



written by Dr Michael Toedt
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#WhitePaper

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The Direct Booking Acceleration

Leveraging Technology to Increase Direct Hotel Bookings



In our previous white paper, "**Harnessing Data for Smarter Budget Season Investments**", we explored how hotels can make sound decisions in the crucial budget planning season, as understanding where and how to allocate your hotel's financial resources is more vital than ever.

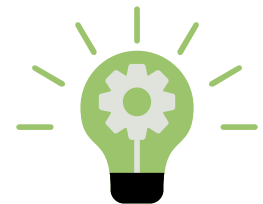
Our latest whitepaper, "**The Direct Booking Acceleration**" dives deep into the strategies that empower hotels to build organic guest loyalty while achieving operational excellence.

Direct Bookings: The Lifeline for Hospitality in a Competitive Market

In today's dynamic hospitality landscape, direct bookings have become more than just a revenue stream; they are a critical pillar for maintaining profitability in the face of rising operational costs and relentless competition from Online Travel Agencies (OTAs). Hotels that prioritize direct booking channels are better equipped to reduce commission expenses, retain control over guest data, and deliver personalized experiences that foster loyalty and repeat business.

The **2024 h2c study** uncovers the nuanced realities behind direct booking performance, shedding light on how post-pandemic trends have evolved in ways that are both unexpected and challenging. After the surge in direct bookings seen in the immediate aftermath of the COVID-19 pandemic, the market is now adjusting, presenting hoteliers with both opportunities and obstacles in equal measure. Drawing from insights provided by 88 hotel chains,

encompassing approximately 4,000 properties, the study paints a vivid picture of the current industry dynamics. For hotels with an eye on innovation, this analysis offers actionable strategies for navigating the complexities of today's market.



Key Takeaways for the Tech-Savvy Hotelier

To reclaim and grow direct booking channels, the study emphasizes the importance of adopting advanced technological solutions. From leveraging guest data to implementing integrated platforms, success hinges on creating a seamless, guest-centric booking journey that rivals – and even surpasses – the convenience offered by OTAs.

With tools such as **Central Data Management (CDM)** systems and AI-powered personalization platforms, hoteliers can not only enhance operational efficiency,



but also strengthen their brand's direct relationship with guests. These technologies are no longer optional but essential in the quest to build sustainable and profitable distribution strategies. The message is clear: Direct bookings are the future, and technology is the enabler. By harnessing the insights from the h2c study and embracing innovation, hotels can position themselves to thrive in a competitive, ever-evolving industry.



Post-Pandemic-Perspectives: "Navigating the New Normal"

The 2024 h2c study delivers a sobering assessment of the state of direct bookings in the hospitality industry. After an encouraging surge in direct bookings in the immediate aftermath of the COVID-19 pandemic-when travelers sought reassurance and clarity directly from hotels-the market is now showing a troubling regression toward pre-pandemic patterns. Direct booking rates have dropped significantly, from a high of **29%** in 2022 to just **21%** in 2023.

This stark decline presents profound challenges to hotel profitability, as reliance on high-commission OTA channels increases once again. (1) Adding to these challenges, the industry is grappling with escalating operational costs and persistent inflation, which together create a dual financial strain that is impacting the global hospitality sector. Rising expenses in areas such as labor, energy, and supply chains are eating into profit margins at an alarming rate, leaving many hotels in a precarious financial position.



The Need for Strategic Action

This downward trend isn't just a number - it's a clear signal that action is needed. Direct bookings are a cornerstone of profitability, offering hotels control over guest relationships, reduced dependency on OTAs, and the ability to leverage data for personalized, high-value experiences. To thrive in this "New Normal," hotels must prioritize strategies that protect and grow their direct booking channels.

