

# EyeforTravel's Hotel Distribution Index



## What is the Distribution Index?

Eyefortravel's Hotel Distribution Index is a new service that allows you to benchmark your distribution and marketing performance against the best in the business and discover where you can improve your distribution performance and reduce your costs.

It will prove to be an invaluable tool to negotiate with your distribution partners from a position of knowledge and strength.

With it, you will be able to benchmark:

- Distribution channels
- Marketing costs
- Distribution costs
- Marketing and distribution performance

## Sample 1: First Half of 2015 Results

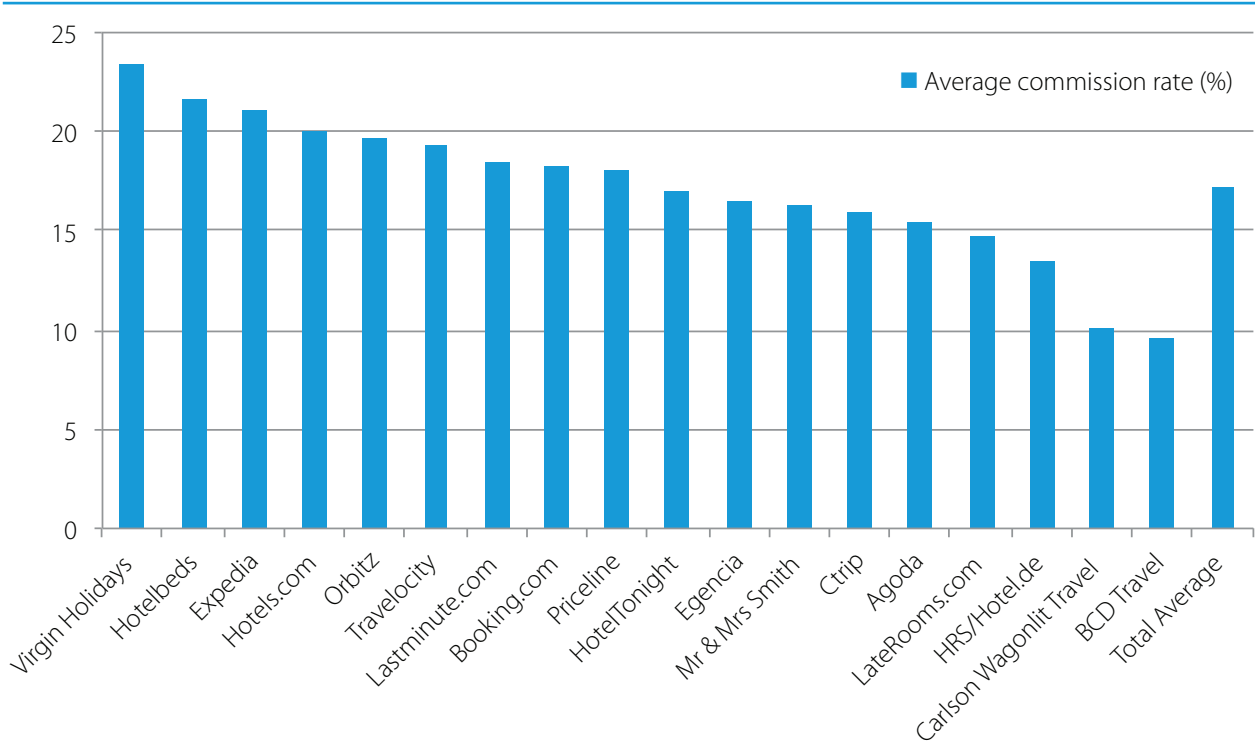
This set of results were based on more than 2.5 million room nights sold by more than 40 different hotel groups, who had a combined reported per marketing spend of nearly USD2.7 million. We are aiming to increase this exponentially over the next year from this test basis.

The hotels reported in this survey had an average occupancy rate of 75.65%.

Below is a sample of one of the data points we have gathered. At this stage, this is not segmented and is measured on a global basis. As we gather more data, we will be able to breakdown data so you can compare your performance against a competitive peer group and for different geographies.

