How to build a distribution strategy that works for you

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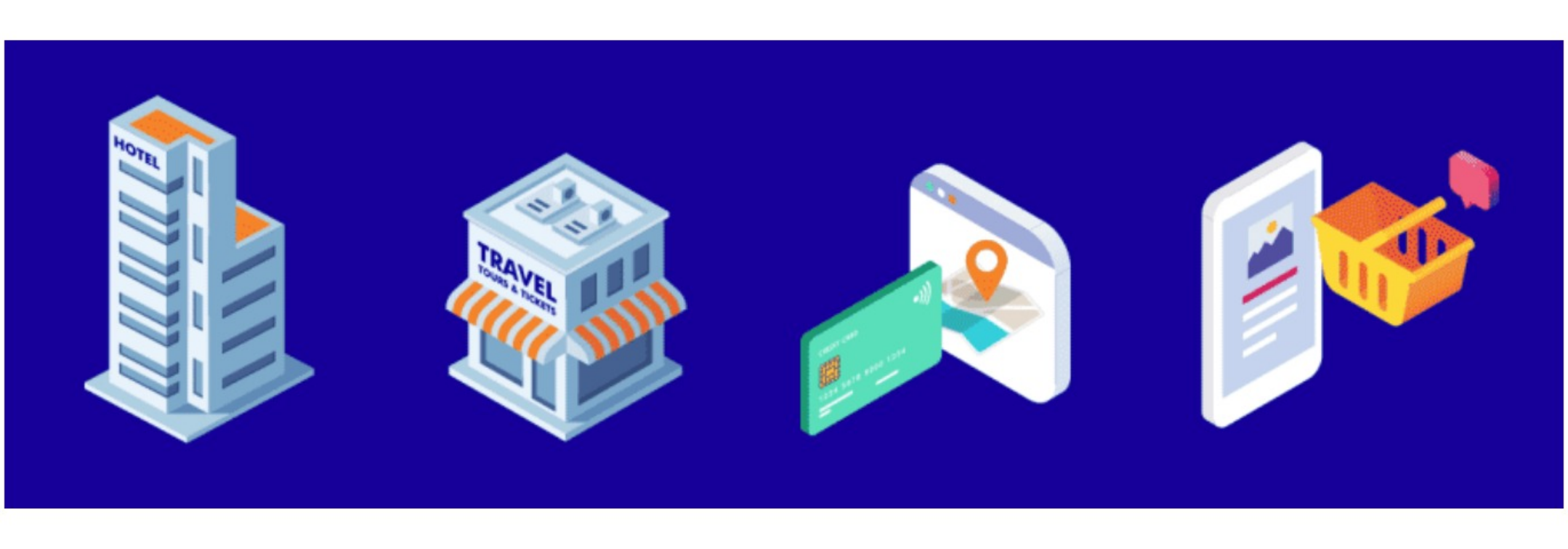
The travel industry will always focus on creating meaningful relationships with travelers, but the ways to reach those travelers are always changing. Today, there are many options for shopping and booking rooms. It can be daunting trying to understand which channels are best to reach the travelers you want, so you can continue to create those memorable experiences.

We've written this guide to help you understand the distribution channels available, and how to use them, so you can get started on creating your own distribution strategy and attracting guests.

– What is a hotel distribution channel?



A hotel distribution channel is a platform that connects your hotel rooms and services to travelers. These platforms can include travel agents, OTAs, or your own website. Think of a distribution channel as a middleman, helping to put your listings in front of potential customers.

What are the main hotel distribution channels?

The distribution landscape can be complex. Here, we break down the largest hotel distribution channels which can help generate bookings for your property.

Your own website

Your property or brand's own website is the most direct-to-consumer of the online channels.

Creating and managing your own website is a cost-effective way to market your rooms to travelers. Most of the effort and cost goes on initial setup, with ongoing maintenance taking up a fraction of the cost and time.

Your property's website is the perfect place to show your brand, and encourage travelers to book directly with you. Try to make the onsite experience as smooth and easy to navigate as possible. 52.2% of web traffic now comes from mobile[1], so the design should also be mobile responsive.

