



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

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D-Edge

PHUKET 10 October 2024

hsmāi **PHUKET**
HOTELS
ASSOCIATION

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

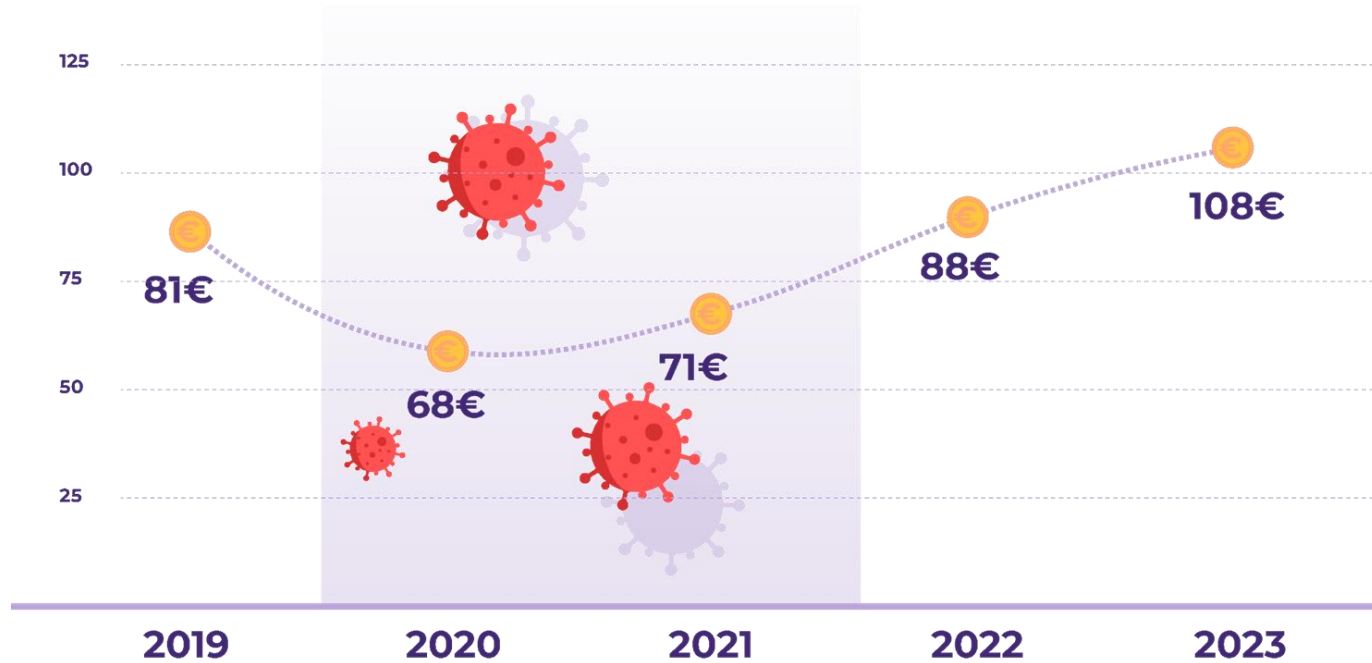
BOOKING INSIGHTS

Panel: 441 Hotels in Asia

AVERAGE DAILY RATE

High... but not
at its highest
yet

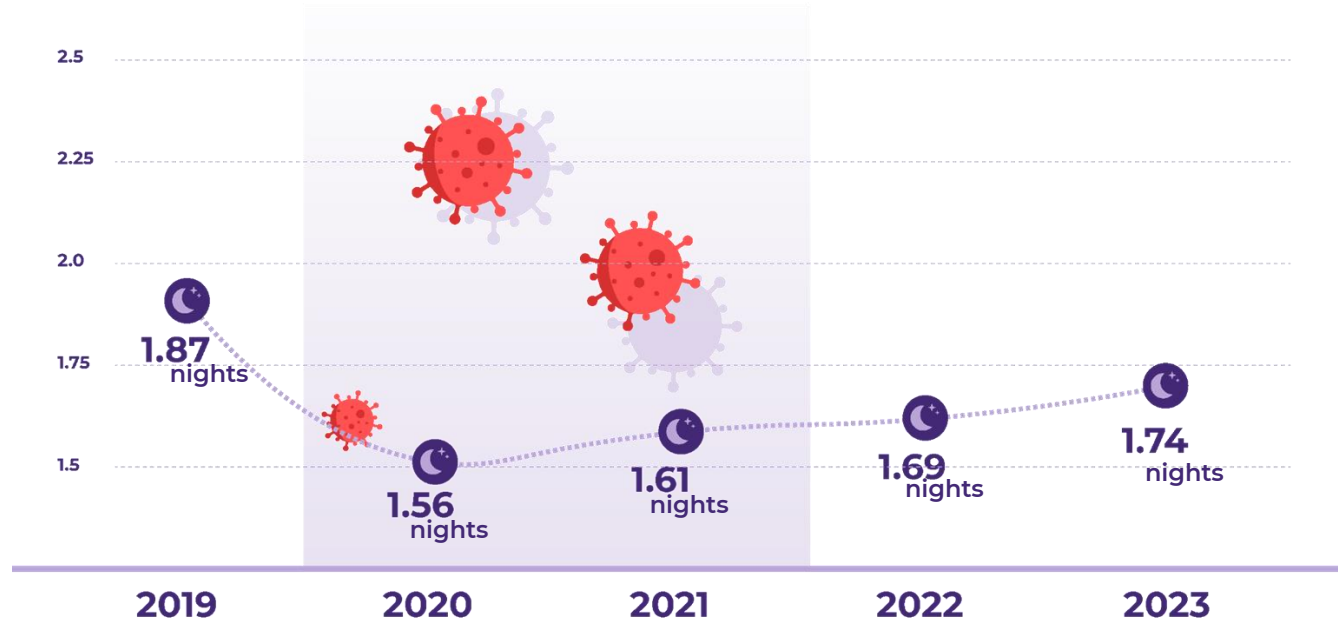
Average Daily Rate Evolution of the **ADR** of hotel online bookings



