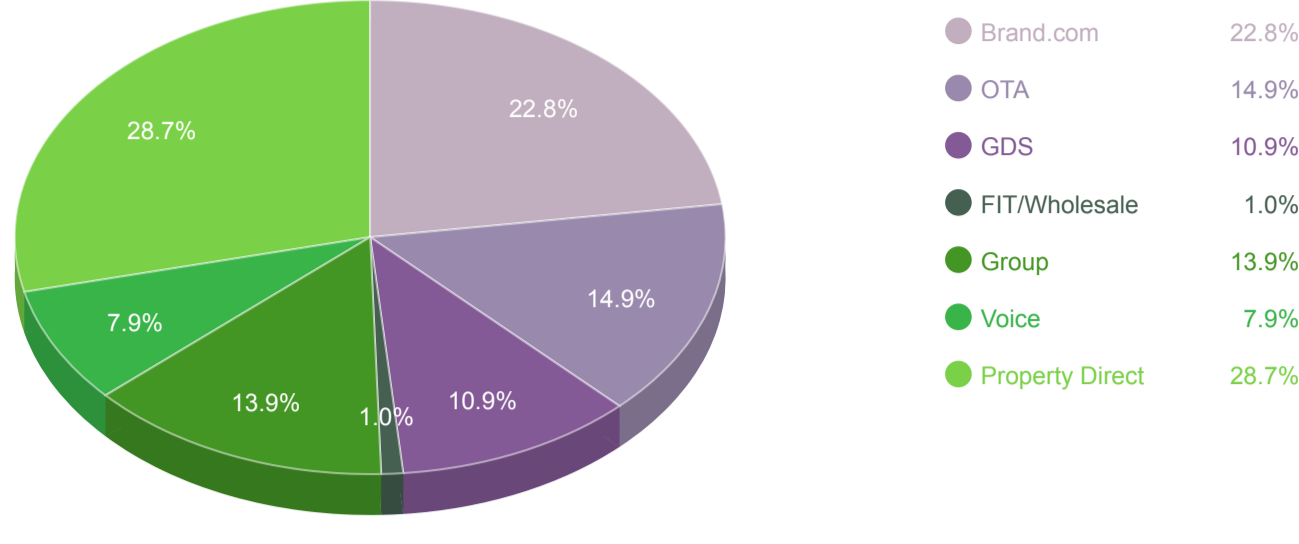


# 2018 Booking Channel Results: Did Consumer Behavior Change?



## Transient Booking Source: OTA, Third Party compared to Hotel Direct

Room Night % by Channel - Total U.S. trailing 12 months August 2018



- Although Hotels are dependent on OTA room bookings to be successful in certain situations, 2018 results show that on average 51.5% of the Hotel business came from their direct Hotel sales efforts and remain the largest contributor to occupancies.
- In the 12 months ending August 2018, the U.S. hotel industry received just about half of its room nights (49%) through digital channels (shaded purple colors above): Brand.com, OTA and GDS. When examining the split between direct and indirect channels, Direct still dominates with 6 in 10 room nights coming through one of the direct channels: Brand.com, Voice or Property Direct.

## Brand.com generated 2x the ROI of OTA Bookings

	Net Revenue Earned	Investment Made in 2016	Net Revenue Generated for every \$1 of Investment
Direct Loyalty Bookings	\$54.3 B	\$6.52 B	\$8.33
OTA / Third Party Bookings	\$22.0 B	\$4.62 B	\$4.77

Direct channel loyalty bookings include: channel costs, commission and a factor associated with incremental Brand.com search marketing fees. OTA investment includes commission costs and any other channel or transaction fees.

Based on an analysis of 19,000 Hotels, loyalty bookings through Brand.com generated an ROI that was nearly 2X that of OTA bookings. This will drive the Brands to continue promoting Loyalty Programs to their guests to ensure their future success.

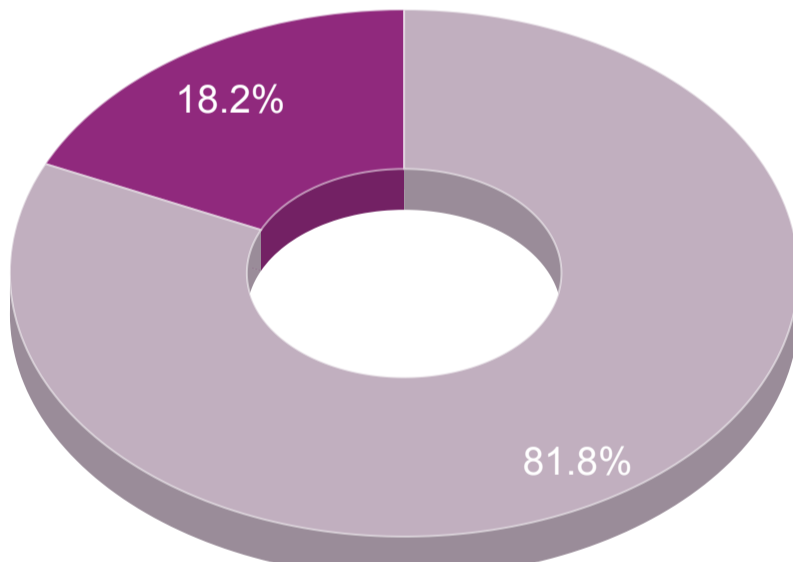
## How important are Brand Loyalty programs to your Hotel?