Sources:

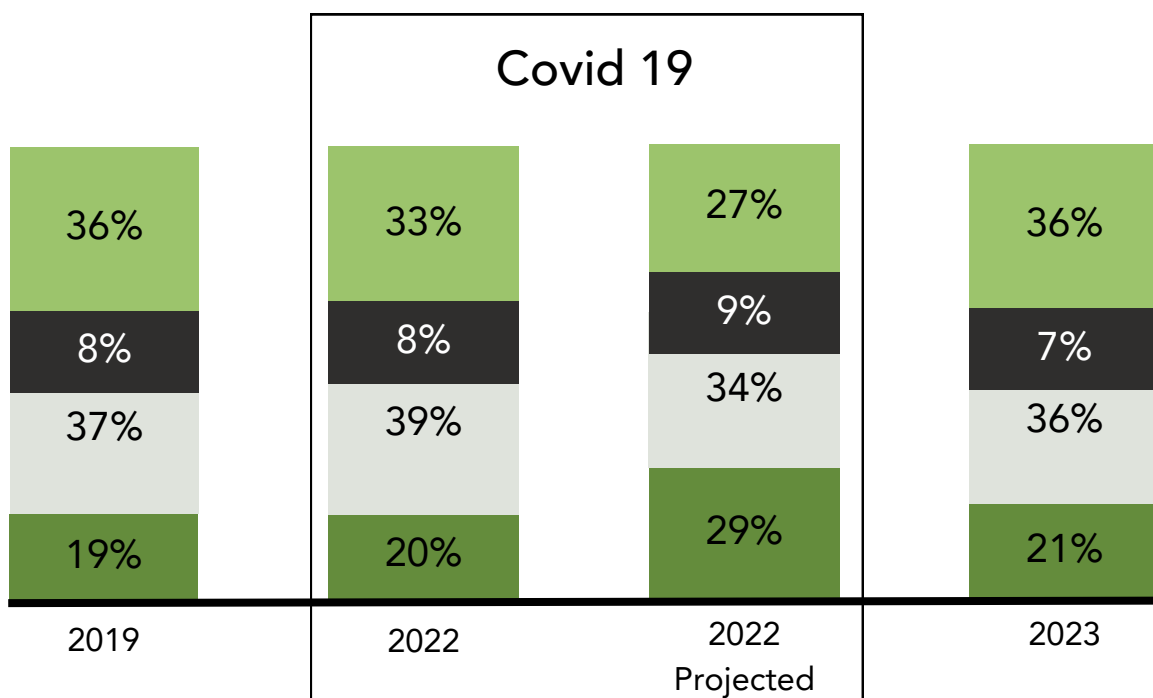
(1) - Page 5 - 2024 Direct Booking Acceleration Study by h2c



By investing in guest-centric technologies, such as **Central Data Management** (CDM) systems and AI-powered personalization, hoteliers can not only stem the tide of declining direct bookings but also create seamless, individualized booking experiences that rival - and surpass - those offered by OTAs. In a landscape fraught with financial pressures, such innovations are no longer optional; they are essential for securing long-term success.

Online-Direct Shares Are Increasing

But 2022 was a pandemic-related outlier



Trend from recent h2c studies. Data was collected each subsequent year except for 22 Projected, which was collected in the same year.

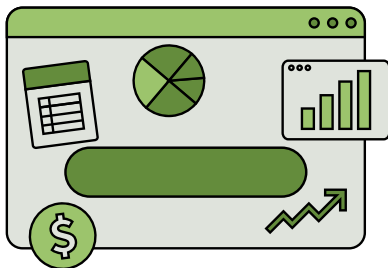
Harnessing Technology to drive Direct Bookings

Even as direct booking rates face a decline, the 2024 h2c study highlights a critical path forward: the strategic use of technology to help hotels regain control over their distribution channels. Success in this endeavor is not a question of chance but of capability - specifically, the ability to leverage guest data effectively.

To compete with the unmatched convenience and personalization offered by OTAs, hotels must focus on creating seamless, guest-centric booking experiences. These experiences must not only meet but exceed guest expectations, delivering value and relevance at every touchpoint.

