



**Sell your rooms with a
hotel distribution strategy**



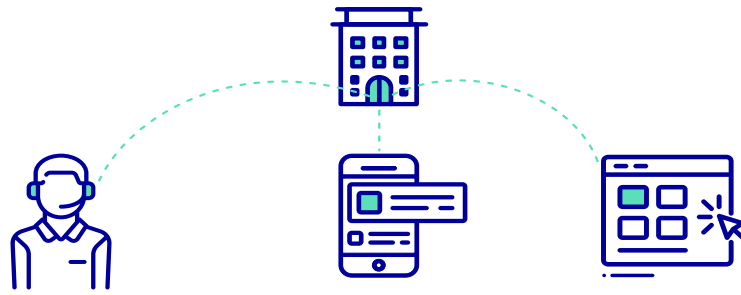
Create a hotel distribution strategy to sell your rooms

Globally, people are traveling more. Online channels have put choice at their fingertips, driving expectations that digital travel sales will [exceed \\$800 billion in 2020](#). Yet profitably distributing hotel inventory remains a challenge. This guide defines the distribution landscape and helps you craft a strategy for sustainable growth.



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What is a hotel distribution strategy?

A hotel distribution strategy is a plan of action for selling rooms profitably through a variety of channels. A mix of direct channels, such as a hotel's website, and indirect channels, such as online travel agents (OTAs), Global Distribution Systems (GDS) and wholesalers, are typically used. The goal is to increase visibility with consumers to drive occupancy, target the right segment of travelers to ensure positive reviews and maximize gross operating profit per available room (GOPPAR) to ensure financial health.

Sound complicated? It can be, but choosing the right number and mix of channels can provide a competitive advantage and propel profitable growth. Read on for help developing a distribution strategy for your property.

Understanding hotel distribution channels

The same evolution in digital technology that put travel inspiration and booking options on every tablet and smartphone also empowered hotels to reach travelers on a global scale. From the direct booking power of their own websites to the indirect channels detailed below, hotels today can engage consumers whenever and wherever they shop for travel.

Keep in mind, a consumer's path to a travel purchase decision is not linear.

A recent [Expedia study](#) revealed travelers execute an average of 43 searches before booking. So, as you're building your strategy, you'll want to ensure your rooms are available in a variety of direct and indirect channels.

Your website

For many cases, the primary channel for selling rooms is a hotel's own website, or that of their parent brand. In addition to providing an excellent opportunity to communicate what is unique and special about a property, it is the only online distribution channel that allows you to sell directly to travelers.

To maximize the performance of this channel, remember that over [50% of all web traffic](#) now comes from smartphones and tablets.

Ensure your website loads quickly, is easy to use on mobile devices and provides a secure, streamlined booking experience for travelers.

You'll also want to ensure your site appears, or ranks, in the top results on Google, Bing and other search engines. On average, [51% of website traffic is organic](#), resulting from people asking questions and clicking through to sites providing the top answers. Engineering your site to rank well is called search engine optimization (SEO) and it is a best practice. You may also want to invest your marketing budget in online advertising to attract travelers and engage them on your website.

Online travel agencies (OTAs)

OTAs are digital platforms that connect consumers with travel suppliers and allows them to book flights, hotels, cars, activities, cruises and more. Every day, millions of travelers around the world arrange their business and leisure travel through OTAs.

As a distribution channel, OTAs offer access to large quantities of consumers actively shopping for travel, the ability to attract specific types of travelers and [performance tools](#), market insights and programs to help you capture bookings. OTAs can also open up more opportunities for you to participate in [packages](#), bookings that include a flight and a hotel or a car and a hotel.

Listing your property is free. OTAs make money by charging hotels a fee per booking, typically a percentage of room revenue, although the cost often differs between OTAs. The OTA then acts as the main point of contact for amending or cancelling bookings, leaving you to focus on the guest experience in-house.

Learn more in our article ["Why do you need an OTA"](#).

Global distribution systems (GDS)

A GDS is a consolidated reservation network, primarily used by travel agents, to reserve real-time flight, hotel and rental car inventory for their clients. Amadeus, Galileo, Sabre and Worldspan are well-known global distribution systems.

As a distribution channel, a GDS provides one connection to multiple travel agency systems and allows you to keep your listing updated across all networks through one interface. They create broad global exposure for your inventory and can help you fill last-minute vacancies.

Generally, a GDS will charge a one-time setup fee and then take either a percentage compensation or a flat fee per booking. These costs differ by GDS.