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

AVERAGE LENGTH OF STAY

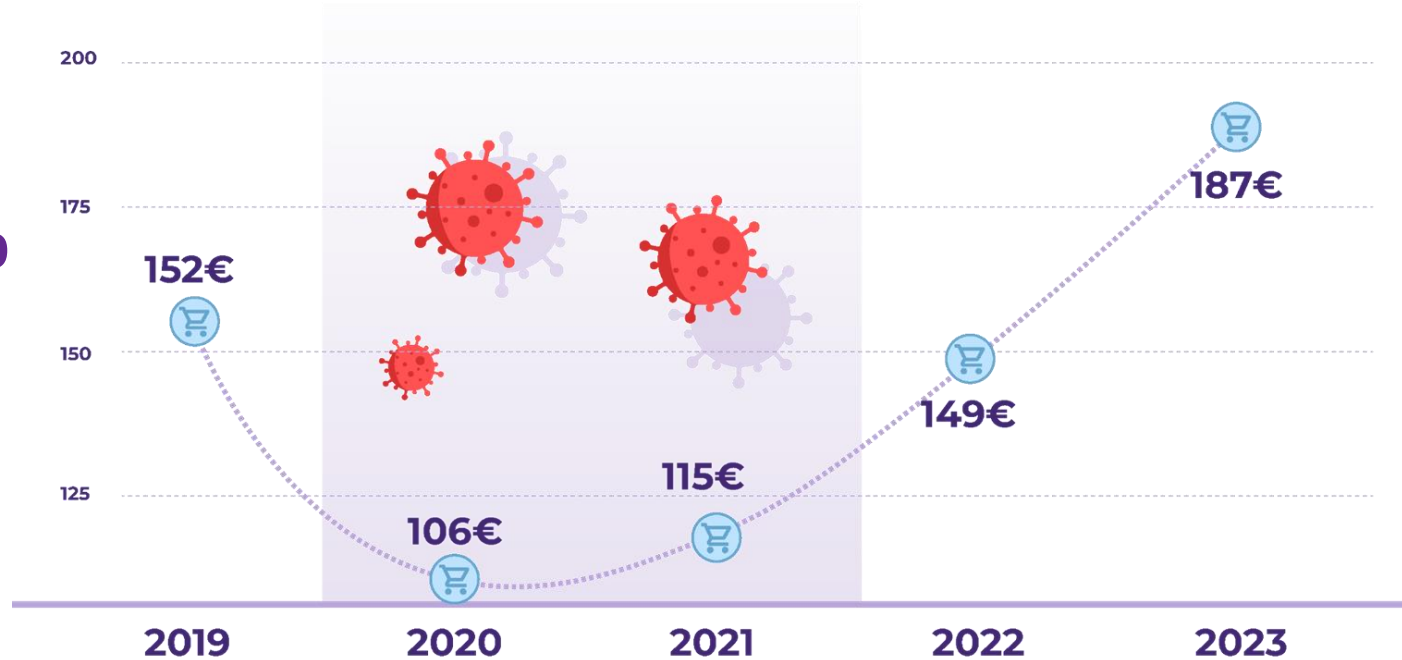
Still below pre-pandemic level



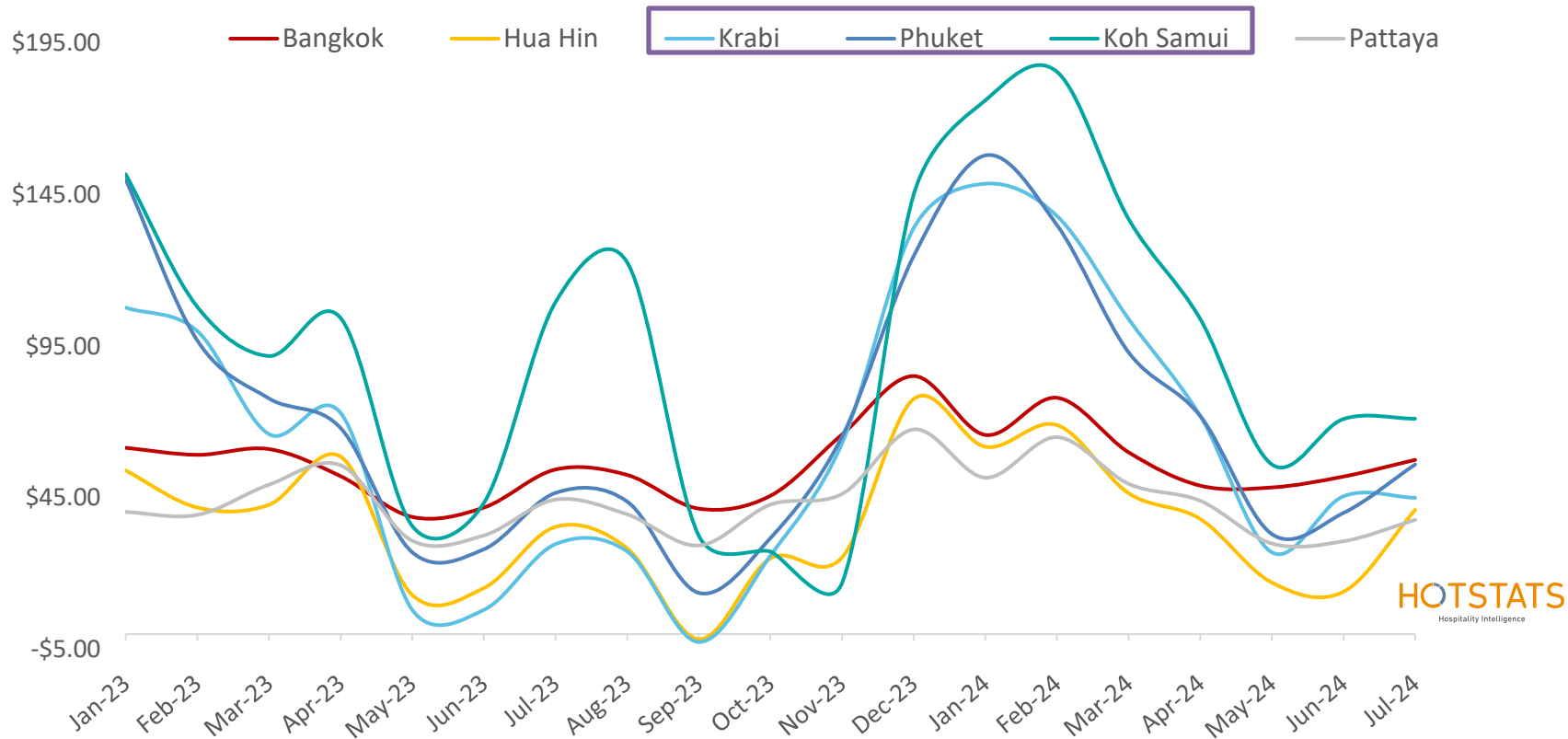
AVERAGE TRANSACTION
PRICE

A Steady Climb

Average Transaction Price
Evolution of the ATP per hotel online booking



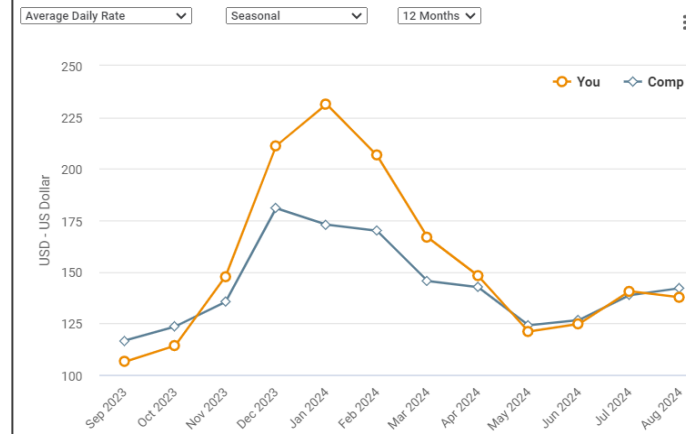
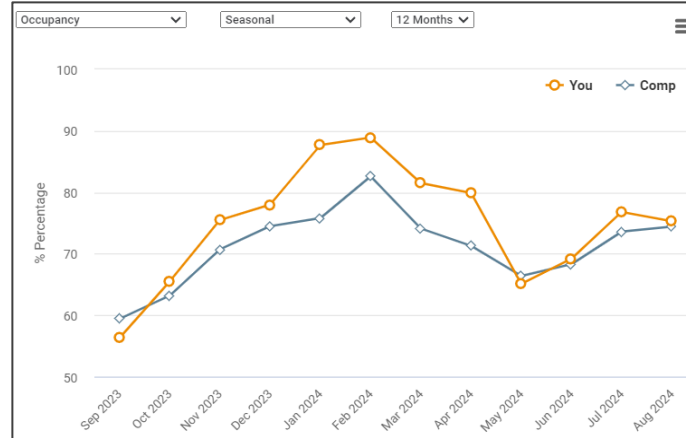
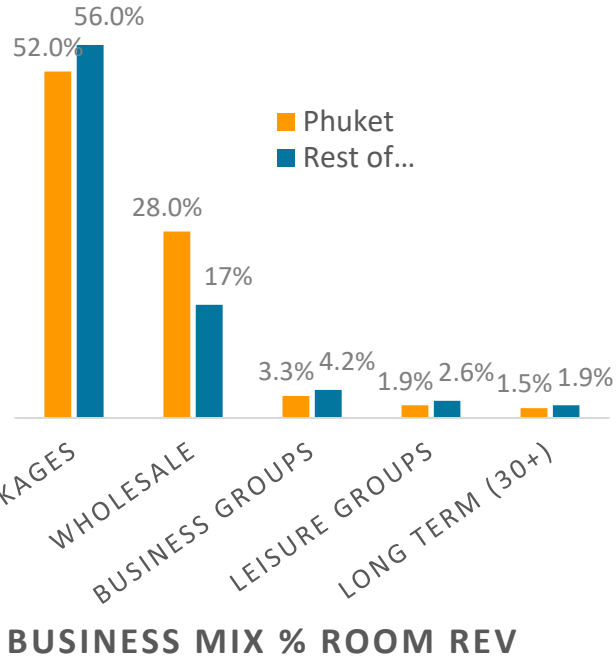
GOPPAR by key city (Thailand)