The Technology Enablers: CDM and CDP

At the heart of this transformation are tools like Central Data Management (CDM) systems and Customer Data Platforms (CDP). These advanced solutions provide hotels with the infrastructure needed to consolidate and analyze guest data from multiple sources. By creating a single, accurate guest profile, they enable personalized marketing, tailored offers, and a booking journey that feels intuitive and bespoke.



As the study emphasizes, these technologies are not just enhancements - they are essential enablers for any hotel looking to reclaim market share and profitability. (2) By implementing a robust, integrated tech stack, hotels can compete effectively against OTAs, foster stronger guest loyalty, and drive sustainable growth through direct booking channels.

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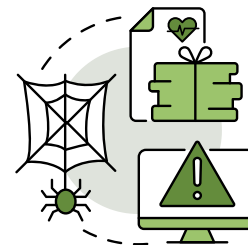
(2) - Page 12 - 2024 Direct Booking Acceleration Study by h2c

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Loyalty Programs: THE Secret Weapon

The 2024 h2c study shines a spotlight on loyalty programs as a pivotal tool in driving direct bookings, particularly for larger hotel chains. These programs are not just an add-on but a strategic revenue generator, with nearly **90%** of large hotel chains offering some form of loyalty program. For these hotels, loyalty members contribute a significant share of revenue, underscoring the power of fostering guest loyalty (3).

However, the picture looks different for smaller hotel groups, where only **34%** have implemented comparable loyalty initiatives. This gap highlights a missed opportunity to compete effectively with larger players and OTAs by building long-term relationships with guests.



The Challenge: Outdated Systems

Even among hotels with loyalty programs, many are operating on **outdated technology** that lacks integration with **essential systems**, such as the **Internet Booking Engine (IBE)**. This disconnection undermines the potential impact of loyalty programs, making it difficult to deliver the **seamless, personalized experiences** that today's guests expect.



The Solution: Modernizing Loyalty for Maximum Impact

To unlock the full potential of loyalty programs, hotels must prioritize modernization. Integrating loyalty platforms with tools like Central Data Management (CDM) and Customer Data Platforms (CDP) enables hotels to harness guest data effectively, creating tailored rewards, exclusive offers, and a seamless booking journey.

