



DIGITAL MARKETING CONFERENCE

A Commercial Strategy Event



M SOCIAL HOTEL PHUKET 10 October 2024

Hotel Distribution: The Real Cost of Direct Bookings at the Dawn of AI

DIGITAL MARKETING CONFERENCE



Leon Chan

Head of Sales, Asia Pacific
D-Edge

PHUKET 10 October 2024



Agenda

01 Data Insights, evolution from 2019 to current:

- Average Daily Rate
- Average Length of Stay
- Average Transaction Price
- Thailand Gross Operating Profit report
- Rising Costs

02 Distribution Mix

- Direct versus Indirect
- Share by Channel
- OTA dependency by Hotel category
- Cancellation Rates
- Share of digital marketing revenue by Channel Type
- AI in digital marketing and results

03 Planning Budget 2025

- Average share of Direct Bookings
- Distribution cost of Paid Ads.
- Total Cost of Direct Bookings
- How much to invest in Digital Marketing



01

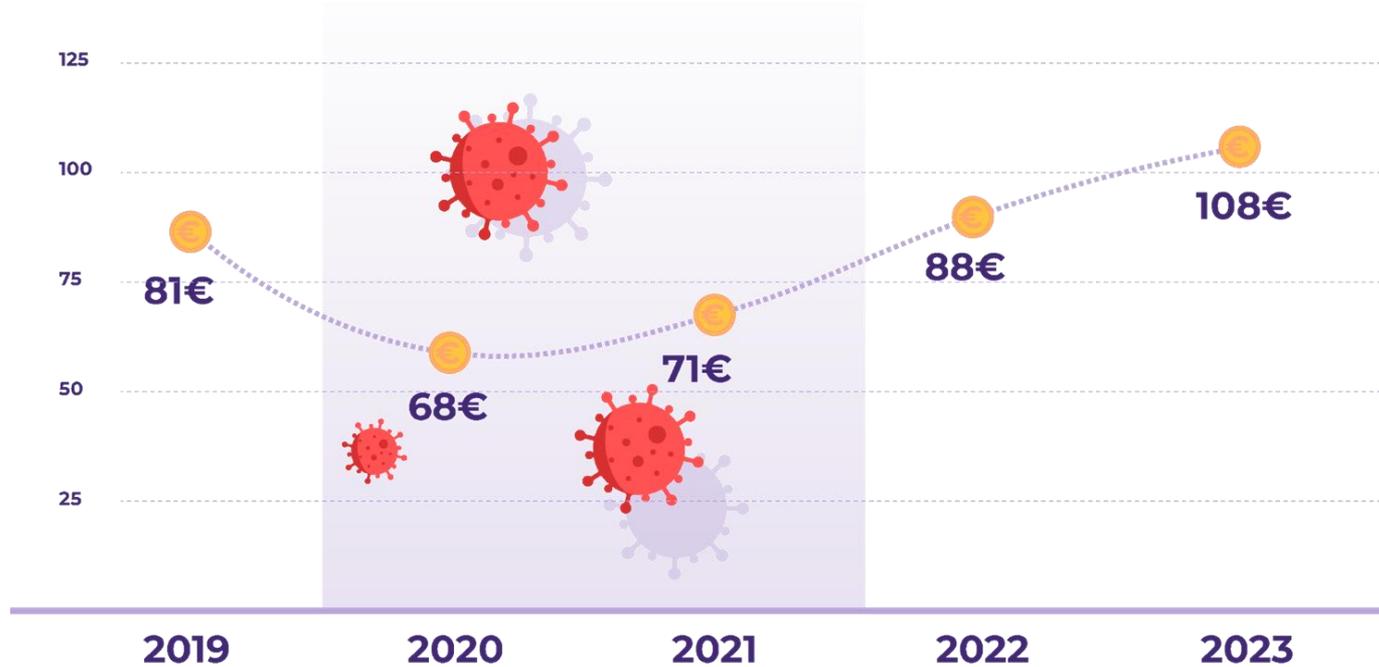
BOOKING INSIGHTS

Panel: 441 Hotels in Asia

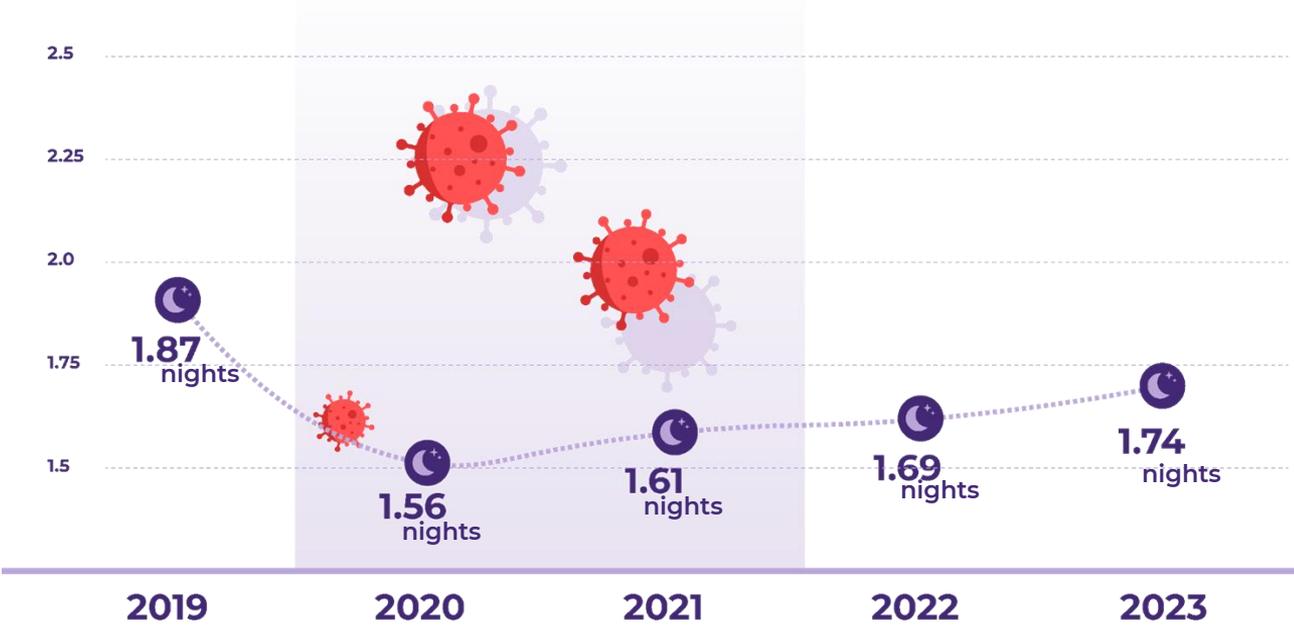
AVERAGE DAILY RATE

High... but not
at its highest
yet

Average Daily Rate
Evolution of the **ADR** of hotel online bookings



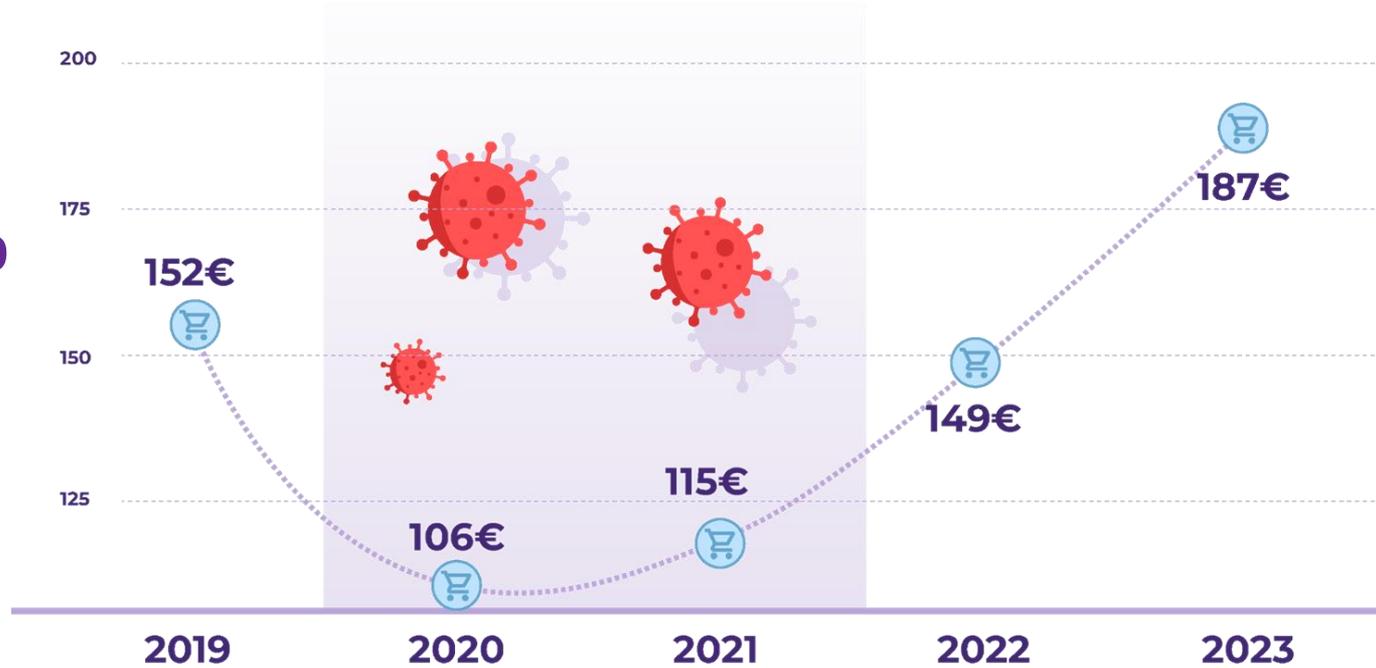
Direct vs. Indirect distribution:
Evolution of the LOS of the hotel online bookings



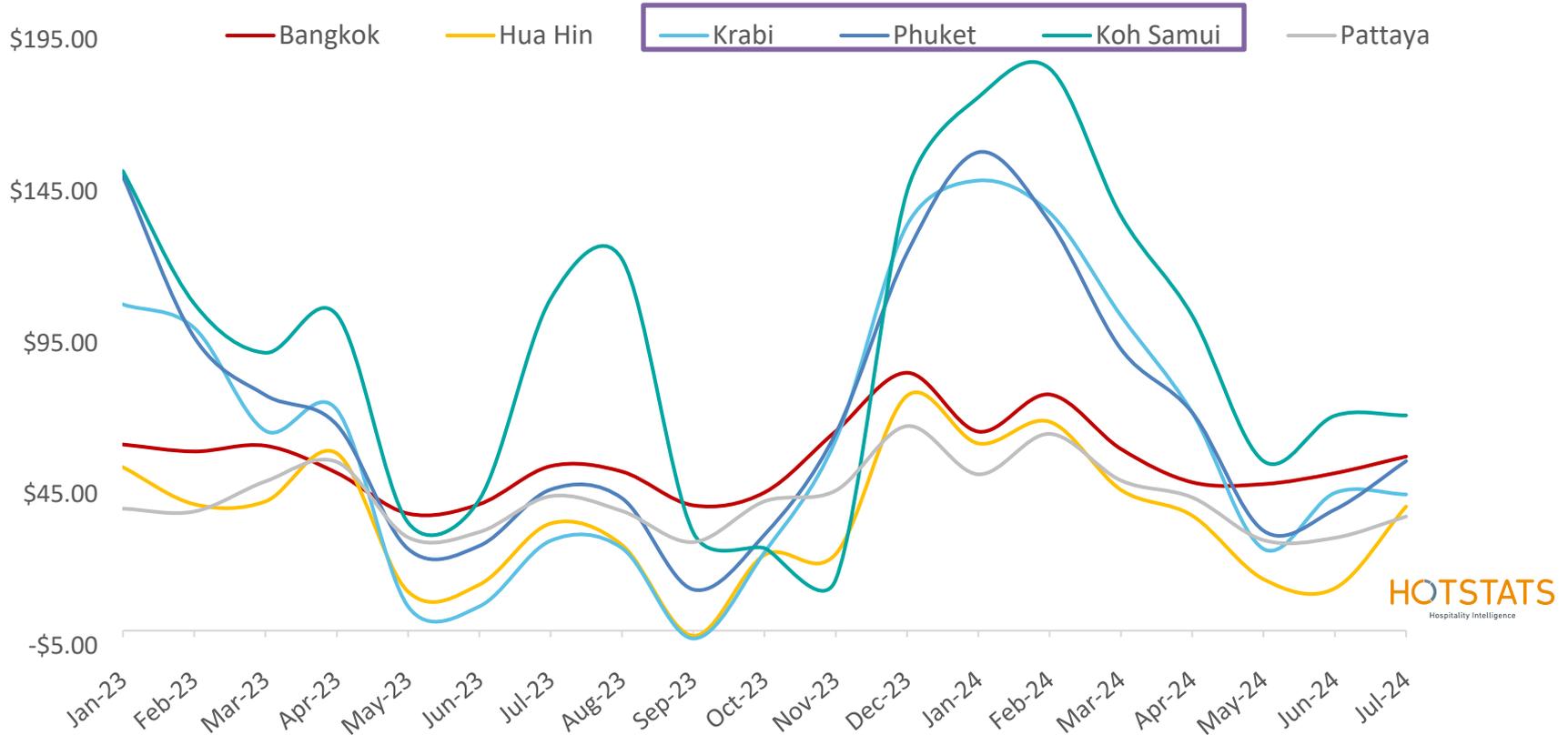
AVERAGE LENGTH OF STAY
Still below pre-pandemic level