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

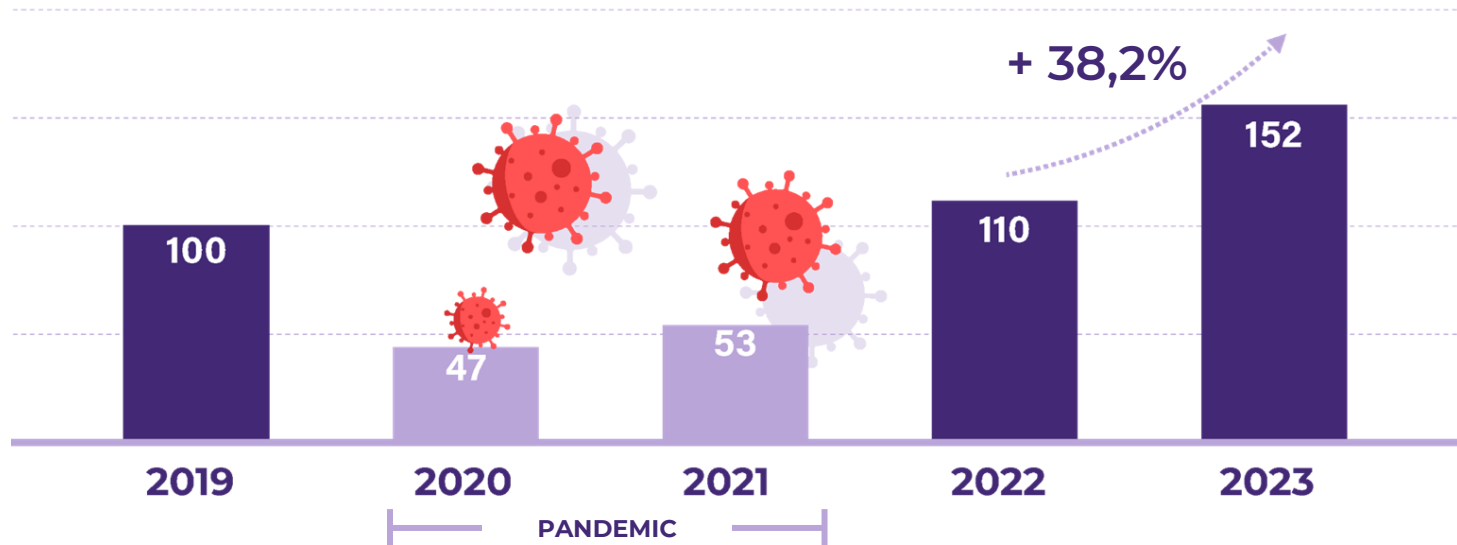
MIX and AI in digital Marketing

Evolution of the hotel **ONLINE BOOKING** revenues

2019 = Index 100

DIGITAL REVENUE

From slow
recovery to
record-
breaking

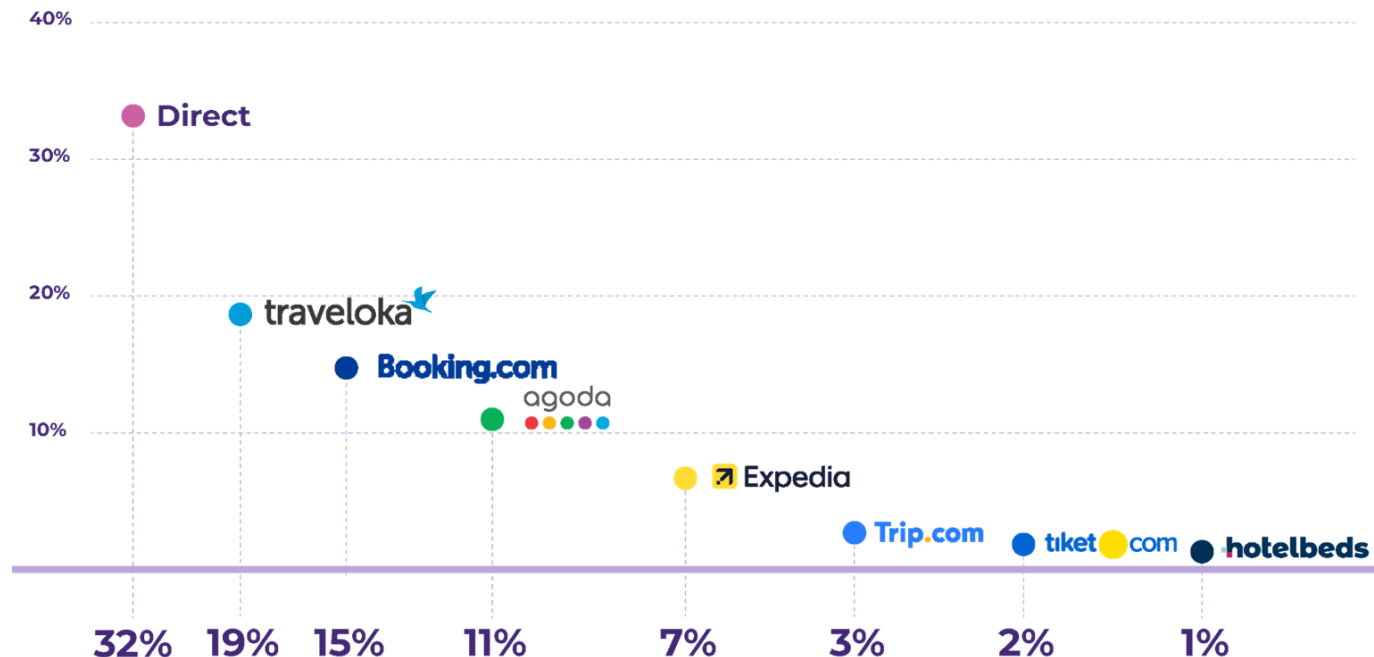


CHANNEL SHARE

