

The Hotel Yearbook 2023
The Uncertainty New Normal



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How digitalization is shaping hotel distribution strategies

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Synopsis

The travel and tourism industry has been greatly impacted by the rise of digital technology, particularly in the realm of global presence. In order to attract a diverse clientele, hotels must have a strong online presence and utilize various digital marketing and distribution channels, including OTAs. The growth of digitalization has also helped create a feedback loop through authentic online reviews, which are trusted by 90% of consumers, and facilitated incremental bookings, with online platforms generating 11% of the 2.2 billion nights booked in Europe in 2019.

Since the dawn of the digital age, the travel and tourism industry has been at the forefront. Given the web's ability to obliterate distance and showcase far flung lands, it is a natural home for hoteliers who are looking to attract a global clientele.

The rapid uptick in internet use coincided and, perhaps spurred, another global megatrend: the rise in international travel. International arrivals have more than tripled in just three decades, from roughly 440 million per year in the nineties to over 1.4 billion before the pandemic.

In this context, global digital presence has become mission-critical.

TO BE SUCCESSFUL, HOTELS NEED TO BE SEEN

Attracting guests from abroad can be particularly tricky. There are language barriers and cultural differences that can get in the way. Among many available marketing and distribution channels, online platforms are particularly helpful here, acting as a trusted and transparent conduit for the information travellers need to book a stay.

The figures back this up. In 2019, for example, online travel platforms generated over 111 million of additional nights in European hotel rooms from international visitors, compared to almost 23 million domestically.

YIELD MANAGEMENT

Most hoteliers in Europe manage small or independent operations and don't wake up thinking about their online marketing and digital distribution, but about their guest's breakfasts. Growing and thriving online, for European hoteliers, can often come down to the choices they make over how to spend the available resources. And there are many choices to make.

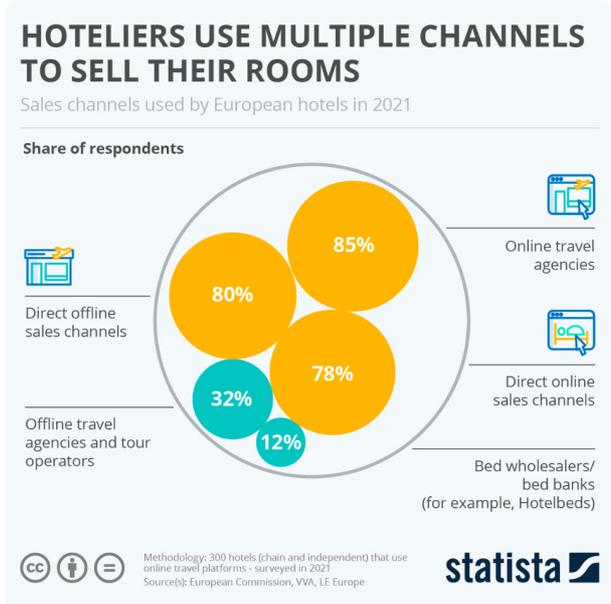
While the direct channel remains dominant – be it an online booking engine, phone call, email or a guest showing up at the hotel door – other avenues, such as wholesalers, traditional or online travel agencies, are available and used by hoteliers to varying degrees.

Every individual business finds a mix that matches their unique circumstances. Importantly, independent academic research from Professor Peter O'Connor finds “a statistically positive effect on profitability for hotels that participated in Booking.com compared to those that did not”. On average, the effect was to increase a hotel's return on assets by 2.89 percentage points – a significant improvement in an industry with notoriously tight margins.

NEVER LET A ROOM SIT EMPTY

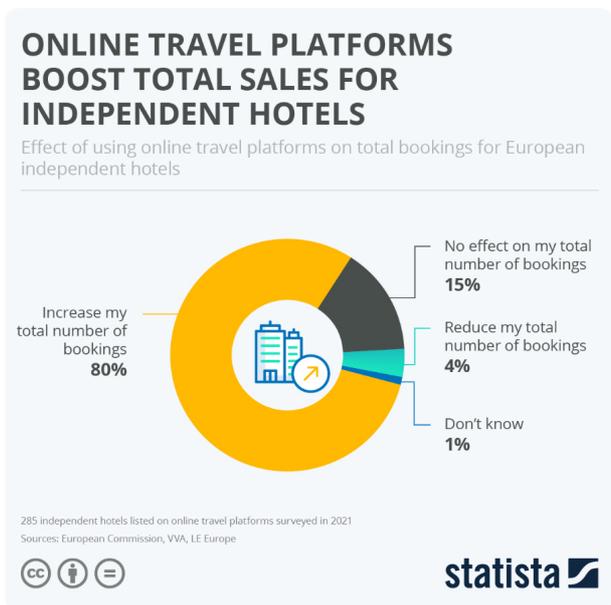
Online platforms not only get you seen, but help to unlock bookings that otherwise would not have happened. This is what we call incremental bookings. If there is one thing to be avoided in hotel business, it's an empty room, and we're happy our digital channels help mitigate this risk.

Taking the pre-pandemic travel market of 2019 as a case study, the figures show that of the 2.2 billion nights booked in Europe, 11% - or 134 million nights – would not have taken place if online platforms did not exist. While the numbers are less stark in 2021, we still see an additional 47 million nights booked.