On average, only 51% of site traffic is organic[2] (i.e. somebody typed your web address into their browser and landed on your page), so you should consider adding budget and resources to capture that other 49% via marketing channels such as search engines and social media.

Online travel agencies (OTAs)

An online travel agency (OTA) is a platform which allows consumers to book travel products. Property owners/managers can either work with OTAs directly to give access to their inventory, or via a connectivity solution such as a channel manager. 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.

No upfront payment is needed to list your property with an OTA. OTAs make money by charging hotels a fee per booking, typically a percentage of room revenue, although the cost often differs between OTAs.

Visit our complete guide to OTAs: How they work and why you should use one for more information on OTAs.

Global distribution systems (GDS)

A global distribution system (GDS) is reservation network which lets travel providers display their products, including rooms, airline seats, and car rentals. Travel agents can use this network to buy those products in real time.

A GDS helps properties to connect to many travel agency channels at the same time. It can save time for properties as it only needs to be updated once for listings to feed through to these channels. A GDS can also be useful in filling your last-minute rooms, as it allows broad exposure for your listings.

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.

The most common global distribution systems include Amadeus, Galileo, Sabre, and Worldspan.

Wholesalers

A wholesaler is the middleman between a property (or other travel supplier) and travel agents. Wholesalers do not deal directly with the traveler, but instead buy inventory in bulk from properties and sell it on to travel agents. They generate revenue by taking compensation in return for offloading a large amount of room inventory at once

There are various pros and cons to working with wholesalers.

The pros:

- ✓ Wholesalers can provide direct access to markets that you don't have access to
- ✓ Working with a wholesaler can allow you to forecast occupancy
- ✓ Wholesalers also help you to sell rooms at high volume

The cons:

- ✓ Their operations model isn't always transparent
- ✓ By charging high commissions, they can drive down your profit
- ✓ Limited control of pricing, meaning it can stay static for long periods of time

Tour operators

A tour operator puts together holiday itineraries, and creates packages by contracting the individual services which make up those itineraries. These services include accommodation, guides, and transport. The tour operator then markets and sells these tours directly to the traveler. The tours can also be sold through third-party channels, such as OTAs and wholesalers.

Working with a tour operator can increase exposure for your property. But, bear in mind that travelers expect discounted rates for tours, as well as the operator taking compensation for the sale.

Destination marketing organizations (DMOs)

A destination marketing organization (DMO) develops travel and tourism to and within a destination. DMOs include tourism boards and visitors' bureaus. They are usually governmental organizations, and create a marketing strategy to drive tourism spending.

Many properties are listed on the DMO's website automatically, though you can enter partnerships with your local DMOs to gain more exposure for your listings.