**Direct is
Number 1**

Share of online distribution in 2023

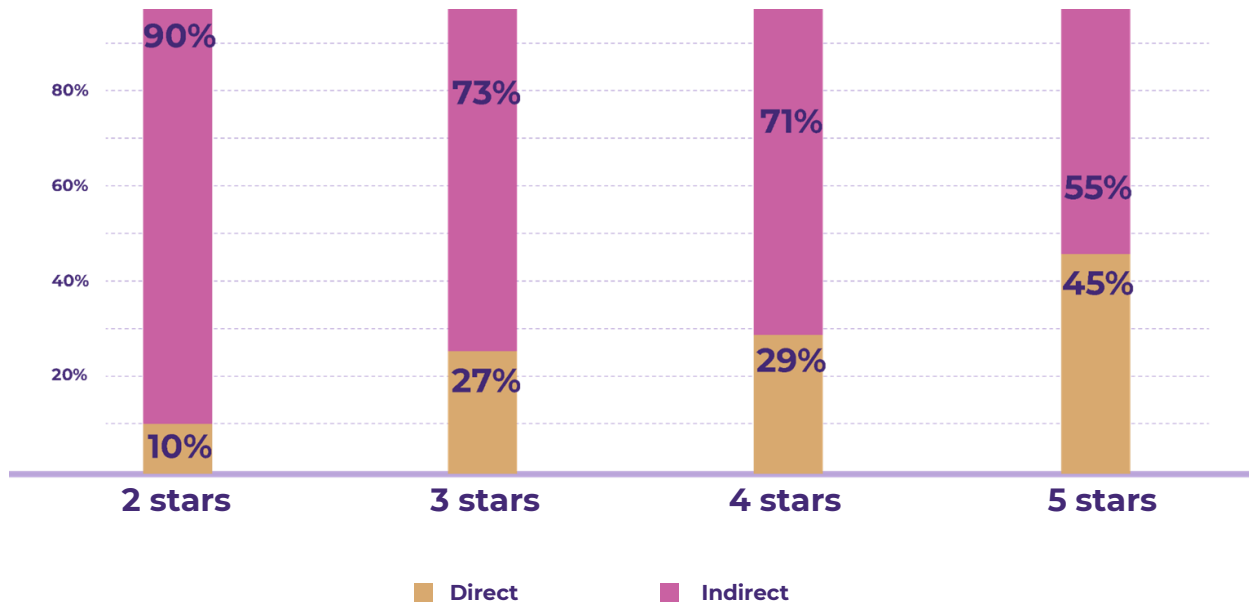
Direct Vs. Indirect



CHANNEL SHARE BY HOTEL
CATEGORY

OTA
dependency
varies by Hotel
category

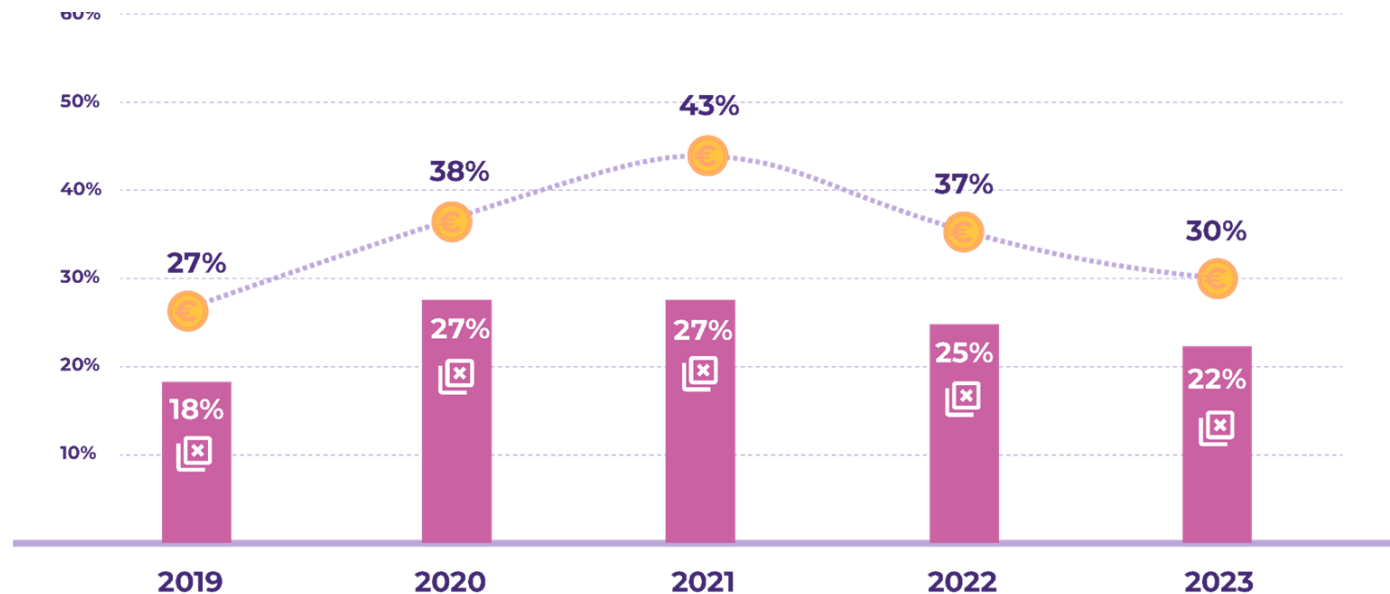
Share of online distribution in 2023
Direct Vs. Indirect