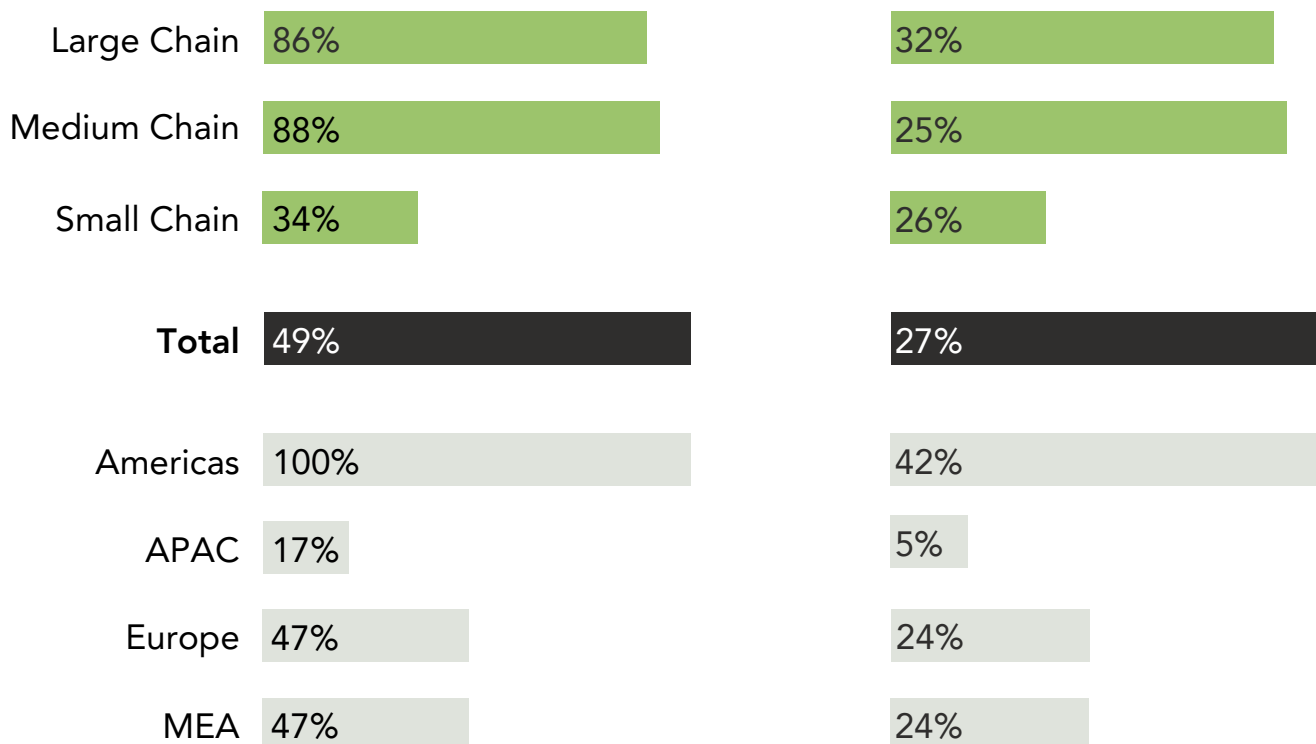
For smaller hotel groups, adopting scalable, tech-forward loyalty solutions represents a chance to level the playing field, fostering guest retention and increasing direct bookings. In today's competitive hospitality landscape, a robust loyalty program isn't just a bonus - it's the secret weapon that separates leaders from the rest.

Loyalty/Rewards Program Availability & Loyalty Contribution

By Hotel Chain Size and Region

*Availability of a Loyalty Program
(% of participating chains)*

*Loyalty Program Contribution
(% of total revenue)*



Is a Loyalty/Rewards program available? N = 85. What is the loyalty contribution as a percentage of total revenue? N = 41. Note: U.S. and European mega-chains such as Marriott and Accor did not participate in this year's study.



Clearing the Data Management Hurdles

The 2024 h2c study identifies data quality and integration as some of the most pressing challenges faced by the hospitality industry. An overwhelming 71% of surveyed hotel chains report difficulties in maintaining clean, consistent data across their systems (4).

This issue stems largely from fragmented systems, where a lack of integration

leads to multiple guest profiles and inconsistent insights across touchpoints. This fragmentation significantly hinders the ability of hotels to deliver the personalized guest experiences that are critical for boosting direct bookings. Guests expect tailored interactions and seamless journeys, but disconnected data prevents hotels from fully understanding and meeting these expectations.



The Cost of Poor Data Management

Without accurate, unified data, hotels struggle to optimize their booking strategies, leaving them reliant on OTAs and missing opportunities to build meaningful relationships with their guests. The inability to create a single source of truth for guest information impacts everything from marketing effectiveness to operational efficiency, ultimately eroding profitability.

Integration and Data Quality

To overcome these hurdles, hotels must focus on Central Data Management (CDM) solutions and robust Data Quality Management (DQM) processes. These systems are designed to consolidate fragmented data sources, creating a single, accurate guest profile that empowers personalized communication and informed decision-making.

Integrated systems not only improve data accuracy but also enable hotels to leverage insights for tailored offers, loyalty program optimization, and a superior guest experience. By clearing the data management hurdles, hotels can transform their fragmented systems into a cohesive, guest-centric ecosystem that drives direct bookings and long-term success.