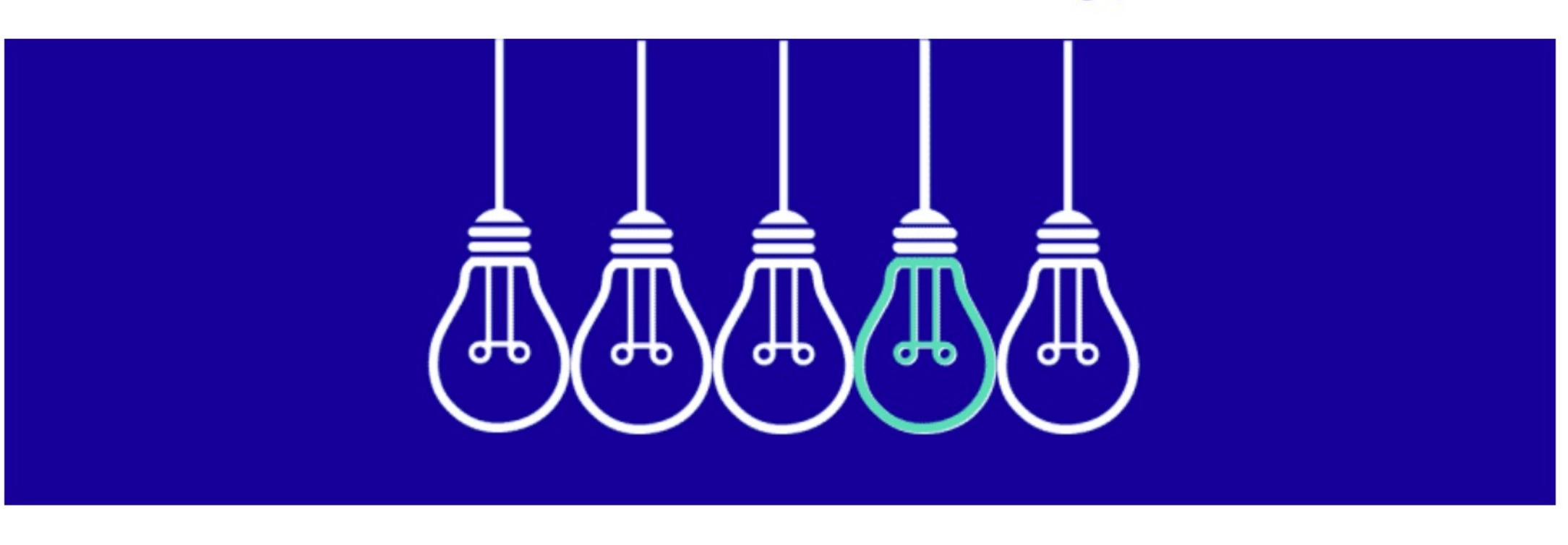
Direct-to-property

Direct-to-property bookings, be it via phone or email, still play an important role in the distribution landscape. They put you in control of the relationship with your guests, so be sure to respond to guests' queries quickly and efficiently. This can help improve your brand reputation, increase customer satisfaction, and get repeat bookings.

Offline channels

Offline channels also still make up a large percentage of hotel revenue. Conferences, events, large group bookings and weddings should also be considered as part of the overall strategy.

– What is a hotel distribution strategy?



Put simply, a distribution strategy involves deciding which channels to use to market your rooms, and when to use them. By using the right mix of channels at the right times, you can maximize profit for your property. That mix will depend on many factors, including type of property, seasonality, location and more.

How do I create a distribution strategy?

Now that you know which channels you can use to attract travelers to your property, you can start creating a distribution strategy. Most travelers no longer just use one source for researching and booking their trips (a recent Expedia study[3] shows people make an average of 43 searches before booking). So, an integrated strategy across online and offline channels is the best way to reach and convert potential guests, wherever they might be.

Consider the below steps when creating a distribution strategy for your property.

1. Understand your product

Before you start, it's important to understand your product and position in the market. Before you start defining how much do you want to sell for, you need to know your worth. Some helpful questions here are:

What is your property type?

- ✓ Where is it located and how does it compare to others?
- ✓ What are your unique selling points? What are your weaknesses?
- ✓ What services do you offer? Are these better, similar or below market standard?
- ✓ Who do you compare to (ie. your competitive set)?

Take the same approach with price:

- ✓ What is the true cost per room? Consider both fixed and variable costs.
- ✓ What's the average price in the market? If you are charging less than similar properties, you have room to adjust rates to maximize your profit. Learn more in our revenue management section.

2. Define your audience

A one-size-fits-all approach isn't likely to work when creating your distribution strategy. Focus on the regions and segments you want to target and consider how best to attract and convert them. Are you looking for domestic or overseas travelers? Business or leisure travelers? These decisions will influence the channel mix you choose.

3. Use data to understand your performance

Using in-house hotel performance metrics, analytics tools such as Google Analytics, free tools from OTAs and/or a channel manager can help you to see how well you're targeting your audience at the moment. Where in the world are your guests coming from? Does conversion data show which channels they prefer?

Once you have this information, think about how well your current strategy connects you to the travelers you want to reach. Are there any gaps in demand or in bookings that you can fill? Are there any channels with low inventory but high conversion? These could be a growth opportunity for your business.

4. Keep assessing and optimizing

The distribution landscape is always changing. Hoteliers and property managers should always be reviewing the performance of each channel, as well as costs and profitability.

Some channels may perform better in different seasons, or on different days of the week. Some might attract different demographics and segments. Consider increasing and decreasing inventory for each channel based on these differences, to make sure you are getting the best results possible.

