the dates of your stay. And you probably won't want to accept a lower quality hotel unless you are really desperate, and you also probably chose the most convenient zone to start with, too. So, on the face of it, none of these choices are very appealing.

But - and here's the loophole - say you wanted to stay only in a 3½ or 4 star hotel, and you only wanted to stay in the central downtown area of Seattle (zone 10). So you set your dates of stay on the previous page, then entered zone 10, chose 3½ and 4 stars and put in your bid amount (for example, let's say \$50) and had your bid not accepted.

What you can do now is to add another zone in which there are no 3½ or 4 star hotels (eg zone 9), and then place your bid again, with a slightly increased bid amount - perhaps \$52 instead of \$50. Even though there are no 3½ or 4 star hotels in zone 9, Priceline will still consider this a 'change' in your bid and allow you to immediately rebid at a higher rate instead of having to wait 24 hours. You have no danger of getting a hotel in zone 9, because there aren't any at this quality level. This is the loophole in the Priceline logic that you're exploiting.

Now, what happens if your bid is still unsuccessful? Change zone 9 to another zone which also doesn't have 3½ or 4 star hotels - for example, zone 7, then bid maybe \$54.

And if that is unsuccessful, you can bid again with both zone 7 and zone 9 (as well as zone 10 of course).

And so on, repeated through all the combinations of other zones that don't have properties at the standard you want. In most cities, assuming you are seeking to stay in a higher star rated property, you could end up with maybe ten or twenty different combinations of zones - each time being the zone(s) you want, and then a combination of any one, or any two, or any three (and so on) of the other zones you don't want and which don't have properties at the standard you seek.

This strategy removes the pressure you otherwise feel by only being able to bid once a day, and also allows you to adjust your bid price in smaller increments.

Strategy 2 - Adding more expensive zones

Sometimes you will find that strategy 3 will not work for you, because you're, for example, hoping to get a moderate/budget priced 2½ or 3 star property, and all the zones have such properties included.

But you might still have a clever trick open to you. If you're looking to stay in a moderately priced part of town, then you can add more expensive parts of the city when rebidding, in the knowledge that due to the much higher rates in the added zone, your higher bid is unlikely to be accepted in the unwanted extra zone, but might now trigger a win from a property in the less expensive zone you do want to stay in.

For example, in Seattle, maybe you were wanting to stay in Renton, a nearby city. If your bid in Renton is unsuccessful, add the expensive zone 10 to your bid and try again at a slightly higher rate. There's not much chance of any hotels in downtown Seattle being lower priced than a hotel in Renton.

This is a risky strategy and should only be done if you're reasonably familiar with the hotels and their rates in the different zones.

Strategy 3 - Swap IDs with your travel companion

After you've placed as many bids as you can yourself using the other strategies in this section, why not have any traveling companion you are traveling with continue the process using their name and a different credit card. This will give you twice as many chances to successfully bid for your room.

Strategy 4 - Using a bad credit card code

This strategy falls in a moral "grey area" and should only be done in an extreme situation, but if you want to find out what sort of price would be accepted and then work back from that, you could put in your valid credit card number but an invalid three digit security code so as to see what price starts to be accepted. Then you'd simply not correct the wrong code when Priceline tried to charge your card, and could rebid using a correct card and code and starting at a price somewhat below the price that was accepted before.

We haven't tried this and don't recommend you do it either, but it has been suggested elsewhere so we're including it for the sake of completeness.

NOTE: A reader reports that he accidentally entered the wrong code and still had his bid accepted and card charged. It is unclear which is more current - that a bad three digit code will or will not be accepted, so use this method with caution!

PART 4: THE TRUE COST OF A PRICELINE BID

Hotels have a love/hate relationship with Priceline and their Priceline guests

They love our business, but hate the low rates they get from us. Most hotels however see their glass as half full rather than half empty, and if you're a polite positive guest, you'll get treatment as good as their full paying guests.