Sources:

(4) - Slide 12 - 2024 Direct Booking Acceleration Study by h2c



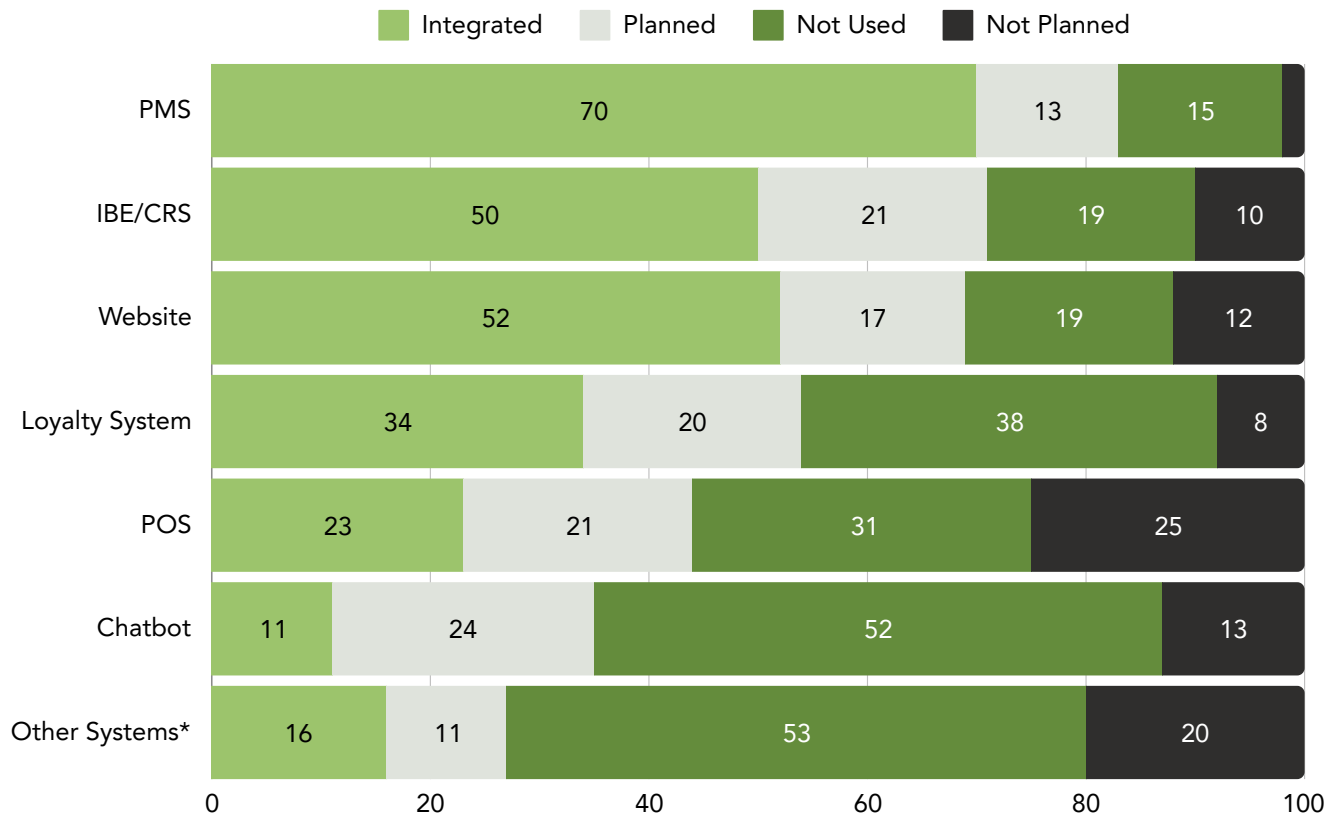
A Cautious Optimism

The 2024 h2c study offers a sense of cautious optimism for the future of direct bookings. While significant challenges remain - most notably in the areas of technological adoption and system integration - the potential for growth is undeniable. By focusing on personalization, seamless system integration,

and data-driven strategies, hotels can position themselves to regain control over their distribution channels. This approach not only reduces reliance on OTAs, preserving profit margins, but also elevates the guest experience by delivering tailored, memorable interactions throughout the customer journey.