AVERAGE TRANSACTION PRICE
A Steady Climb

Average Transaction Price
Evolution of the ATP per hotel online booking



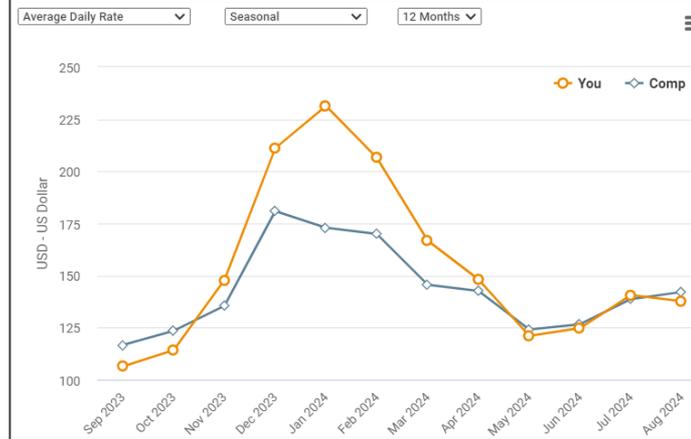
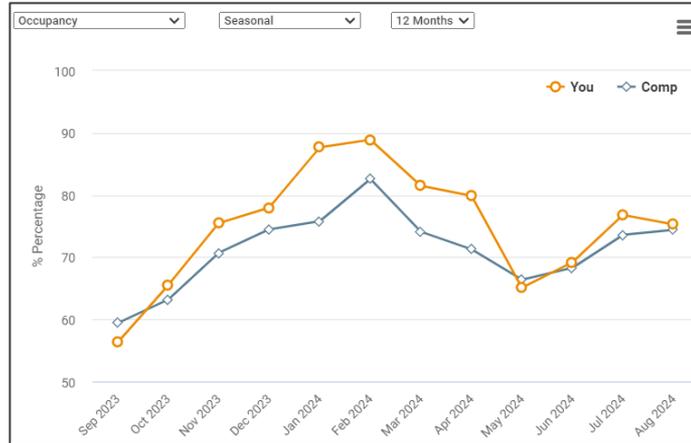
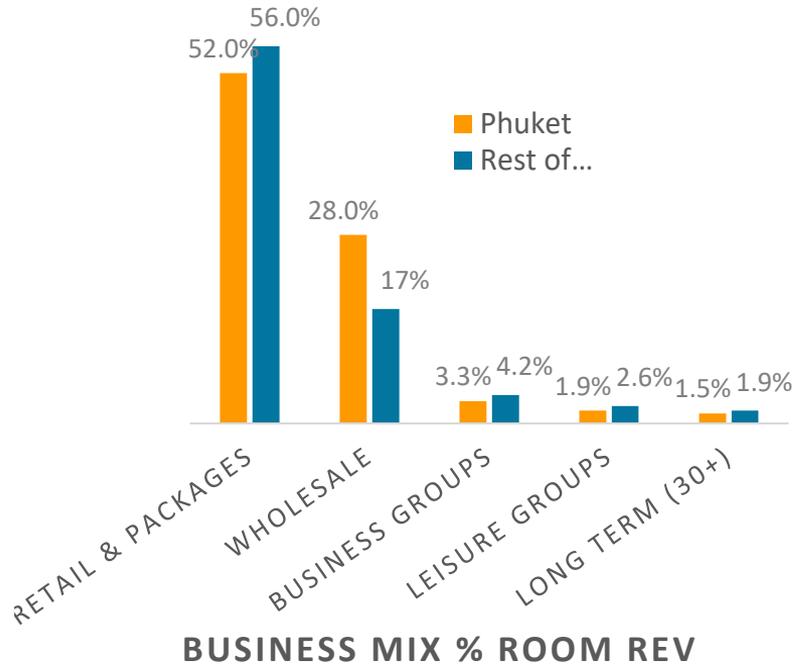
GOPPAR by key city (Thailand)