CANCELLATION RATE

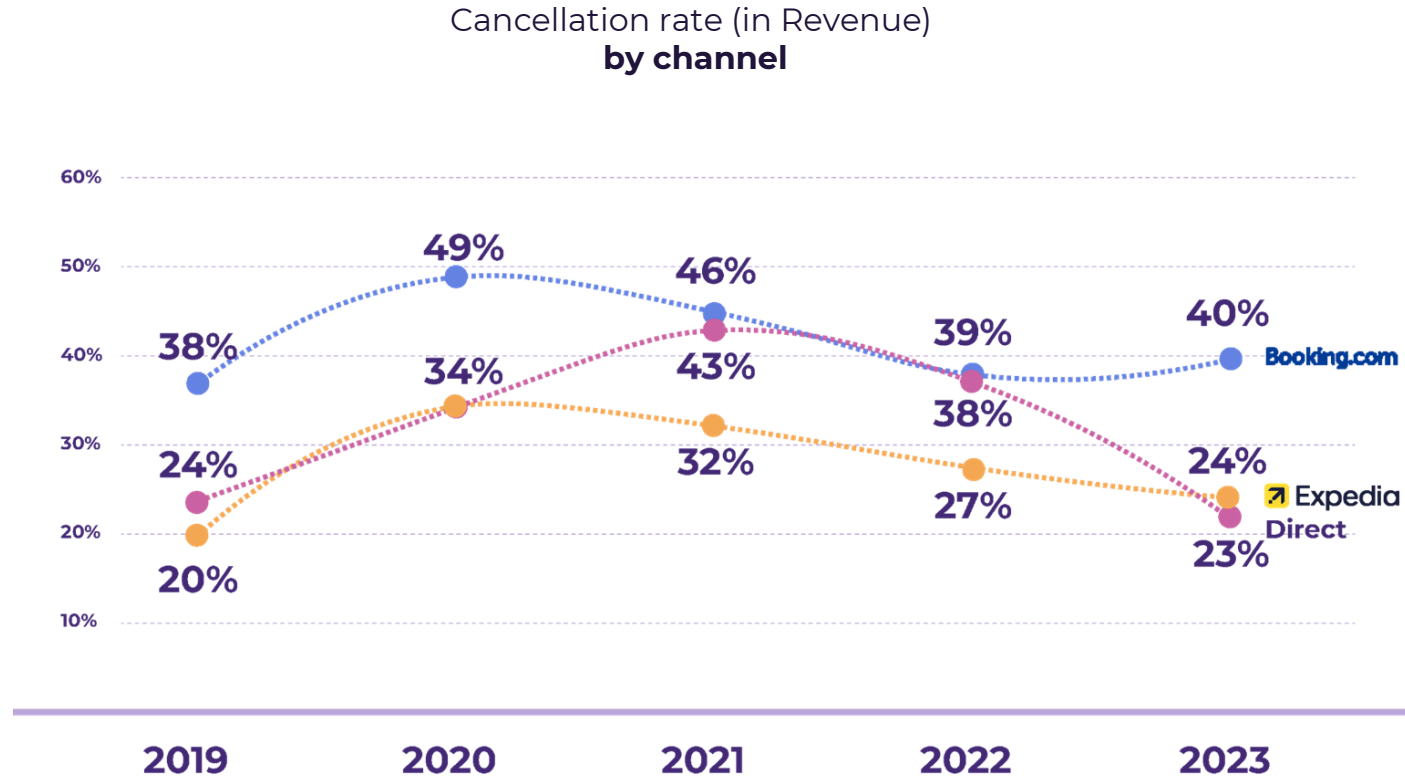
Still too high

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

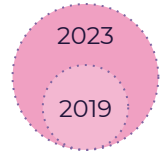


CANCELLATION RATE BY CHANNEL

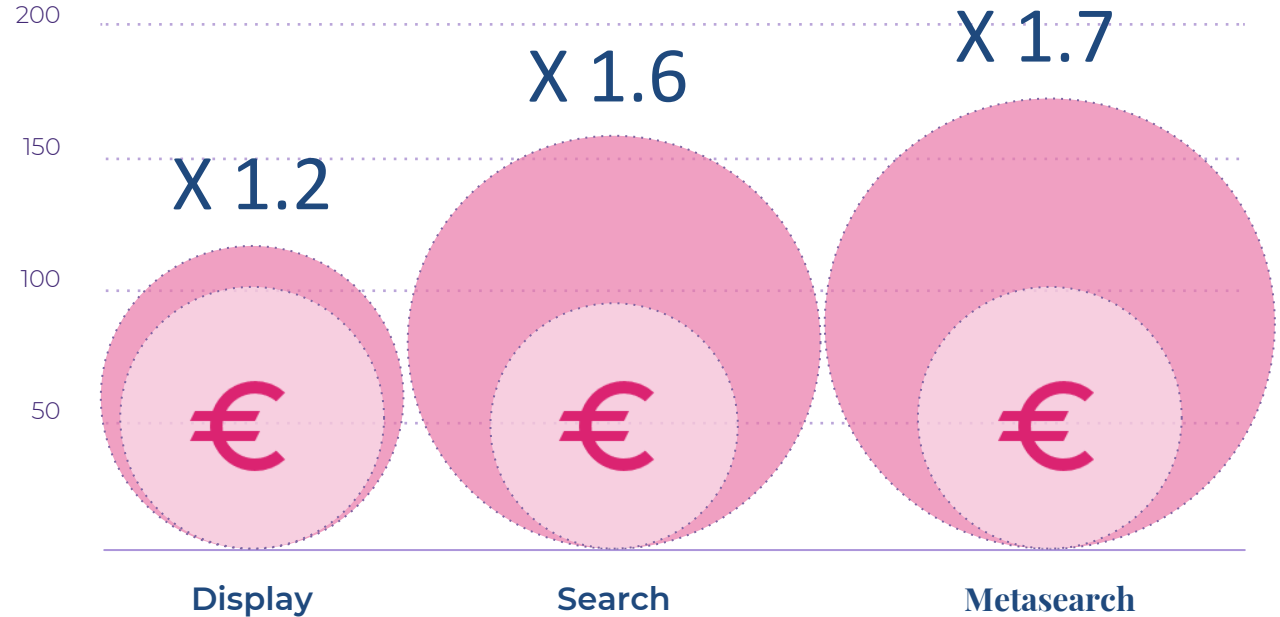
40% of
Booking.com
revenue is
cancelled



Revenue Evolution by Ad Channels:
2019-2023

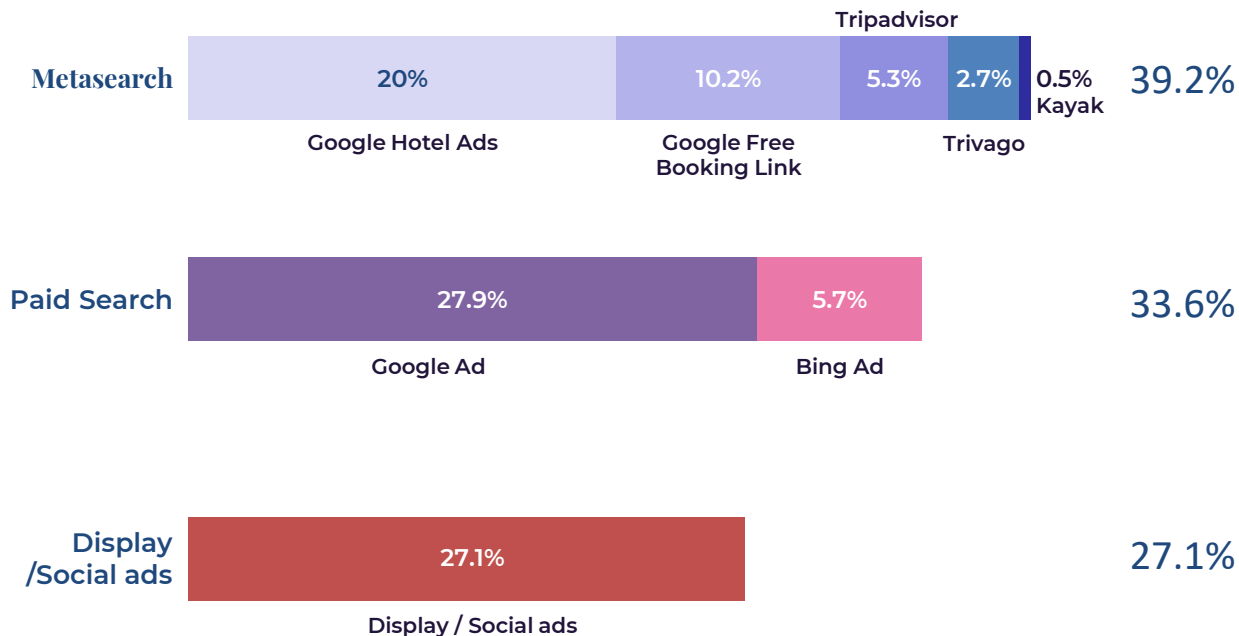


69% more
direct
revenues

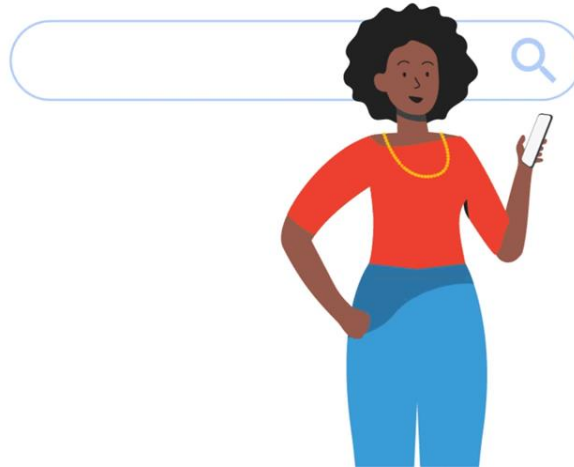


Metasearch remains the #1 direct booking provider

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