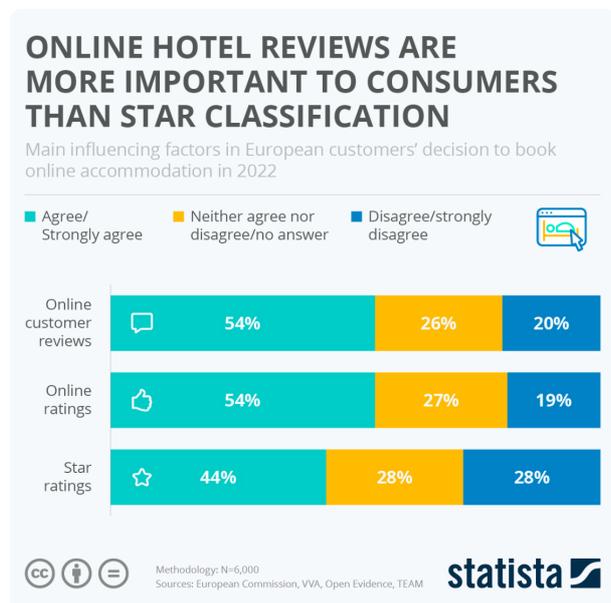
INCREMENTAL SALES

The incremental sales generated by online platforms are widely recognised as an important benefit to and in the industry. For example, in a survey conducted by the European Commission in 2022, 80 percent of independent accommodations agreed that online platforms increase their total number of sales. This shows the symbiotic relationship and win-win nature of the accommodation-platform partnership.



BUILDING TRUST

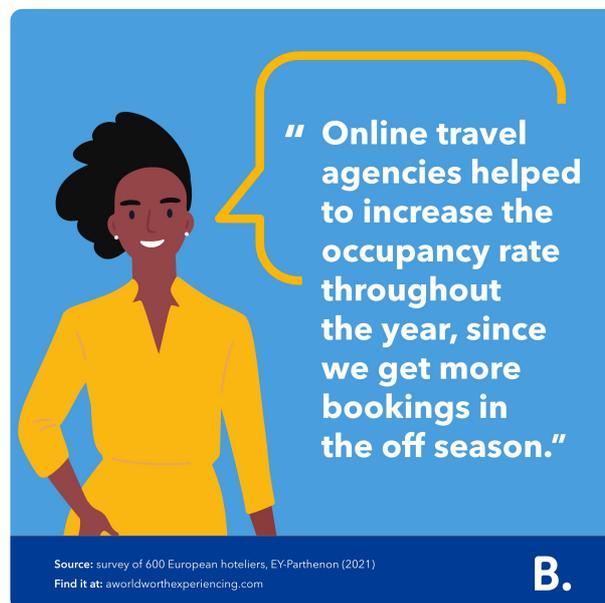
Authentic online reviews are an indispensable source of information for travellers. According to one study, almost 90% of consumers trust online reviews as much as they do personal recommendations.



By facilitating the amplification of great experiences and stays, online platforms help to create an invaluable feedback loop.

Digitalisation within the travel and tourism sectors has shrunk distances, diminished language barriers, and brought the world closer together. The secret sauce here is trust. Transacting with an unknown entity thousands of miles away is a leap of faith. The customer reviews, which we often take for granted, are the foundation on which this trust is built.

As one accommodation provider put it in a survey conducted by Booking.com and EY-Parthenon: “Guests are more willing to make a booking via a trusted platform that also facilitates the transaction. This especially holds for places they are not familiar with.”



FORWARD, TOGETHER

While digitisation of everything is shaping the environment in which European hoteliers operate, it is entrepreneurial freedom that defines their ultimate marketing and distribution strategies. The online direct channel is the fastest growing, but the key to success is the choice and flexibility which the travel-tech marketplace provides, where each accommodation provider is able to find a unique mix of digital and traditional tools that work for them. At Booking.com, we are proud of the role we play in empowering our partners to be more successful.

Ben Schroeter — Director of Strategic Engagement at Booking.com

Ben Schroeter is Director of Strategic Engagement at Booking.com. He is a Competition Economist, Optimist, Marathon Runner, who is always interested in new books, challenging art and inspiring ideas. An avid traveller, Ben had lived and worked in various places in Europe and North-America. He has now settled down with his family in Amsterdam. His academic background includes Master of Science in Competition Economics and Market Regulation from Barcelona School of Economics; Postgraduate Diploma in EU Competition Law from King's College London; and, most recently, an Executive Program at Stanford University Graduate School of Business, focusing on Strategy Beyond Markets.

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Established in 1996 in Amsterdam, Booking.com B.V. has grown from a small Dutch start-up to one of the largest travel e-commerce companies in the world. Part of Booking Holdings Inc. (NASDAQ: BKNG), Booking.com now employs more than 17,000 employees in 198 offices in 70 countries worldwide. With a mission to empower people to experience the world, Booking.com invests in digital technology that helps take the friction out of travel. At Booking.com, we connect travelers with the world's largest selection of incredible places to stay, including everything from apartments, vacation homes, and family-run B&Bs to 5-star luxury resorts, tree houses and even igloos. The Booking.com website and mobile apps are available in 43 languages, offer over 27 million total reported listings and cover more than 130,000 destinations in 227 countries and territories worldwide. Each day, more than 1.5 million room nights are reserved on our platform. So whether traveling for business or leisure, customers can instantly book their ideal place to stay quickly and easily with Booking.com, without booking fees and backed up by our promise to price match. Via our customer experience team, customers can reach Booking.com 24/7 for assistance and support in 43 languages, any time of the day or night.



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to new heights**

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payment costs

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from compliance
improvements

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