HOTSTATS
Hospitality Intelligence

Room Performance

12 month rolling



HOTSTATS
Hospitality Intelligence

Phuket
Rest of Thailand

12-month ADR:
Samui THB 8,570
Krabi THB 6,541
Phuket THB 5,260
BKK THB 4,566



02

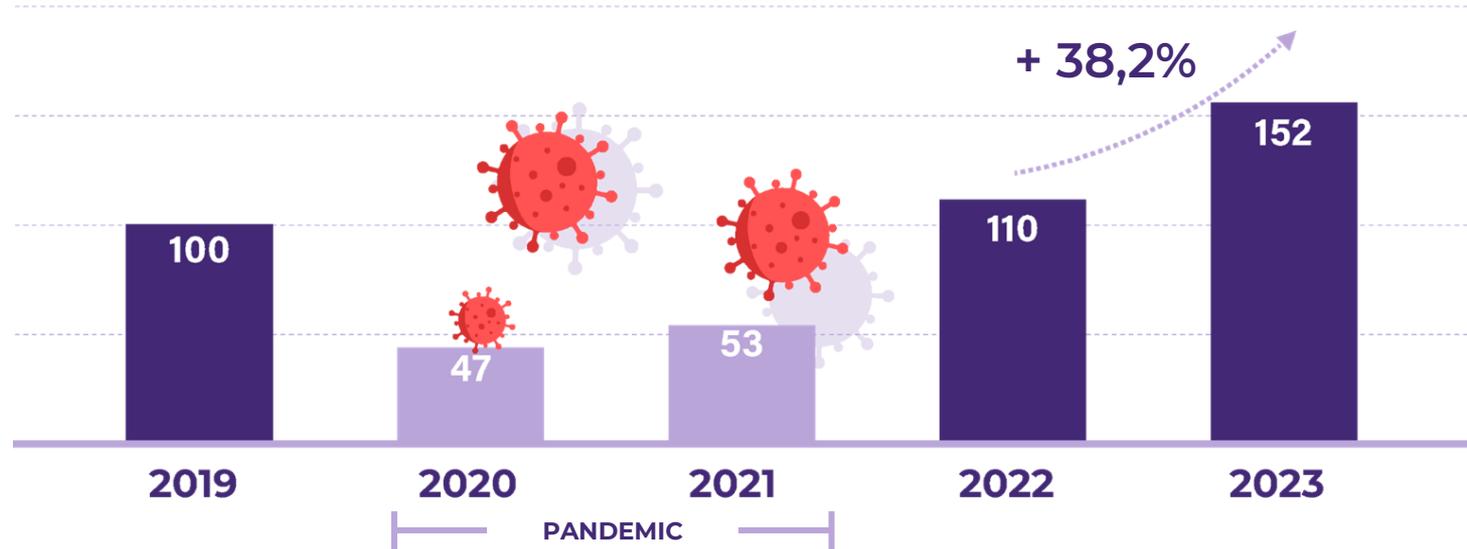
DISTRIBUTION

MIX and AI in digital Marketing

Evolution of the hotel **ONLINE BOOKING** revenues 2019 = Index 100

DIGITAL REVENUE

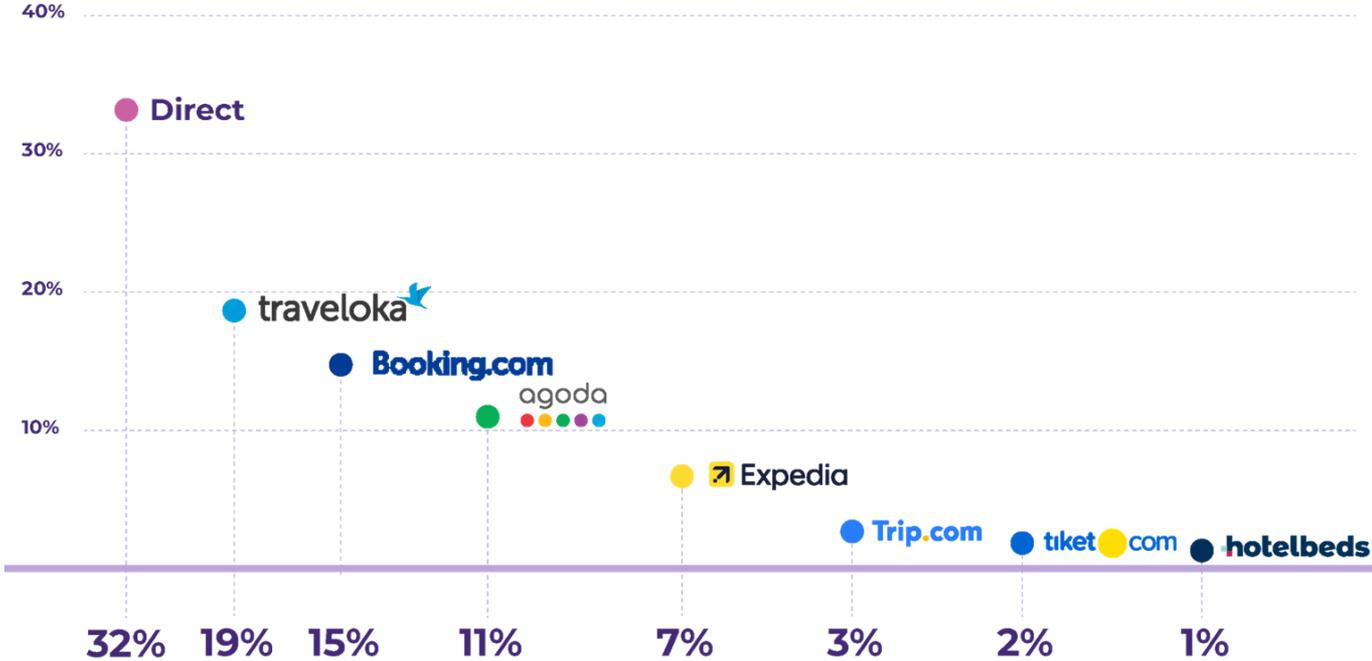
From slow recovery to record-breaking



Share of online distribution in 2023
Direct Vs. Indirect

CHANNEL SHARE