Distributor	Average Commission Rate (%)
Virgin Holidays	23.33
Hotelbeds	21.67
Expedia	21.12
Hotels.com	20.00
Orbitz	19.71
Travelocity	19.38
Lastminute.com	18.50
Booking.com	18.33
Priceline	18.11
HotelTonight	17.00
Egencia	16.50
Mr & Mrs Smith	16.25
Ctrip	16.00
Agoda	15.45
LateRooms.com	14.71
HRS/Hotel.de	13.50
Carlson Wagonlit Travel	10.08
BCD Travel	9.64
Total Average	17.21

Average Commission Rates



### Analysis of H1 2015 Results

One of the biggest concerns that we hear during our research with the industry is regarding the rising rate of commissions. The overall mean commission rate across all statistically viable distribution channels for the first half of 2015 was 17.21%. Leading this was Virgin Holidays, with 23.33%, and the cheapest channels were the corporate travel intermediaries at around 10%. For the big names Expedia and all of its subsidiaries – Hotels.com, Orbitz and Travelocity – all had higher average commission rates than Booking.com and its parent company Priceline. Agoda, which also performed well in terms of market share in the survey, was significantly cheaper on average.

It is also worth considering that the true cost of OTA distribution channels is higher than the commission rates charged per room sold. Our survey found that, on average, advertising on OTAs took up 8.14% of quarterly

hotel advertising budgets. This could be considered an additional type of commission that should be built into the cost of distributing each room.

The sample above is just one element of the Distribution Index. We hope that by giving you industry-average commission rates, you will be able to successfully and forcefully negotiate with your distribution partners and get the best deal for your hotel, whether that is a small independent or a major chain.

### Sample 2: US Q4 2016

We have taken the US as the example country due to its significance and size as a market. The imagined data represents a snapshot of the potential results of the Q4 2016 survey version.

Distribution Snapshot - US Q4 2016





## Leading OTAs by US State – Q4 2016

State/Territory	Top OTA	Percentage of Total Room Nights Sold in State by Leading OTA
Alabama	Expedia	35
Alaska	Expedia	51
Arizona	Booking.com	23
Arkansas	Expedia	33
California	Orbitz	28
Colorado	Booking.com	24
Connecticut	Booking.com	32
Delaware	Hotelbeds	31
District of Columbia	Booking.com	15
Florida	Expedia	14
Georgia	Orbitz	12
Hawaii	Expedia	45
Idaho	Expedia	36
Illinois	Expedia	39
Indiana	Orbitz	27
Iowa	Expedia	48
Kansas	Expedia	20
Kentucky	Booking.com	21
Louisiana	Priceline	26
Maine	Expedia	17
Maryland	Expedia	51
Massachusetts	Booking.com	17
Michigan	Expedia	18
Minnesota	Priceline	11

Mississippi	Expedia	30
Missouri	Expedia	17
Montana	Expedia	29
Nebraska	Expedia	41
Nevada	Booking.com	47
New Hampshire	Booking.com	16
New Jersey	Booking.com	31
New Mexico	Expedia	44
New York	Booking.com	53
North Carolina	Priceline	35
North Dakota	Booking.com	10
Ohio	Booking.com	29
Oklahoma	Orbitz	16
Oregon	Expedia	29
Pennsylvania	Expedia	33
Puerto Rico	Priceline	26
Rhode Island	Orbitz	19
South Carolina	Expedia	26
South Dakota	Booking.com	41
Tennessee	Expedia	48
Texas	Priceline	24
Utah	Priceline	29
Vermont	Orbitz	15
Virginia	Booking.com	33
Washington	Priceline	35
West Virginia	Priceline	24
Wisconsin	Expedia	32
Wyoming	Expedia	40