Note also that Priceline adds some obscured fees to the base rate you offer to buy a hotel room at - be careful you don't inadvertently end up paying more for a hotel than you might from another source.

Calculating the True Cost of Your Bid

Here's a nasty trick Priceline chooses to play on us. After you've made a bid they then add what they refer to as 'taxes and fees' to your bid amount. So your (eg) \$75 bid might end up costing you close on \$100.

We all know that a hotel room rate has various state, county and city taxes and surcharges added to it, so on the face of it, it seems fair that Priceline does the same thing. But - and here's the nasty trick - the amount of taxes and fees Priceline adds to the bid is much greater than the taxes and fees you'd pay if booking directly with the hotel.

In other words, Priceline's taxes and fees include an obscured extra profit component that goes to Priceline (in addition to the profit they make in the difference between the rate you pay them and the rate they pay the hotel for the room in the first place). This means that paying Priceline \$75 (plus its taxes and fees) is not the same as paying the hotel directly \$75 plus the true taxes and fees the hotel charges.

The extra charges from Priceline seem to combine both a flat fee add-on plus also a small extra percentage amount too.

Doing a careful analysis shows that, for my Vancouver bookings, Priceline is charging both a fixed fee per booking of about \$7 plus also a percentage fee per booking of just over 17%. This compares to the actual percentage for taxes that is charged by Vancouver hotels of 16.5%. So it seems that in general, there is an additional hidden fee of about \$7 plus maybe another percent or so that gets blended into the Priceline price.

In other words, if you are booking for a one night hotel stay in Priceline, then you need to realize that your 'bid price' - for example, \$75 - needs to have at least an extra \$7 added to it to fairly compare 'apples with apples' as between the Priceline price and the hotel price, due to Priceline hiding some extra profit into what it terms 'taxes and fees'.

Of course, if you are making a two night booking, this fixed \$7 fee becomes only \$3.50/night extra, and so on for longer stays.

The Other Side of the Story - How Hotels View Priceline

Hotels are in much the same situation as airlines - they have a perishable product with low variable costs but high fixed costs. They get increasingly keen to sell room nights the closer it gets to the actual check-in date, but they have to be very protective of their published and private rates.

Even though we all know that the person seated next to us on a plane might have paid half as much (or twice as much) as we did, and even though we have more-or-less come to accept that situation, there is not the same degree of acceptance with hotel rates. Guests are more likely to get upset if they discover they paid twice the rate for an identical room as the person in the room next to them.

So, hotels have this terrible conflict. How to bring in more business, without destroying their ability to sell their rooms for top dollar to people who are willing to pay top dollar?

This is the 'secret sauce' that Priceline brings to hoteliers. Priceline gives a hotel a defensible strategy for remaindering off their unsold rooms. In theory, it never becomes public knowledge if a hotel is selling rooms via Priceline or not, and - even if it does become public knowledge - there's no clear understanding of the rates at which the hotel is selling the rooms for, or which nights it is making rooms available.

Priceline has done the best it can to give the hotels excuses to use with their other guests, and with their corporate accounts. If a guest or corporate account says something like "You promised us your best rate, and we give you 100 (or 1000 or even 10,000) room nights a year so we deserve your very best rate, but now we discover that you are selling rooms through Priceline for 30% less than our special contract rate," the hotel can answer several different ways.

It can point out that the Priceline rates are very limited in availability - some

nights they are there, and some nights they are not. It can point out that sometimes the Priceline rates are indeed below the contract rate, but it can also suggest that sometimes the rate might be the same or higher.

The hotel can also remind their corporate account that the Priceline rates are 'no changes, no refunds' whereas corporate rates probably allow for free changes or cancels at any time - something very important to corporate travelers.

The hotel can point out that it also offers free upgrades on its contract rates, but Priceline rates get the lowest room category with no courtesy upgrades. It can add that the Priceline rates don't get frequent guest points, whereas the contract rates probably do. Maybe the corporate rate guest also gets a discount on internet access or some other benefit, whereas the Priceline guest again does not.