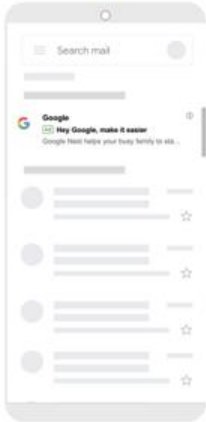


GOOGLE PERFORMANCE MAX STARTED IN 2021



ONE CAMPAIGN, 7 CHANNELS

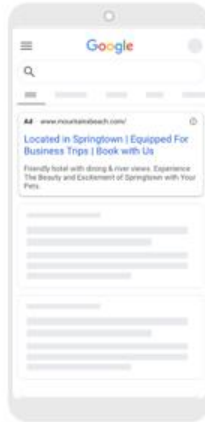
Hotel Ads*



Gmail



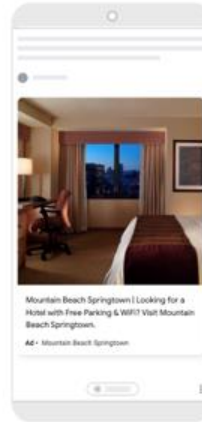
Search



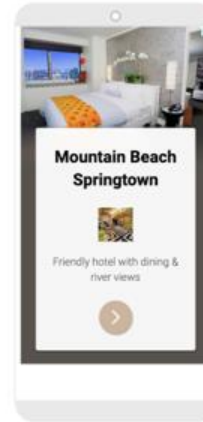
YouTube



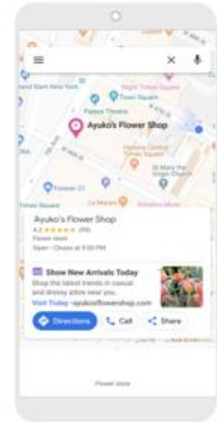
Discover



Display

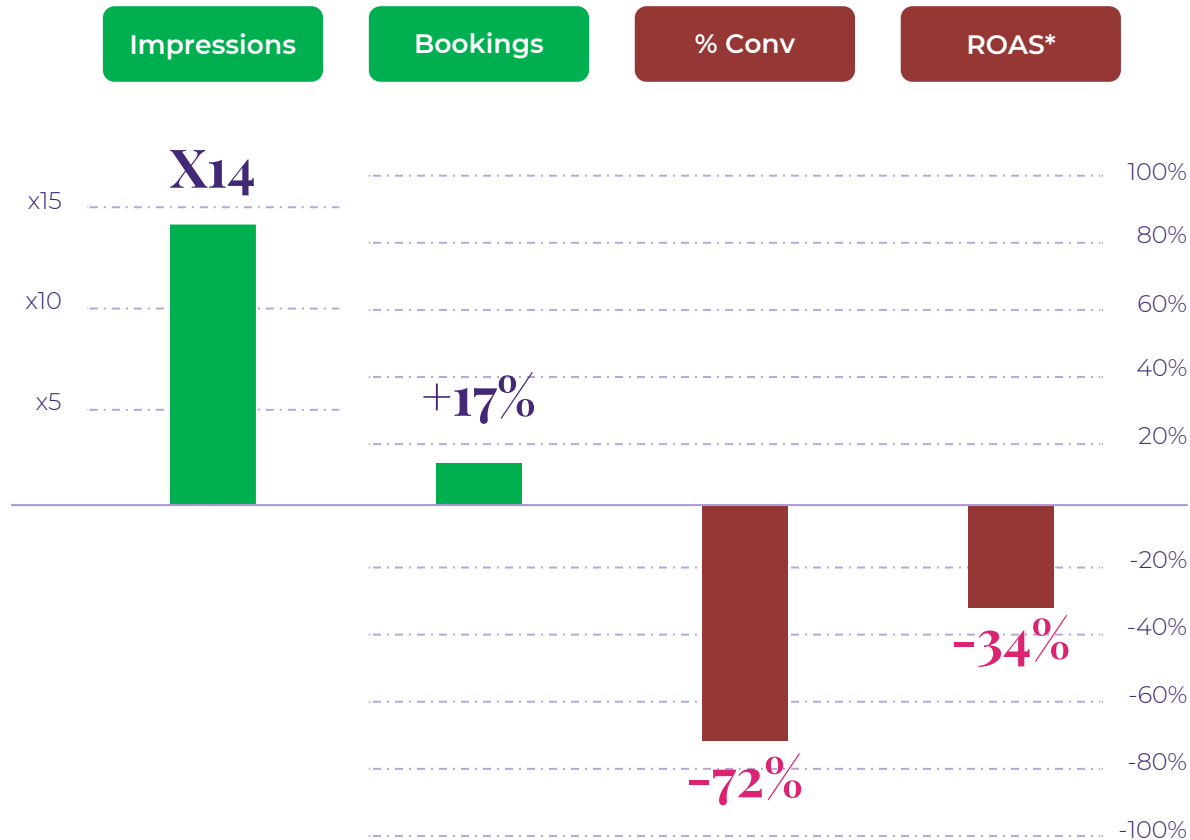


Maps



01

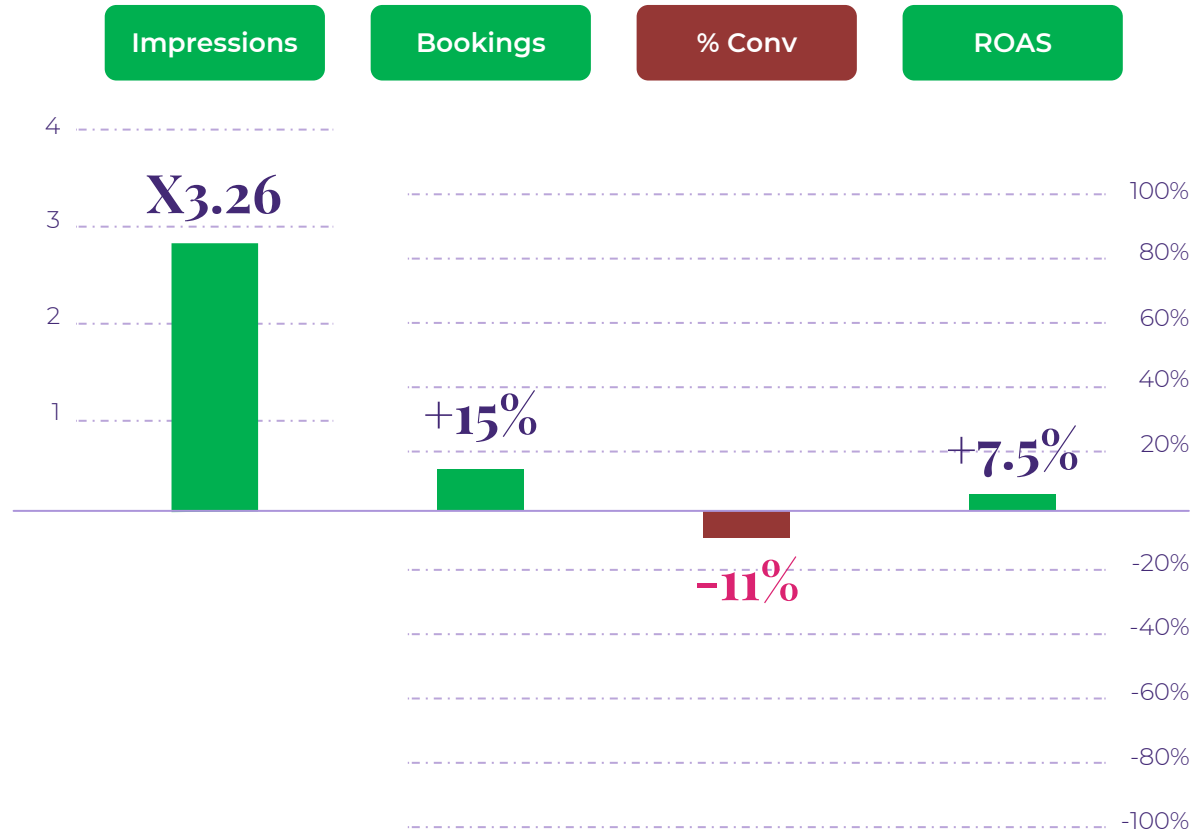
PMax replacing manual campaigns



ROAS*= Return On Ad Spend

02

Combination of PMax and manual campaigns