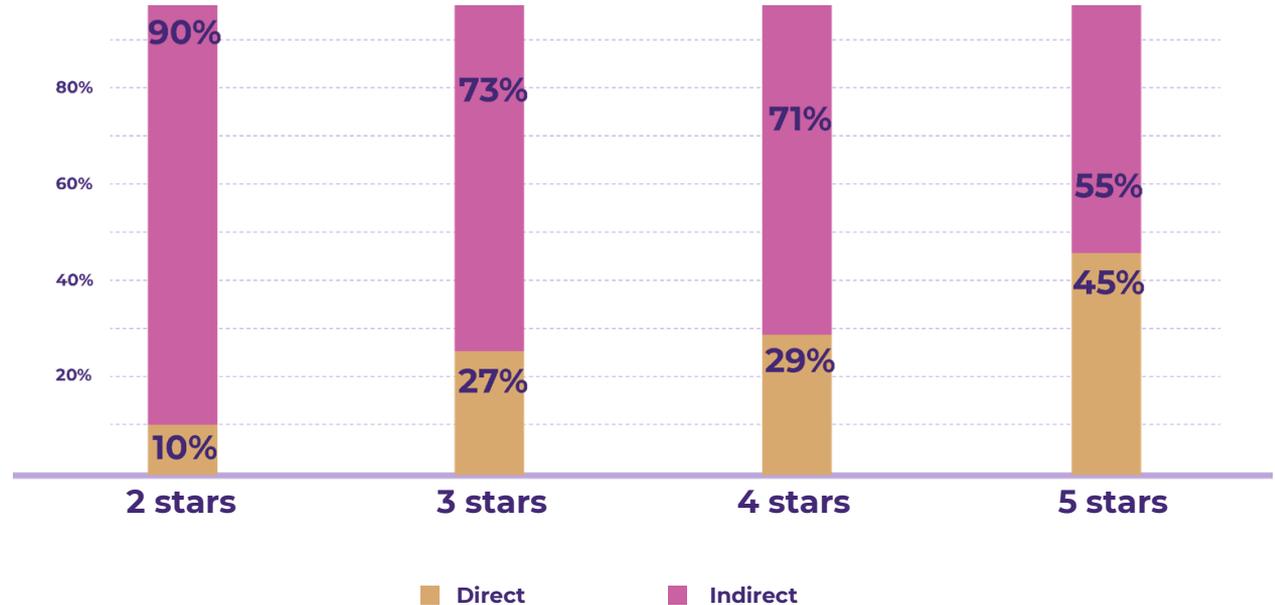
**Direct is
Number 1**



CHANNEL SHARE BY HOTEL CATEGORY

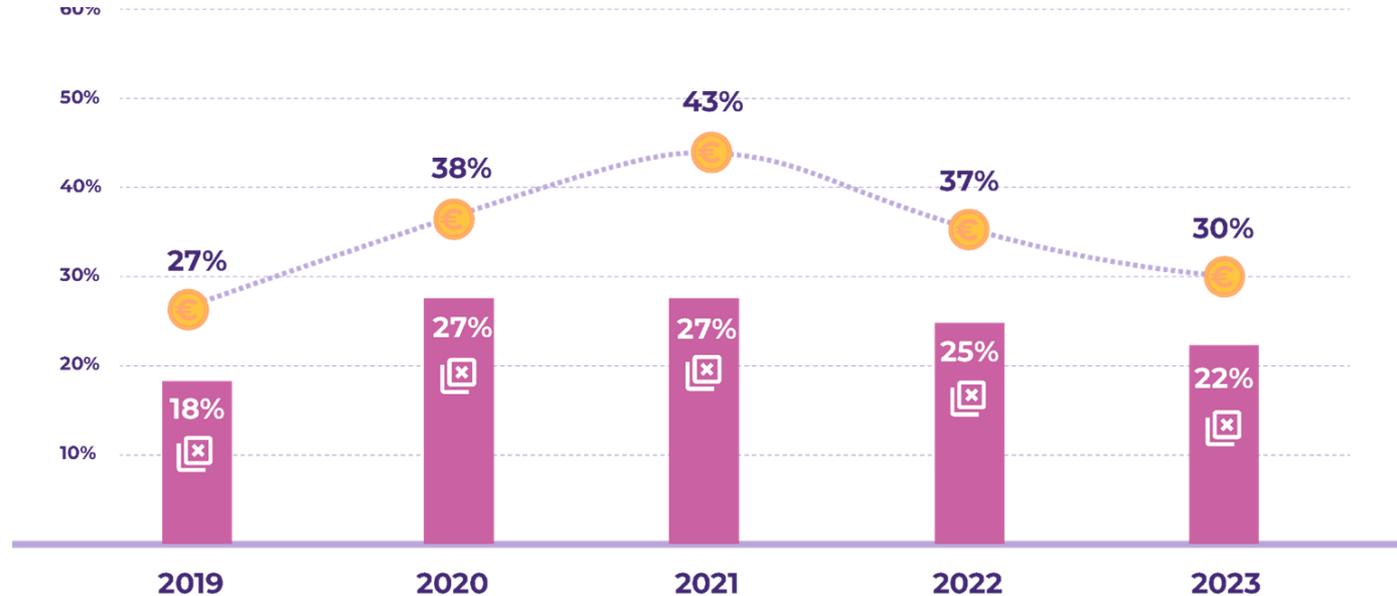
OTA dependency varies by Hotel category

Share of online distribution in 2023
Direct Vs. Indirect



CANCELLATION RATE
Still too high

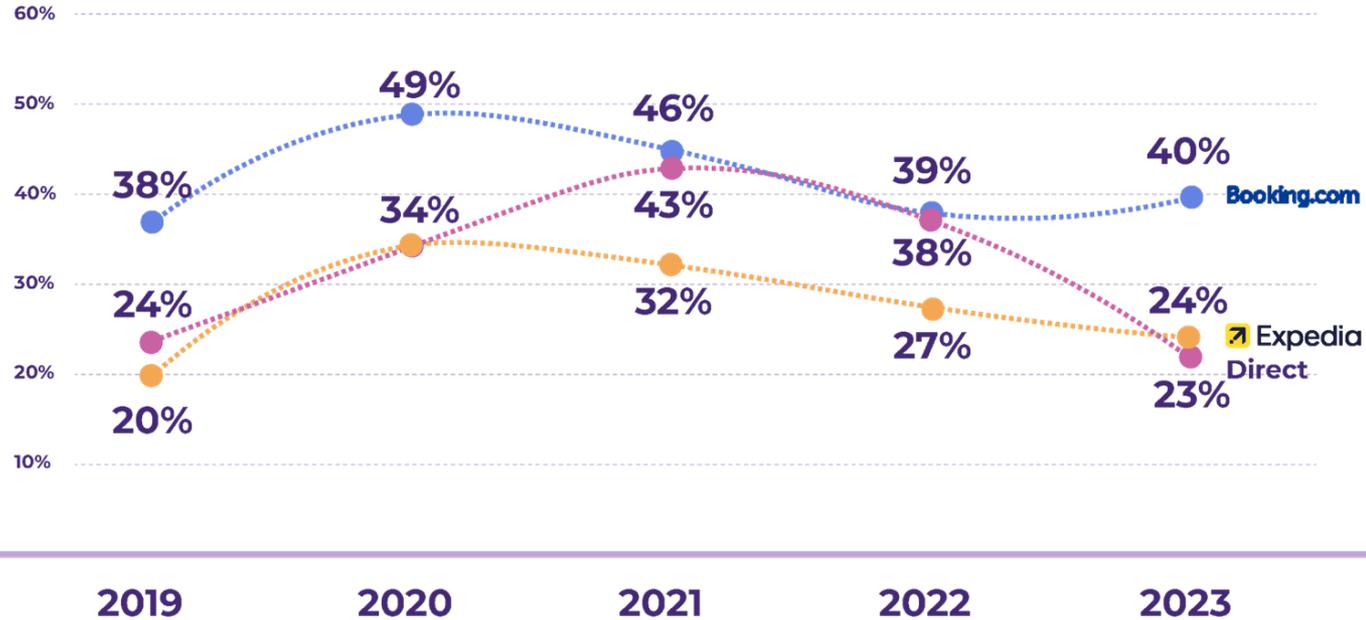
Cancellation of hotel online bookings
In Volume (x) and in Value (€)



CANCELLATION RATE BY CHANNEL

40% of Booking.com revenue is cancelled

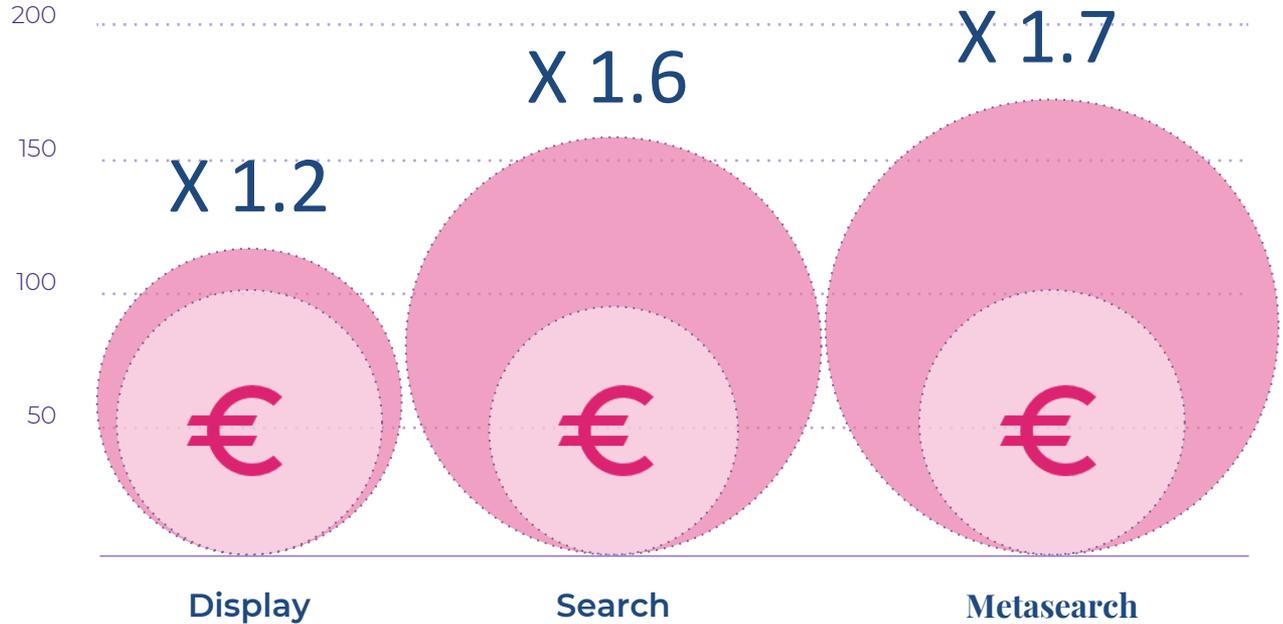
Cancellation rate (in Revenue) by channel



