A look at distribution and how it's used

Third-party distribution channels are sometimes viewed as an unnecessary cost by hoteliers, but data shows hotels are clearly reliant on the business they generate.

Demand share
In terms of total bookings in 2017, here is how it broke down by channel*

- **14.6%** group
- **9.9%** GDS
- **14.6%** OTAs
- **7.2%** fit wholesale
- **1.4%** voice
- **21.5%** brand.com
- **30.8%** property direct

Revenue capture
Hotels are ceding a significant portion of the money brought in through bookings to third-party commissions.

As of 2016, hotels saw an **83.9%** capture rate for revenue, down from **84.4%** in 2015. Those sales costs in 2016 include **$3.5 billion** in non-P&L transaction costs, **$8.8 billion** in P&L transactions costs and **$11.3 billion** in sales and marketing costs.*

Difficulties in data analysis
Data quality is the top issue hotel companies deal with in distribution analysis, with **41.7%** saying it's an issue. Other issues include:

22.1% Integrating data from external systems

14.7% Integrating data from internal systems

14.2% Retaining and training skilled data staff
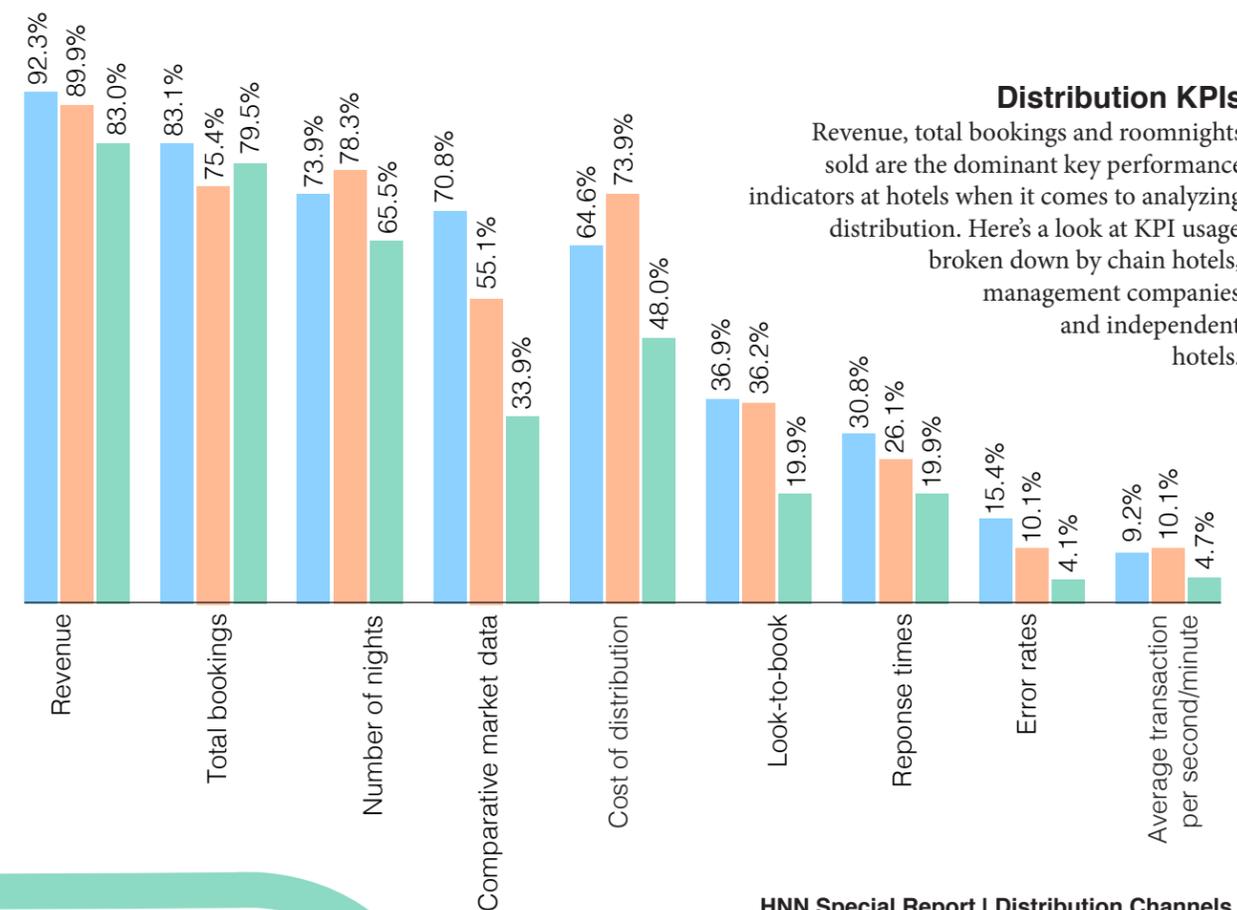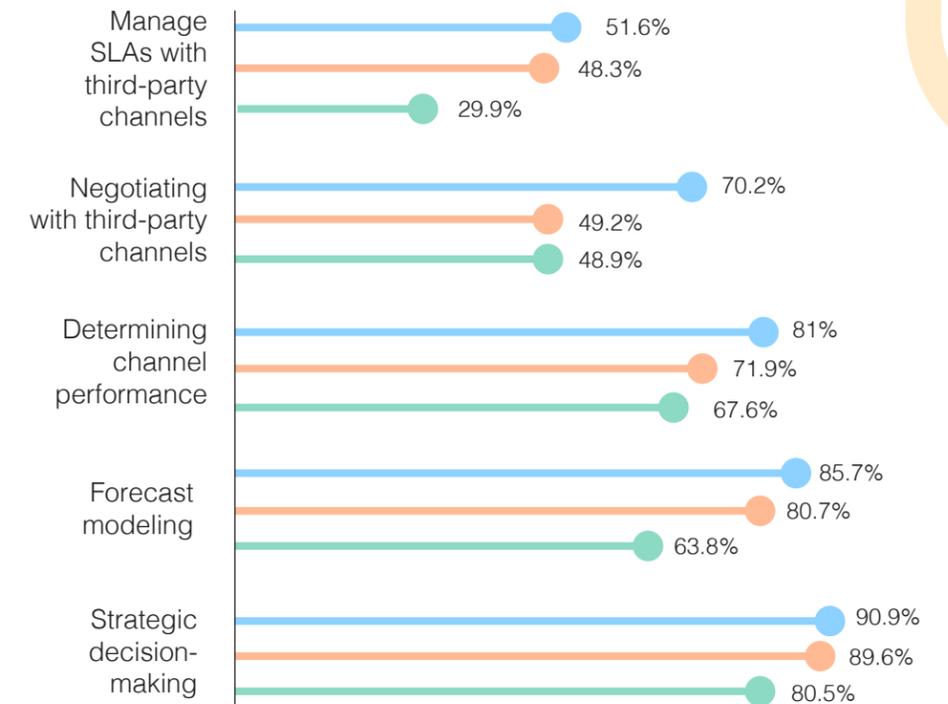
13.5% Data security

KEY:

CHAINS

MANAGEMENT COMPANIES

INDEPENDENTS

What hotel companies use distribution for
These are the business functions hotel companies use distribution data to inform:

	Chains	Management Companies	Independents
Manage SLAs with third-party channels	51.6%	48.3%	29.9%
Negotiating with third-party channels	70.2%	49.2%	48.9%
Determining channel performance	81%	71.9%	67.6%
Forecast modeling	85.7%	80.7%	63.8%
Strategic decision-making	90.9%	89.6%	80.5%

Distribution KPIs
Revenue, total bookings and roomnights sold are the dominant key performance indicators at hotels when it comes to analyzing distribution. Here's a look at KPI usage broken down by chain hotels, management companies and independent hotels.

	Chains	Management Companies	Independents
Revenue	92.3%	89.9%	83.0%
Total bookings	83.1%	75.4%	79.5%
Number of nights	73.9%	78.3%	65.5%
Comparative market data	70.8%	55.1%	33.9%
Cost of distribution	64.6%	73.9%	48.0%
Look-to-book	36.9%	36.2%	19.9%
Reponse times	30.8%	26.1%	19.9%
Error rates	15.4%	10.1%	4.1%
Average transaction per second/minute	9.2%	10.1%	4.7%