Wholesalers

These are third parties who source hotel room nights in bulk at heavily discounted rates and sell them, at a mark-up, to travel agents and OTAs. They are typically used by large independent hotels and chains to maximize occupancy and guarantee a certain occupancy rate. Wholesalers can help hotels reach international consumers they might not reach otherwise, although they do not interact directly with travelers.

Multiple mark-ups, first between the hotel and the wholesaler and again between the wholesaler and the travel agent or OTA, can result in rate disparity and reduce hotel profitability. Additional concerns include a lack of control over where inventory is available online and inconsistent shopping and brand experiences for travelers.

Take a minute to learn [how Marriott is innovating](#) to create transparency in wholesale distribution.

Tour operators

Focused on creating an end-to-end travel experience for consumers, tour operators contract, typically at a discount, the individual components of a vacation—flights, transfers, hotels, meals, guides and activities—and sell the combined package direct to travelers or through OTAs and wholesalers.

Tour operators often specialize in a specific location, such as Mexico, or experience, such as golfing, skiing or diving. Discounting your inventory for distribution can be beneficial if your property location and amenities align with their expertise and target traveler.

Destination marketing organizations (DMOs)

DMOs are typically governmental organizations, including tourism boards and visitors bureaus, responsible for promoting travel and tourism to and within a destination. They create and execute marketing strategies to drive tourism spending and strengthen the economic position of their community.

Many properties are listed on their local DMO's website automatically and you can typically form partnerships to gain more exposure for your listings.

Offline

Don't overlook offline channels for distribution. Similar to bookings coming from your website, offline channels, such as phone or email, allow you to set the tone of the end-to-end guest experience and maximize profitability. The key is to monitor these channels and be responsive to inquiries, especially if you have strong offline production.

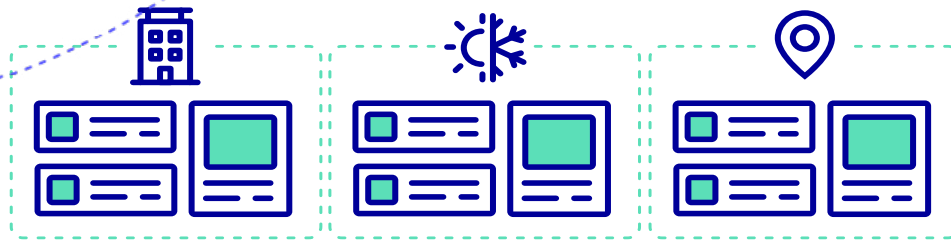


What is a hotel channel manager?

A hotel channel manager is a technology system that connects hotels their online distribution channels—OTAs, GDS, wholesalers, and more, so they can be managed from one location in a fraction of the time.

Using a channel manager automates the exchange of rates, availability and reservations, often at near real-time speeds. This allows hotels to make updates once and have them cascade across all the channels they work with—saving time, increasing accuracy and reducing issues with overbooking and rate parity. It also allows you to expand your distribution network by linking you with online channels you might not have considered. Ultimately, having a channel manager creates more time to focus on guests and provide the best experience possible.

For information on channel managers, read our [guide on choosing a channel manager](#).



Building your distribution strategy

There is no universally “right” distribution strategy, rather the best plan will include diverse channels and reflect your business objectives, property economics and the best guest for your hotel. As you start to assemble your distribution mix, you’ll benefit from focusing on the following essentials:

1. Have clear business objectives

Before you begin experimenting with new distribution channels, take time to understand your current performance and define what you want to achieve. This will not only help you identify the right distribution mix, it will allow you to measure your success.

Sample objectives may include:

- Attracting more international visitors (who typically book earlier and stay longer)
- Profitably increasing occupancy during your low season
- Reducing reliance on a single distribution channel
- Improving your ability to fill last-minute vacancies

2. Target your best guests

Knowing the profile of your best guests—those who have a [positive impact on your](#)

[profitability](#) and who prioritize the amenities you offer—will help you select and prioritize distribution channels. Whether the right guests for your property are international travelers shopping for a luxury summer holiday or last-minute budget travelers, you should focus your attention on their preferred booking channels. In fact, simply understanding if the core of your business is domestic or international guests will help you target your efforts. Use market intelligence reporting, available from OTAs, to help you identify and target high-performing geographies and market segments.