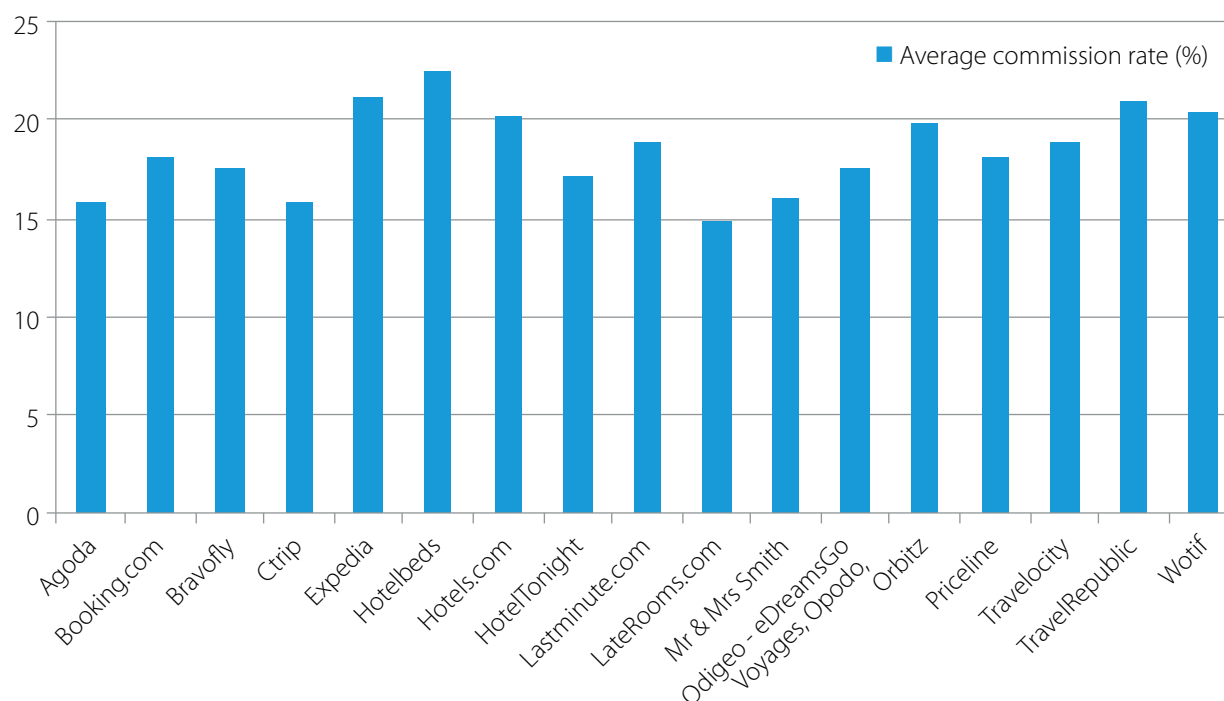
## US Room Night Data – Q4 2016

State/ Territory	Number of Hotels in State	Total Room Nights Sold in State	Budget Room Nights Sold	Mid-market Room Nights Sold	Luxury/Upscale Room Nights Sold
Alabama	31	1490142	657173	289337	543632
Alaska	8	28776	12032	10203	6541
Arizona	22	1271133	184067	292252	794814
Arkansas	18	1555488	404955	390891	759642
California	67	2348183	821696	914662	611825
Colorado	19	700390	40748	245522	414120
Connecticut	16	615929	390165	124506	101258
Delaware	11	284669	60963	205143	18563
District of Columbia	21	1368472	553964	28800	785708
Florida	78	2650245	880205	980405	789635
Georgia	33	1314532	189635	206777	918120
Hawaii	24	1525109	629367	762855	132887
Idaho	12	116066	43266	60500	12300
Illinois	23	1320891	180473	152270	988148
Indiana	41	1902883	403939	698741	800203
Iowa	15	428376	225307	123508	79561
Kansas	29	1652966	521210	359569	772187
Kentucky	17	538894	34529	456802	47563
Louisiana	26	1884515	806705	154481	923329
Maine	21	893728	63653	262478	567597
Maryland	32	1794483	517211	821069	456203
Massachusetts	41	1922754	761642	612824	548288
Michigan	26	1390080	138890	582050	669140
Minnesota	27	1339834	639437	166321	534076
Mississippi	22	1380628	284136	936543	159949
Missouri	28	1461670	819816	614343	27511