Revenue Evolution by Ad Channels:
2019-2023

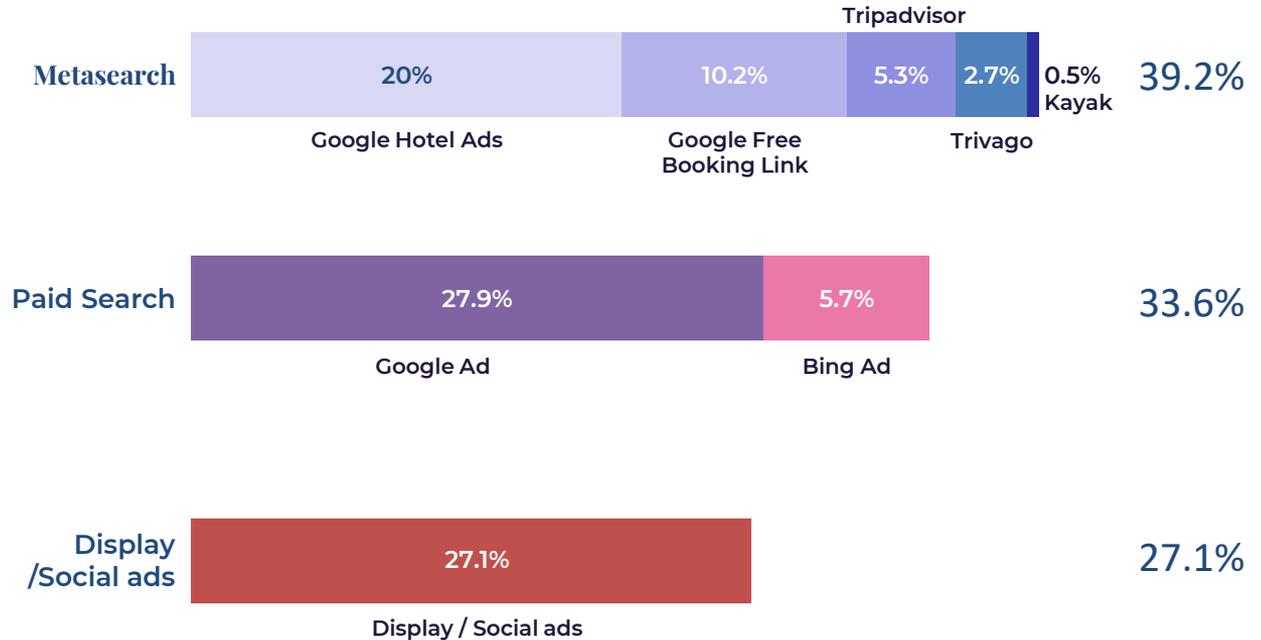


69% more
direct
revenues

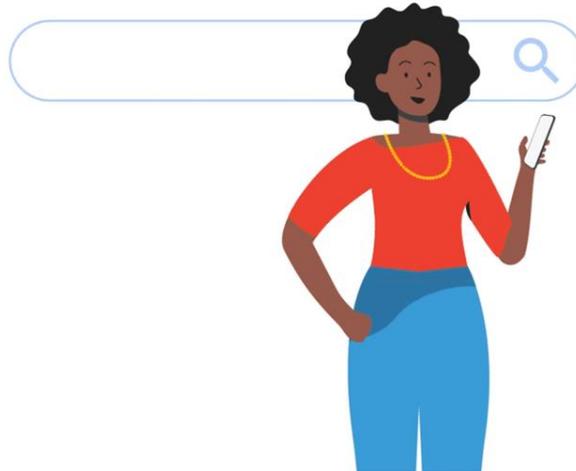


Metasearch remains the #1 direct booking provider

39% of the ad-driven bookings (in value) are generated by metasearch



GOOGLE PERFORMANCE MAX STARTED IN 2021



ONE CAMPAIGN, 7 CHANNELS

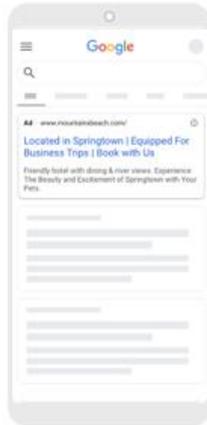
Hotel Ads*



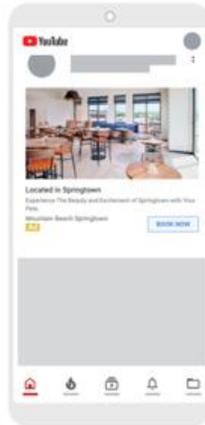
Gmail



Search



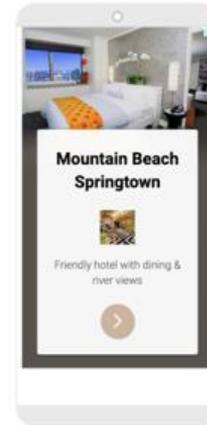
YouTube