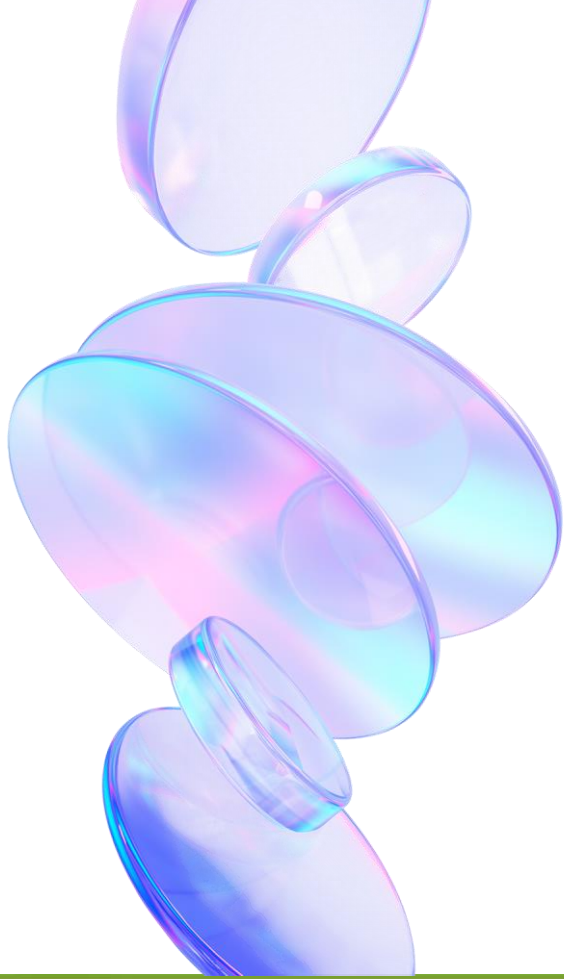




03

PLANNING

Budget 2025

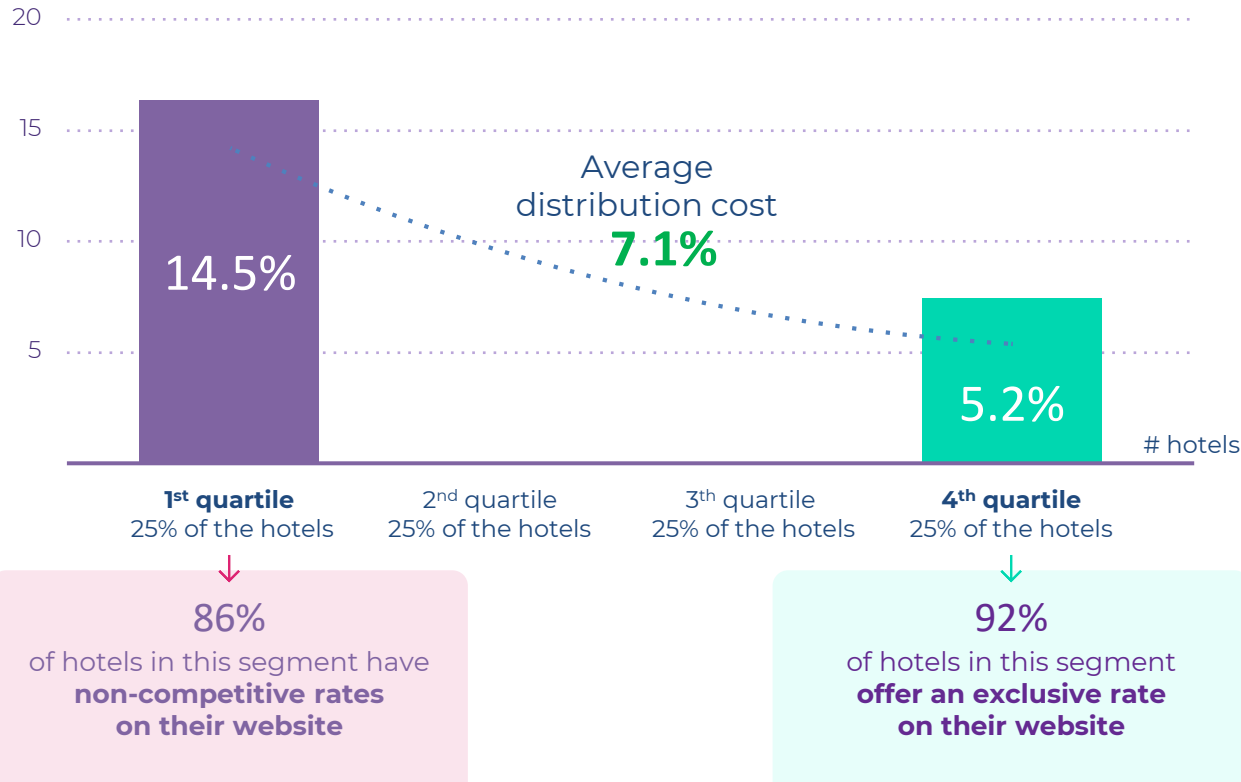


29.5%

Direct Booking Share of
Online Revenue
in 2023

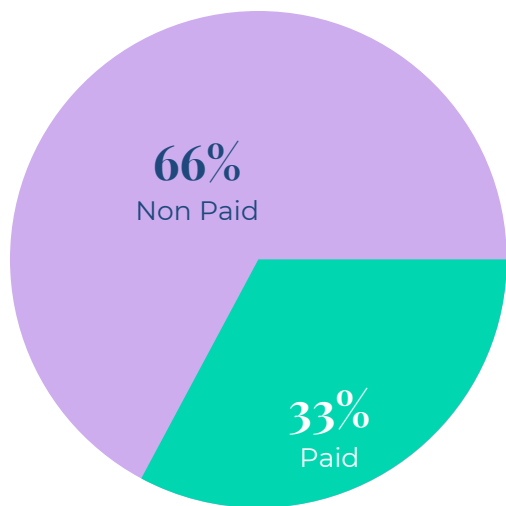
Low Distribution Costs come with Exclusive Rate on the Hotel's website

cost of distribution in %



True cost of Direct Bookings

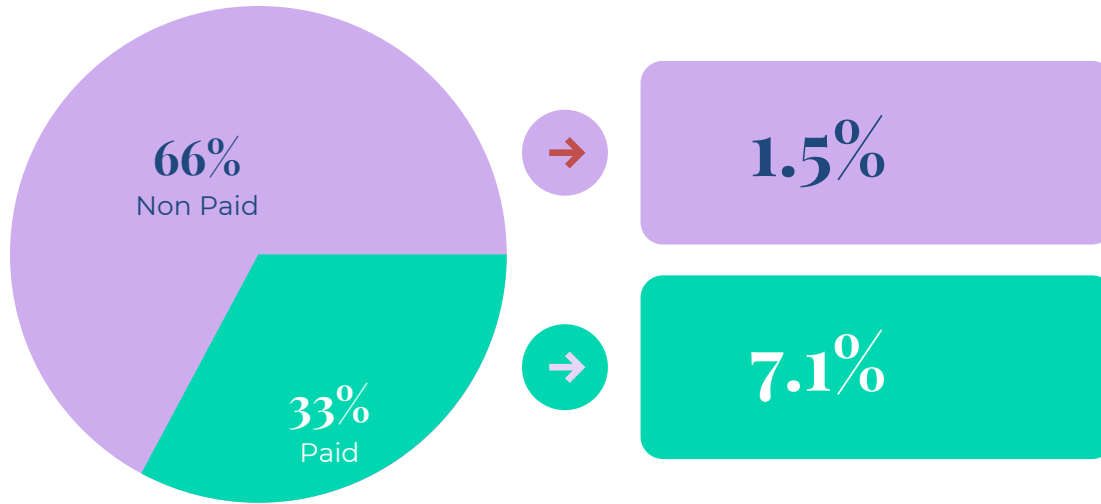
Split Paid / Unpaid



True cost of Direct Bookings

Split Paid / Unpaid

% Distribution Cost (per source)

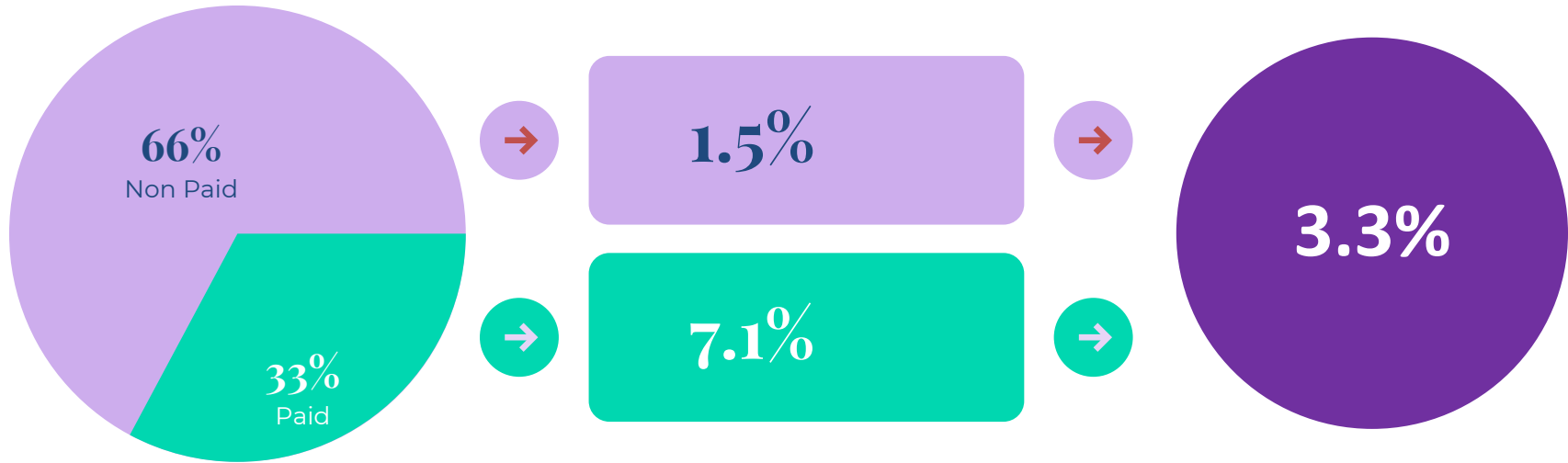


True cost of Direct Bookings

Split Paid / Unpaid

% Distribution Cost (per source)

% Av. direct distribution cost



How much should you put aside for Digital Marketing?

$$\frac{\text{Target Direct Booking Revenue}}{3} \times \text{Distribution Cost}^* + \text{Add in Time/Agency Cost}$$

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

Questions?



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D-EDGE**

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Thank you !





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