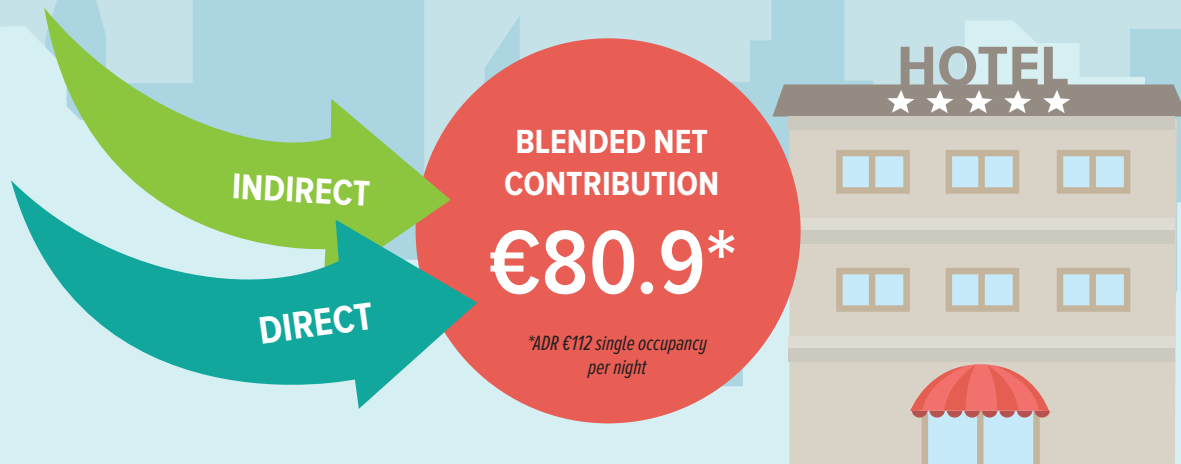
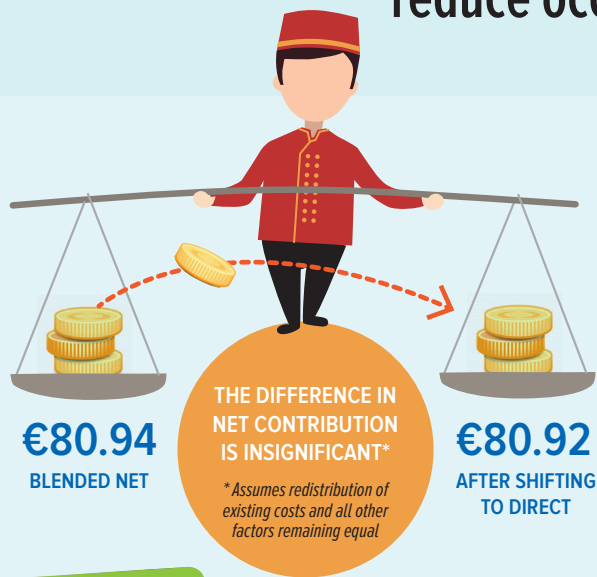


Hotel distribution doesn't come for free no matter what channel is used.

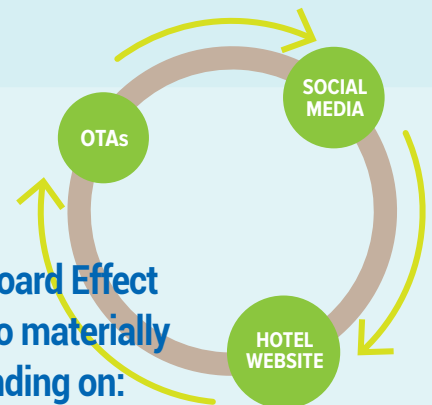
Net contribution in indirect and direct channels are very similar



Shifting consumers from indirect to direct has no measurable impact on costs, but could reduce occupancy rates



Losing the Billboard Effect requires hotels to materially increase spending on:



- + Customer acquisition
- + Online marketing
- + Technology development
- + Customer services

THE MAJOR IMPACT OF CHANNEL SHIFT IS TO DECREASE CUSTOMER TRANSPARENCY

Distribution via OTAs

100% RISK FREE

ENTIRELY SUCCESS BASED

NO UPFRONT INVESTMENT FOR HOTELS

Customers must be given the choice of which channels they use that best suit their needs

Desk research

Over 25 academic, scientific and industry reports covering the hotel industry in the USA, Europe and Far East

Interviews

Over 20 confidential interviews with hotels, including technology providers, travel agents and industry bodies

Modelling

Model accounted for all distribution costs. Applied channel sensitivities to derive aggregate hotel cost per chosen channel

Time period

Mar 2017-Mar 2018

Conducted by **Infrata**

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