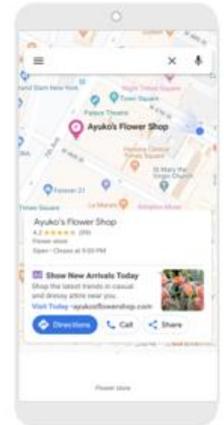
Discover



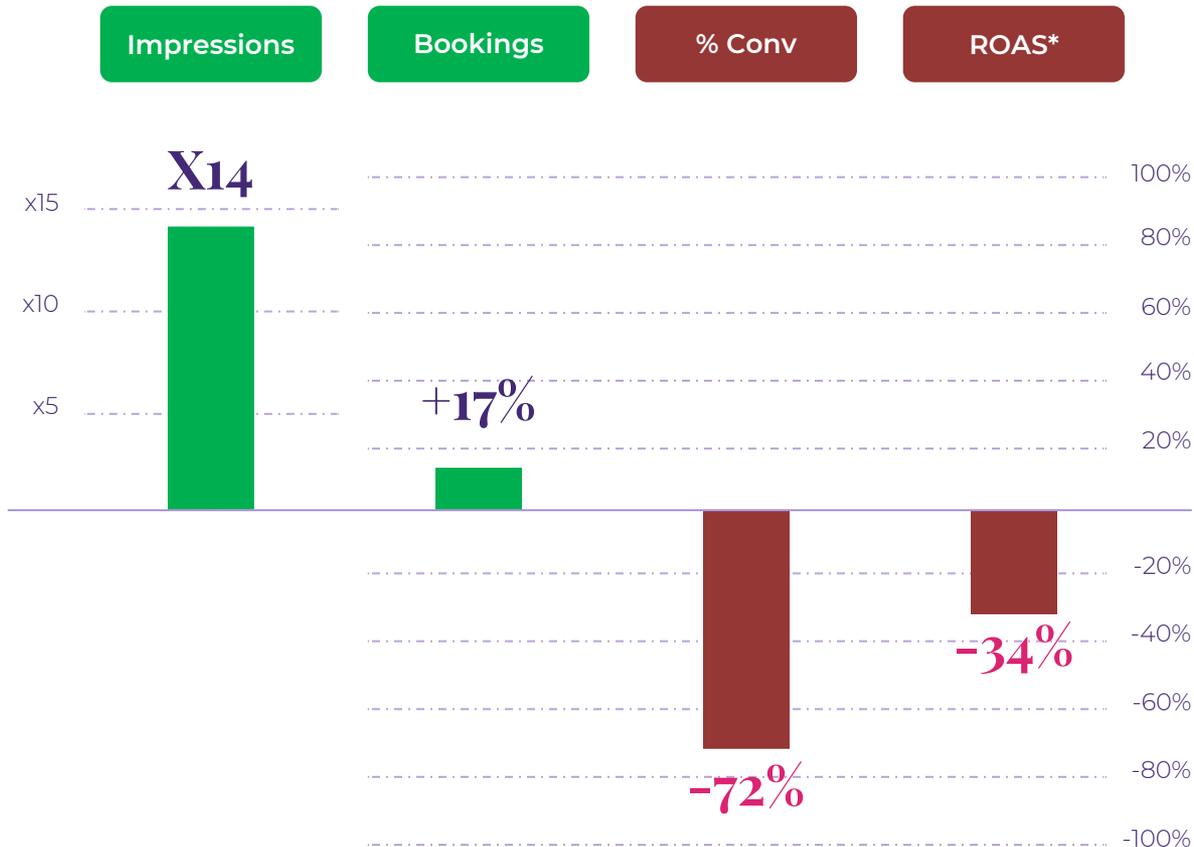
Display



Maps



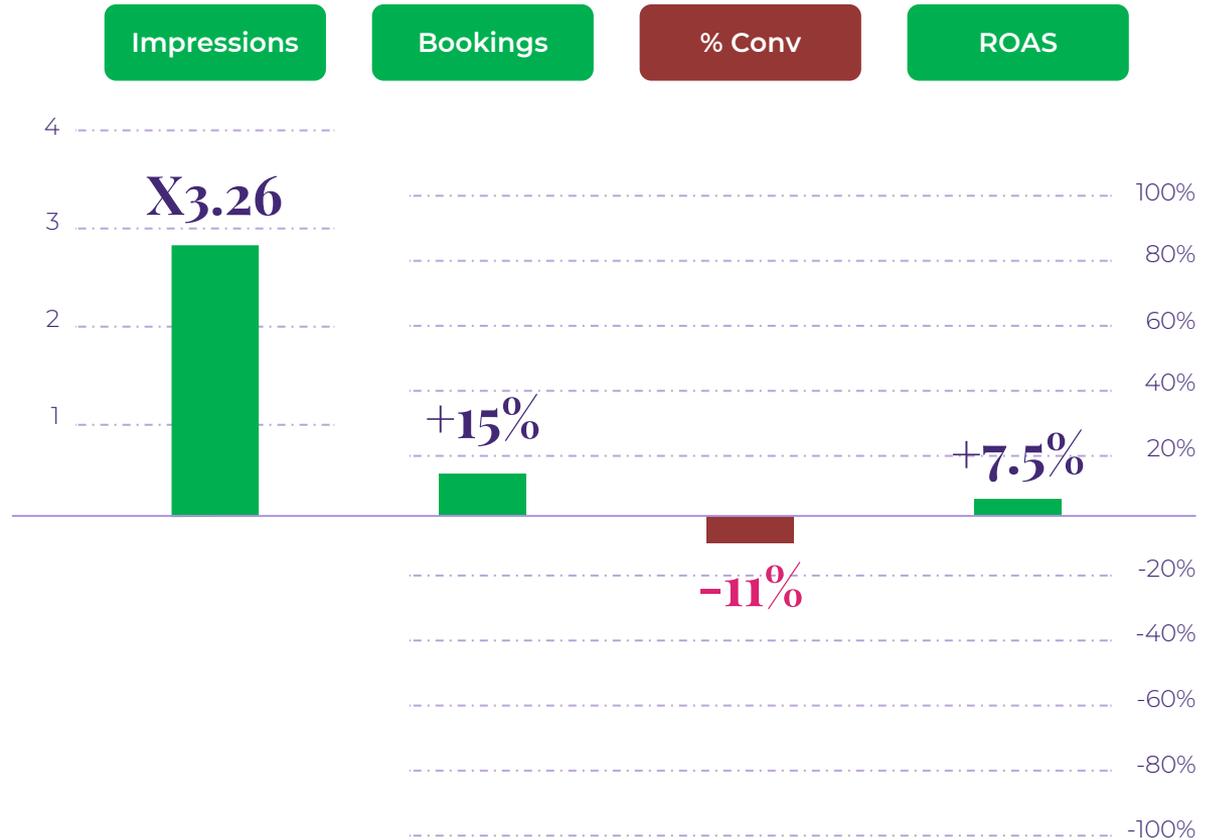
01 PMax replacing manual campaigns



ROAS*= Return On Ad Spend

02

Combination of PMax and manual campaigns

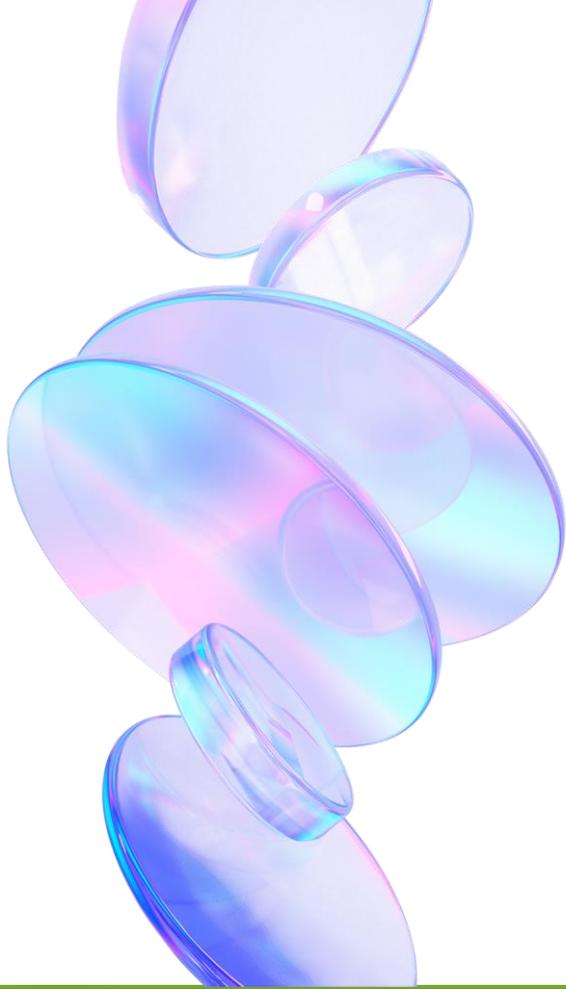




03

PLANNING

Budget 2025

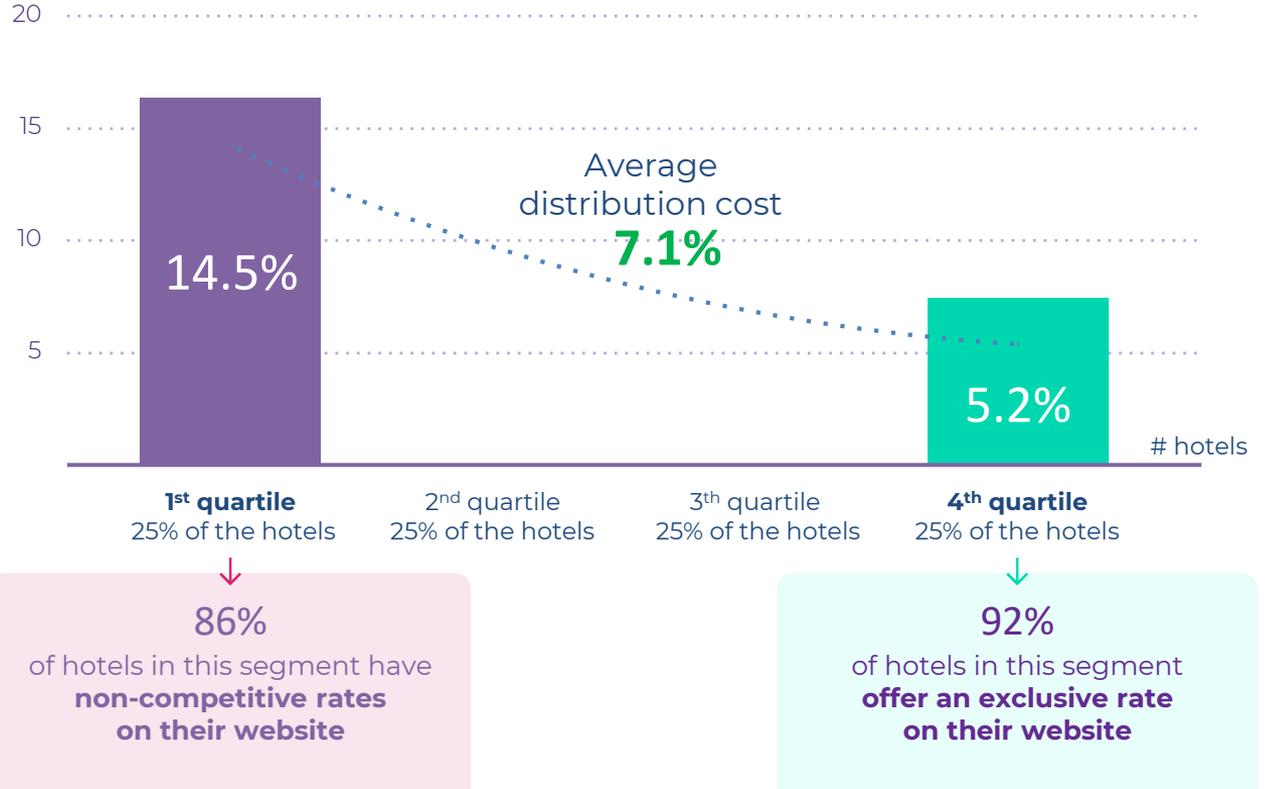


29.5%

Direct Booking Share of
Online Revenue
in 2023

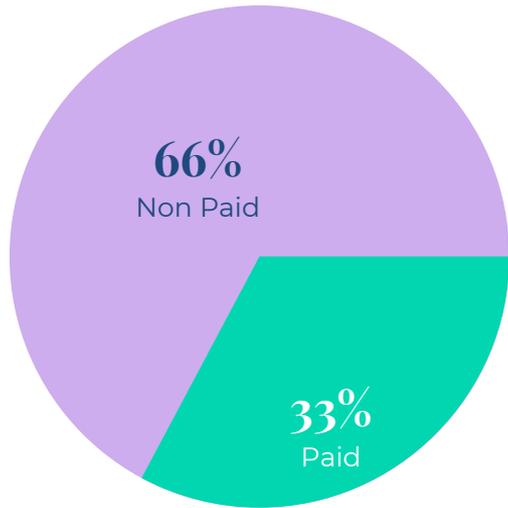
Low Distribution Costs come with Exclusive Rate on the Hotel's website