3. Understand your profitability

GOPPAR is a key performance metric that can help you evaluate the impact of distribution on profitability. Unlike revenue per available room (RevPAR), which helps hotels understand how well they’ve managed inventory and rates to generate revenue, GOPPAR takes into account revenue and expenses to provide a true picture of profitability.

By comparing GOPPAR across all distribution channels—including direct bookings where expenses may include website development, loyalty programs, direct marketing and call center expenses—hotels can better understand and maximize the profitability of their distribution mix.

To calculate GOPPAR simply subtract your gross expenditure from your gross revenue, then divide it by the number of available rooms in your hotel.

GOPPAR = (Gross revenue - Gross expenditure) / Available rooms

Read more about [key hotel metrics](#) and what they can and can't tell you about your performance.

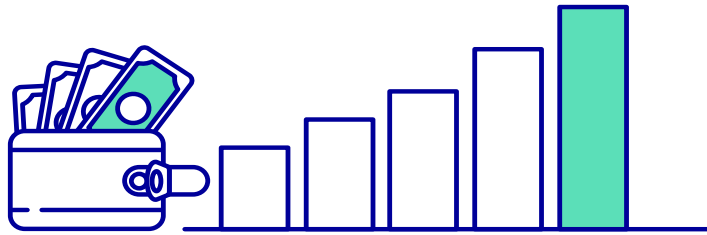
4. Maintain competitive rates

In addition to finding the right channel mix, competitive pricing is a critical part of your distribution strategy. Having a real-time understanding of market conditions and the prices offered by a comparable competitive set will help you optimize your rates.

OTAs and channel managers offer tools to help you keep your pulse on changing market conditions. [Expedia Group offers Rev+](#), a free revenue management tool that uniquely aggregates real-time market data, to provide occupancy forecasts and competitive pricing insights.

5. Avoid the temptation to set and forget

Given the dynamic pace of innovation and rapidly evolving traveler preferences, it's critical that you continuously monitor and optimize performance in your distribution channels. Be diligent about analyzing both the costs and contribution of your channel providers and watch for performance variations in different seasons, days of week or in specific market conditions. Dial inventory allocations up or down to maintain the optimal channel mix to fuel profitable growth.



Five tips to supercharge your hotel distribution

With your distribution strategy in place, take these actions to maximize performance in your channels.

1. Go mobile

Travel bookings are increasingly happening on smartphones and tablets, so a mobile-friendly website will increase your ability to capture direct business. In addition, to ensure your site loads quickly and is easy to use, integrate a mobile-optimized booking engine to provide a seamless, secure buying experience.

2. Maximize your content

Make the most of your increased online reach by providing detailed information and photos about the amenities you offer—from pools and free breakfast to air conditioning and in-room entertainment, so travelers can envision staying with you. [Discover how to optimize your OTA listing](#) to attract and engage the right guests for your property.

3. Brush up on hotel performance metrics

Optimizing performance across your distribution channels requires you to be familiar with a [core set of metrics](#) the industry uses to evaluate business results and compare

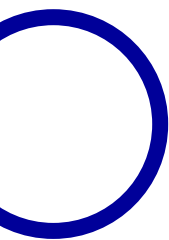
them across similar properties. Review what each metric can tell you and, perhaps more importantly, what it can't, then set up your performance measurements.

4. Add a channel manager

If you don't currently work with a channel manager, explore whether the time savings, lower risk of overbooking and increased access to distribution channels translates into a strong ROI for your property. We've prepared [evaluation criteria](#) and Expedia Group partners can sign in to access the global Connectivity Providers Guide.

5. Manage and maximize your online reputation

Your hotel's reputation for responsive service and an exceptional guest experience exists almost entirely in the digital world and impacts your ability to capture bookings. Be sure you have a [strategy for maximizing 5-star reviews](#) and responding quickly to both positive and negative feedback.



Conclusion

We all work in hospitality to create meaningful relationships with travelers. But with online channels offering more choices than ever, reaching the right travelers for your business can be a challenge. We hope this guide helps you to navigate today's distribution landscape, and gives you the building blocks to create a unique, sustainable distribution strategy for a thriving business.

Bringing the world closer to you, one booking at a time

The Expedia Group marketplace offers travelers the largest choice, including flights, rooms, cars, cruises, activities and more. Part travel, part tech and part people logistics company, Expedia Group is uniquely positioned to help make travel easier, more enjoyable and attainable. From historic inns to urban hotels, luxury resorts to lake houses, we help properties connect with high-value guests, successfully compete and grow their businesses.

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