For more information on inventory management, revenue management, pricing decisions and more, visit our Beginner's guide to revenue management.

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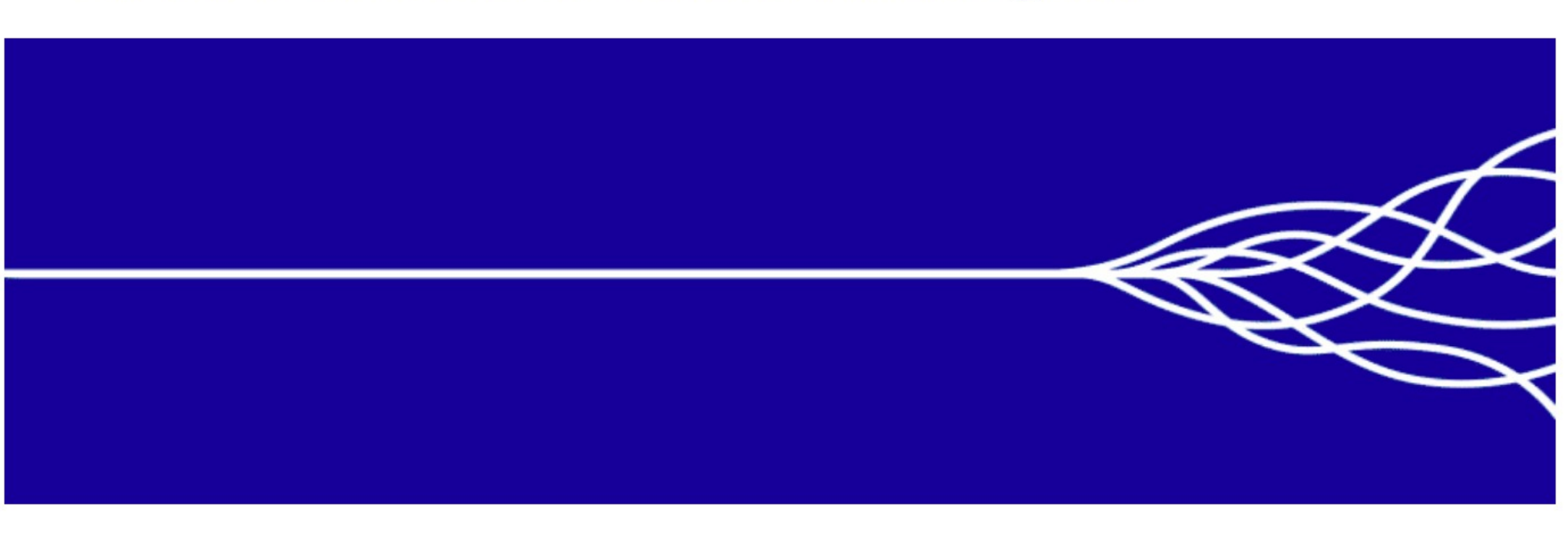

A hotel channel manager is a system which helps manage your distribution channels. It links your inventory and rates with OTAs and other online distribution channels (GDS, Wholesalers and more).

Using a channel manager allows you to update your rates, availability and other listings content once for all channels. That means you'll save time and be able to avoid errors as there are no manual bookings updates, which frees up time to focus on giving your guests the best service possible. A channel manager can also expand your distribution network by linking you with online channels you may not have considered.

Understanding your upcoming demand allows you to price rooms appropriately according to demand, and can also help to inform other operations, such as staffing and marketing. For example, during low-demand periods, it's generally good practice to accept early bookings at lower rates (as long as you can cover your costs). During high-demand periods, guests generally expect to pay more —especially at the last minute. If you fill your property too early, you'll likely miss the opportunity to capture these high-yield guests.

For information on channel managers, read our guide on How to choose a channel manager.

[1] Source: https://www.statista.com/statistics/241462/global-mobile-phone-website-traffic-share/

[2] Source: Brightedge

– Next Steps

Build a better distribution strategy with Expedia Group

- ✓ Create your own customized competitive set
- ✓ Monitor your revenue performance and market outlook
- ✓ Learn where guests come from, who they travel with, and the types of trips they book

Want to list your property on Expedia, Hotels.com, Travelocity, Orbitz and more?