And so on and so on. Any hotel worth its salt can easily talk itself out of such a discussion.

But, even so, some hotels are terrified of working with Priceline. Here's a comment from one such hotelier :

"I never used it as it is for bottom feeders. The guests are dirt bags. Your steady accounts--corporate, high end travel agents, tour operators, OTAs and groups will find out that you are using it and will get pissed off, if you don't give the cheap rates to them too. We tested it in [a major city] and got caught by a few corporate accounts and steady travel agents."

Bottom feeding dirt bags? So now you truly know how some hotels and hoteliers feel about guests who choose to pay the least possible for their rooms. If it is any consolation, such hoteliers are usually much too snooty to 'dirty their hands' with Priceline; and those hotels who do work with Priceline generally see their glass as half full rather than half empty. They appreciate your business, even if the rate is way below normal.

I've often discussed the fact that we got my hotel room for a bargain rate through Priceline when checking in to a hotel, and the reception staff have always been very gracious about it. After all, it was the hotel's own free choice to offer their rooms through Priceline—they wanted to sell them at the rate I paid (and - who knows - perhaps even for less) or else they'd not have done so.

A suggestion, though: be courteous to the check-in clerk. The chances are they'll

notice that you have a Priceline booking, and you don't want to be perceived as the bottom feeding dirt bag that the hotel manager above so stridently describes us. If you're rude, you'll probably find yourself given one of the hotel's least desirable rooms. But if you're polite and courteous, you have more of a chance of getting the same standard of room that 'normal' guests receive—indeed, we've been upgraded, even to suites, just by being polite, positive and friendly.

Hotels can Profit Many Different Ways from Your Stay

A hotel can make a profit even on a very low room rate. Depending on the standard of hotel, it probably costs them about \$25 - 40 per night to have someone stay in a room. If they can sell a room that would otherwise be empty for anything above that, they're making a small profit, and they're keeping their staff employed and the lights on. They're also keeping you away from their competitors.

Plus - don't forget about the other ways they make money from you. How much did you pay for parking? That can be close to \$30/night and sometimes much more. And internet access? That might run you another \$15/night. If you eat or drink in the hotel, you're running up the hotel's profit from your stay still further. And if you use the phone in the room to make a phone call, or if you watch a pay movie, you're again pressing profit into the hotel's hands.

Hotels can make money from you even if they barely break even on the basic room cost.

Summary - The Best Way of Using Priceline

If you are needing hotel accommodation and can accept making a booking with full payment in advance and no cancel/change provisions, and if the thought of not knowing exactly which hotel you'll be staying at, or where other than the general area, are also acceptable, you should use Priceline as part of your hotel booking strategy.

First go to the two websites with details of successful bids—BetterBidding.com and BiddingForTravel.com to see if you can find any information on what price winning bids are being accepted for hotel stays at your destination at present, and also confirm to yourself that the hotels being offered are acceptable to you.

If all looks good, go to Priceline and make a bid, starting with a bid somewhat below the current level of winning bid, then use our four strategies for multiple bidding and allow the bid to increase as you rebid if necessary.

If you can't get a bid accepted, consider using [Hotwire](#) if they have good deals, or a regular hotel booking service, and booking an acceptable hotel instead.

If at first you don't succeed - keep trying

Now - here's an important extension of your strategy. Assuming your booking on any other booking service can be canceled without penalty, continue to try to get a bid accepted on Priceline. Remember that hotels open up and close off their inventory on what seems to us to be a semi-random basis. Just because there were no rooms available at rock bottom prices yesterday does not mean that there might not be rooms available today.

Lastly – when you do get a winning Priceline bid, be sure to remember to cancel any other hotel bookings you may have also made, and to share the details of your success on the two websites mentioned above.

courtesy of David Rowell, [TheTravelInsider.info](#)