CRM Guest Data Cleansing Process

Still low level of integration



Are these systems/databases integrated for feeding into your CRM guest data cleansing process (%)?

N = 53. * For example, Spa and Golf management systems.



In Conclusion

The study underscores the importance of embracing technology as a means to forge deeper, more meaningful guest connections. Tools like Central Data Management (CDM) and AI-driven personalization platforms enable hotels to consolidate data, streamline operations, and create the type of seamless booking journeys that modern travelers expect.

Success in accelerating direct bookings lies in crafting an experience that stands out - not just for its convenience but for its ability to resonate with guests on an individual level. By leveraging technology strategically, hotels can build lasting loyalty, boost direct bookings, and achieve long-term profitability in an increasingly competitive landscape!

#ThanksForReading

About the Author: Dr Michael Toedt



Dr. Michael Toedt stands at the forefront of Big Data and CRM expertise within the Hospitality Industry. His journey unfolds in two distinct chapters: Initially driven by the ambition to succeed in his family's hotel business, he embarked on a path that led him through two apprenticeships and a transformative stint at a Michelin-starred restaurant, before pursuing business administration studies in Munich. In 2000, a new chapter began as he delved into the realms of CRS and subsequently CRM at the Schoerghuber Group. Five years later, he pioneered the establishment of Toedt, Dr. Selk & Coll. GmbH (TS&C), now recognized as dailypoint, a beacon in software innovation and data management expertise.

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Dr. Toedt's impact extends beyond corporate ventures. His authored works, including the seminal "Big Data," have cemented his authority in the realm of Data Management. Notably, his contributions were acknowledged in 2005 when he was named one of Europe's TOP 20 EXTRAORDINARY MINDS IN SALES, MARKETING & TECHNOLOGY by HSMAL. Subsequently, in 2015, he earned his doctoral degree from the University of Latvia, focusing on CRM's role in enhancing sales performance within the luxury hotel sector.

Continuing to shape discourse in the field, Dr. Toedt regularly shares insights through articles in international publications and online platforms. Moreover, his expertise is sought after in academic circles, where he lectures at the University of Applied Sciences in Munich on CRM and Hotel Technology, as well as at Hotellerie Suisse in the NDS Management Program.

About dailypoint™ -Software made by Toedt, Dr. Selk & Coll. GmbH



Toedt, Dr. Selk & Coll. GmbH (TS&C) is a leader in holistic data management and Big Data solutions, specifically designed for the hospitality industry. Our flagship product, dailypoint™, is the leading #abovePMS solution for individual hotels and groups, enhancing hotel management systems and guest data management. By consolidating data from all relevant sources, including PMS, POS, websites, newsletters, and Wi-Fi, dailypoint™ creates a centralized guest profile, enabling personalized marketing and improved guest experiences.

Founded in 2005 with a focus on marketing-oriented customer relationship management (CRM), TS&C has expanded its portfolio to offer a wide range of innovative products and services. Utilizing integrated data cleansing processes and AI, dailypoint™ not only simplifies data management but also generates extensive guest insights, empowering hoteliers with advanced data management capabilities traditionally dominated by Online Travel Agents (OTAs) and retail giants.

dailypoint™ encompasses essential functionalities, such as communication, client retention, guest feedback management, operational support, and in-depth analytics, forming a robust foundation for strategic decision-making. As a proud partner of the Austrian Hotel Association (ÖHV) and an official member of HTNG (Hotel Technology Next Generation), hsmi (Hospitality Sales and Marketing Association International), and HOSPA (Hospitality Professionals Association), TS&C is committed to driving innovation and excellence in the hospitality sector.

For more information, visit **www.dailypoint.com**

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