List your property

To explore analytics and get market insights, sign in to Partner Central

More reading

OTAs: How they work and why I should use one
How to choose a channel manager

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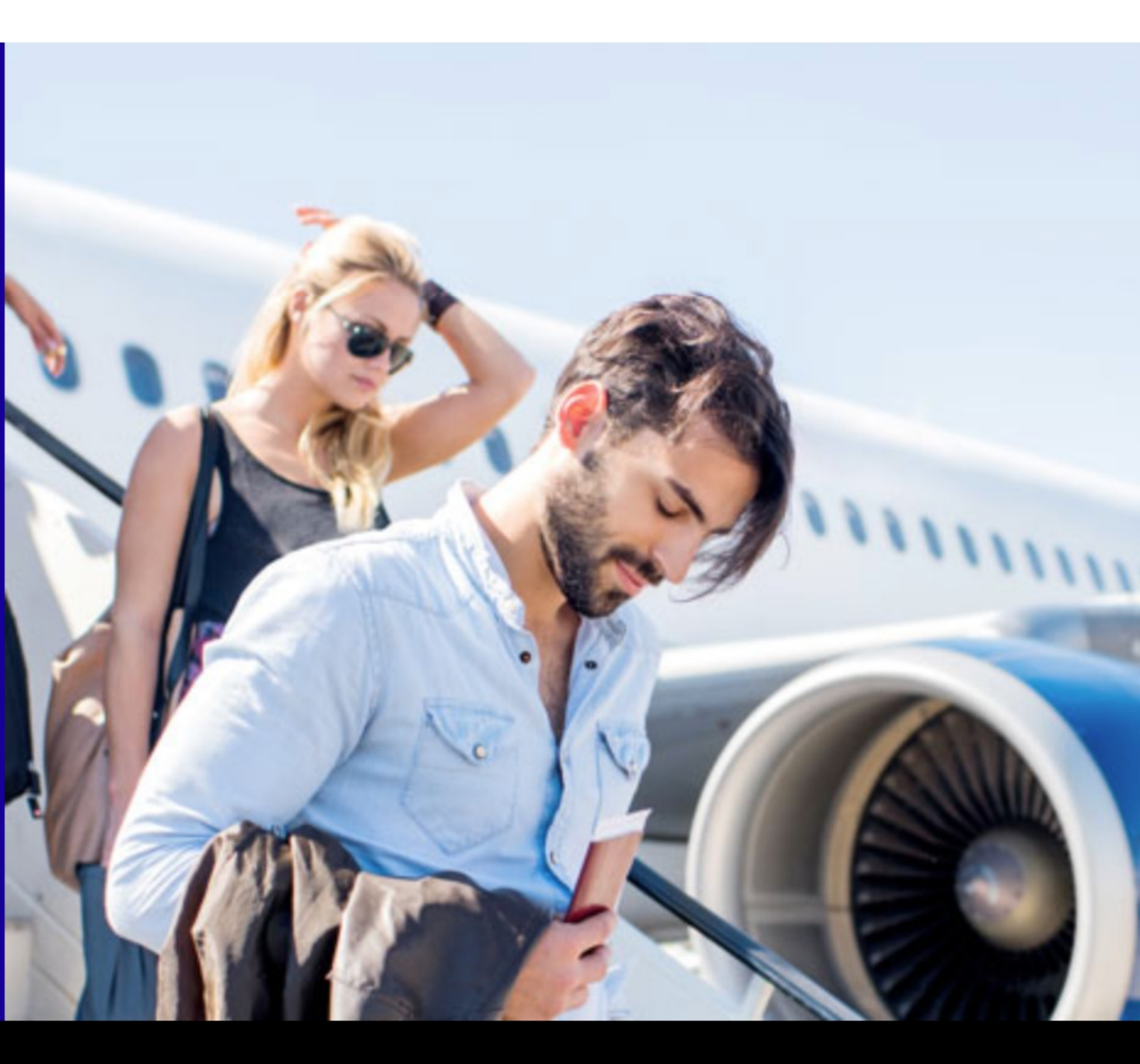
Sign up and start welcoming guests today

List your property



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