Loyalty RNs as % of Total Room Nights Trailing 12-month through September 2018



- Due to a healthy promotional spend by Brands and new out of the box offers introduced to their Loyalty Members, there was a consistent increase in direct bookings by guests using Brand.com compared to OTA Channels.
- Economy, midscale and upper midscale hotels all enjoyed double-digit growth in loyalty contribution with steady gains since the Book Direct campaigns were launched by hotel brands.
- Upper upscale and luxury branded hotels came in just under 10% growth and although the rate of growth for Upscale hotels is lower at 7%, they had the largest base of loyalty bookings with over 61% of the total base of these hotel room nights.

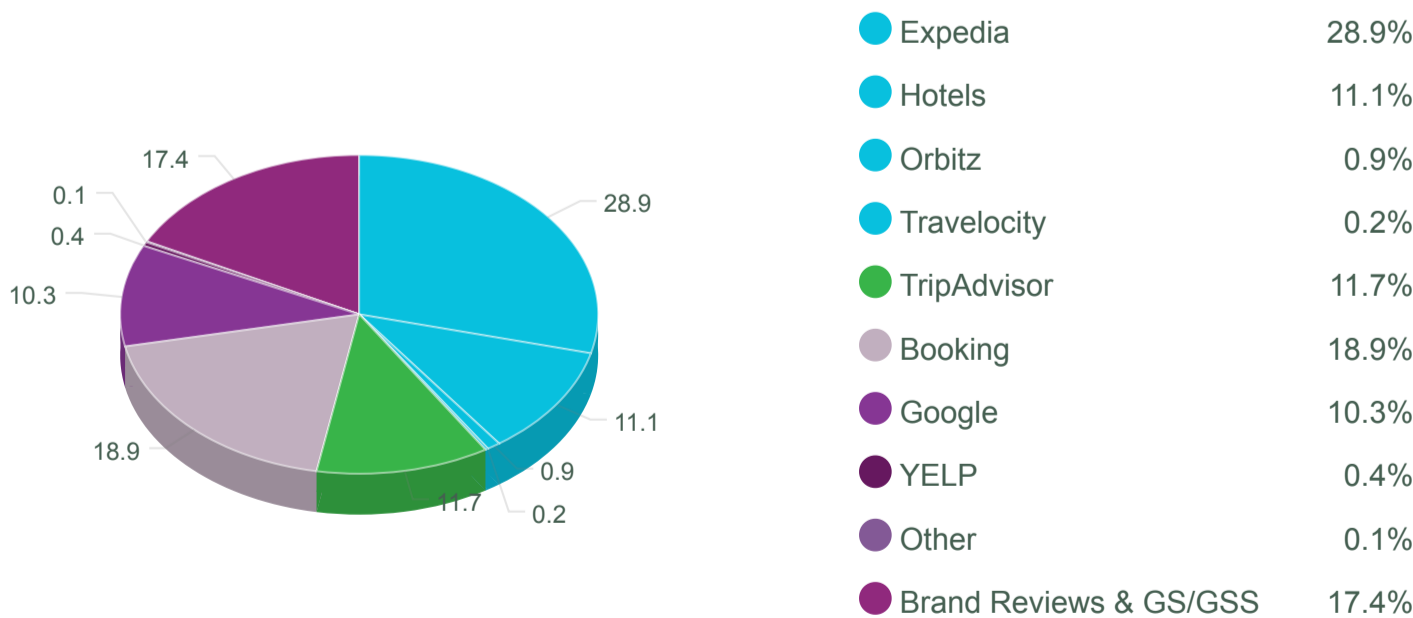
## 2018 iResponse Data Shows Similar Pattern



81.8% OTA / 3rd Party, 18.2% Brand Reviews / Surveys

- Based on 500K+ guest reviews that iResponse responded to in 2018, we saw a similar Brand.com contribution for our clients. Hotel brands pulled in a healthy 18.2% of their online bookings through their brand websites in comparison to 81.8% coming via the OTA & Third Party Booking channels.

- Years ago, TripAdvisor was the first Third Party channel to promote their site as "the place to go" when considering where to stay. Their next step was to add a booking engine. In the last few years, we have seen Booking.com ascend in the ranks. The site began as an OTA leader in the International market but has since seen increased usage in the US market. Google received more traction in 2018 for hotels in all locations and every category - and many in the industry see them as the most important channel to keep an eye on. The chart below shows iResponse data of how each online booking engine performed for 1K+ Hotels.



## 2018 Booking Channel Takeaways

- Hotel Brands have made considerable progress in slowing down the shift in online bookings to OTA and Third Party channels that has been happening in the last 10 years.
- As hoteliers, there may be times when OTA and Third Party Bookings are needed. It's encouraging to see increased opportunities to secure more business with Hotel direct sales efforts, whether through group bookings, FIT Wholesale bookings, voice, Brand.com, and property direct bookings, as much as 6 in 10 rooms per night.
- While the pattern of more direct bookings was consistent across all U.S. hotels, there were some differences by hotel tier. Upper upscale had the strongest growth rate in Brand.com bookings relative to OTA booking growth. Midscale hotels had the largest OTA base ranging from 10-15% but their Brand.com contribution surged in 2018.

### SOURCES

Statistics:  
2019 Kalibri Labs: Book Direct Campaigns 2.0 - <https://www.kalibrilabs.com/bookdirect/>  
iResponse guest comment and review responses 2018

### CREATED BY

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