cost of distribution in %



True cost of Direct Bookings

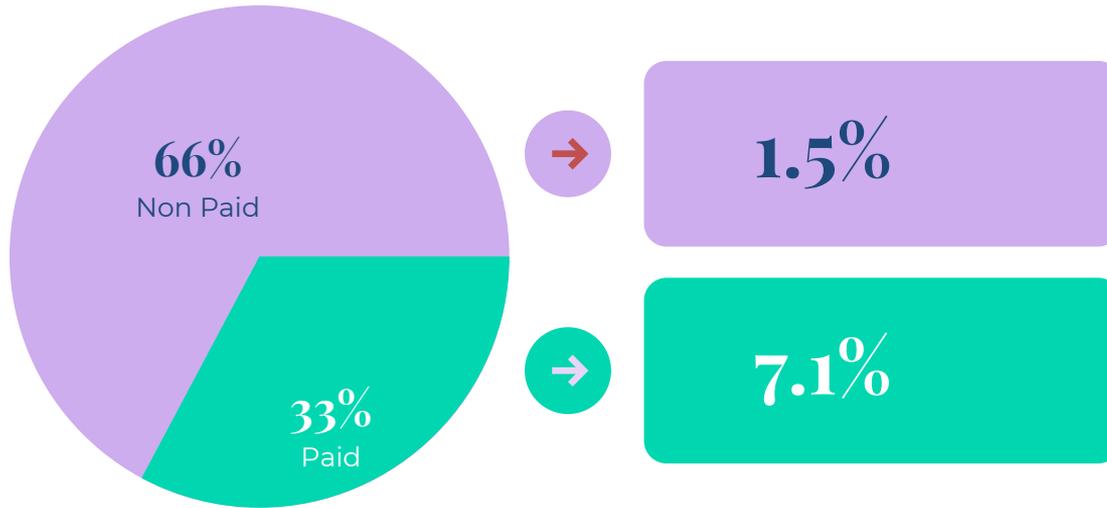
Split Paid / Unpaid



True cost of Direct Bookings

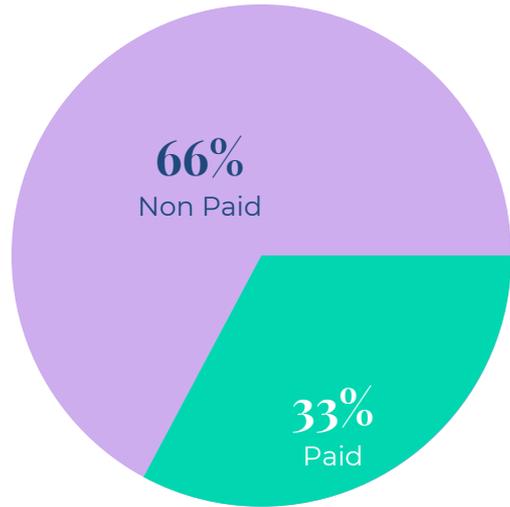
Split Paid / Unpaid

% Distribution Cost (per source)

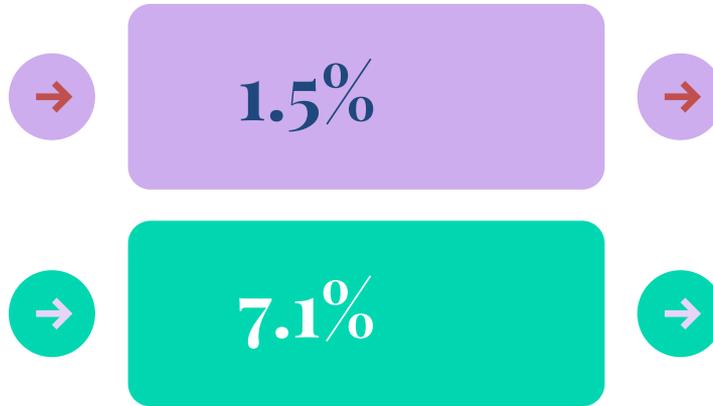


True cost of Direct Bookings

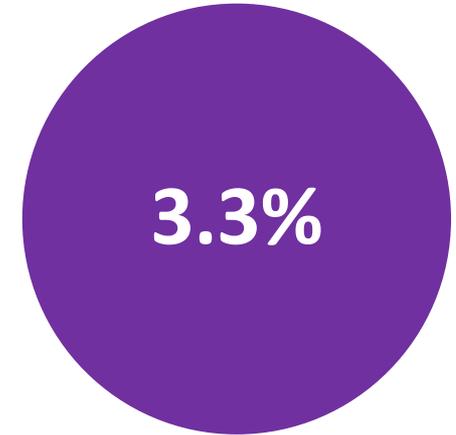
Split Paid / Unpaid



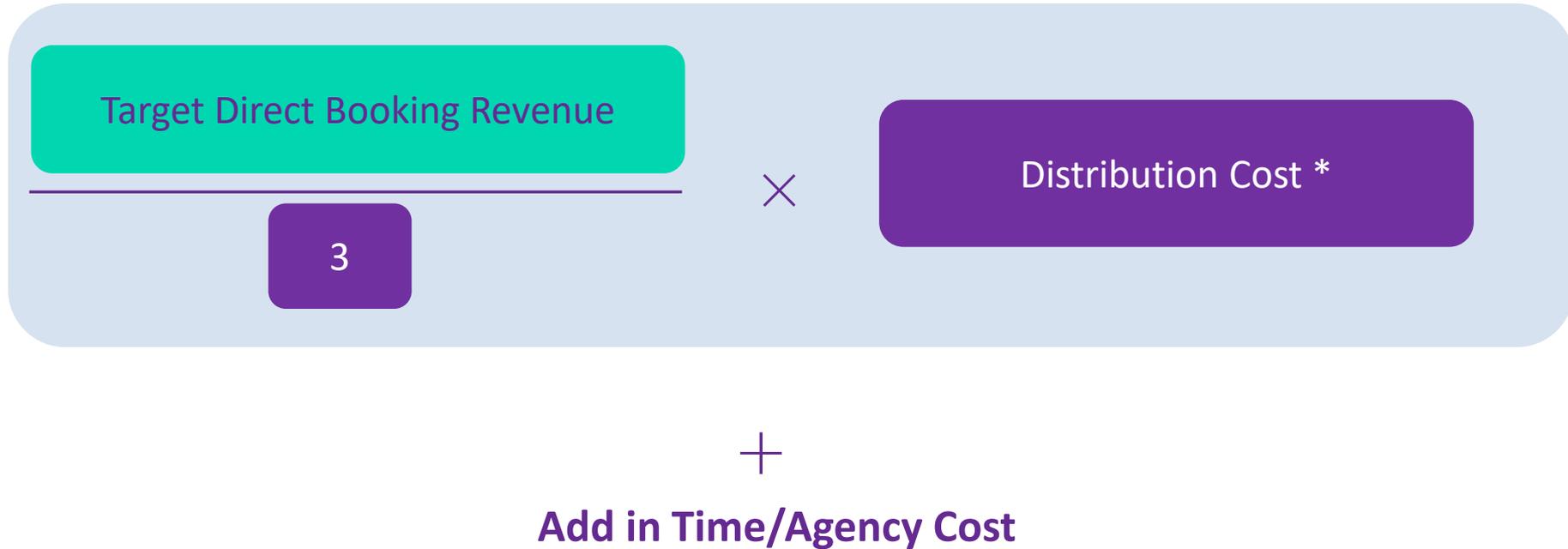
% Distribution Cost (per source)



% Av. direct distribution cost



How much should you put aside for Digital Marketing?



* This should range between 5.2% to 14.5% depending on factors like pricing strategy

Questions?



**Leon Chan, Head of Sales, APAC
D-EDGE**

lchan@d-edge.com

Thank you !





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