Montana	16	93141	8963	78541	5637
Nebraska	9	33531	14259	10209	9063
Nevada	58	2297567	479890	985631	832046
New Hampshire	13	53011	8965	21457	22589
New Jersey	39	574788	373366	27849	173573
New Mexico	11	68098	18964	36587	12547
New York	38	2103086	511006	963841	628239
North Carolina	42	1438498	137205	320111	981182
North Dakota	6	40101	15989	17523	6589
Ohio	37	869680	36295	30451	802934
Oklahoma	26	1532137	382987	434734	714416
Oregon	23	1288164	282664	814860	190640
Pennsylvania	15	797138	170028	202619	424491
Puerto Rico	28	290701	86258	164789	39654
Rhode Island	16	95804	21589	35689	38526
South Carolina	34	1645962	415661	688068	542233
South Dakota	13	50203	16245	21589	12369
Tennessee	46	2004714	654108	808305	542301
Texas	36	1600403	247515	692300	660588
Utah	29	480533	101569	253604	125360
Vermont	16	56713	18325	19634	18754
Virginia	41	1550344	904008	334147	312189
Washington	32	1334828	240297	147536	946995
West Virginia	30	1158362	381092	68454	708816
Wisconsin	14	72404	34128	25687	12589
Wyoming	12	38165	11659	17852	8654
Totals	1388	54748912	15838219	17674919	21235774



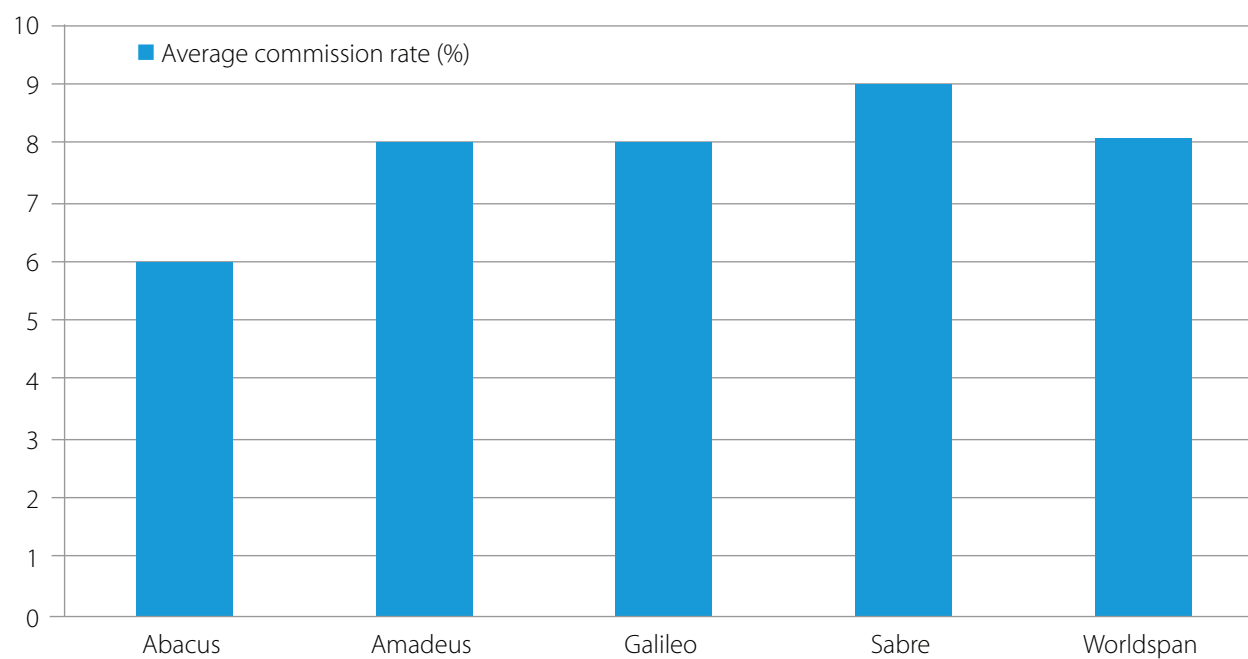
## US Commission Rates - US Q4 2016



## Average US OTA Commission Rates (%) – Q4 2016

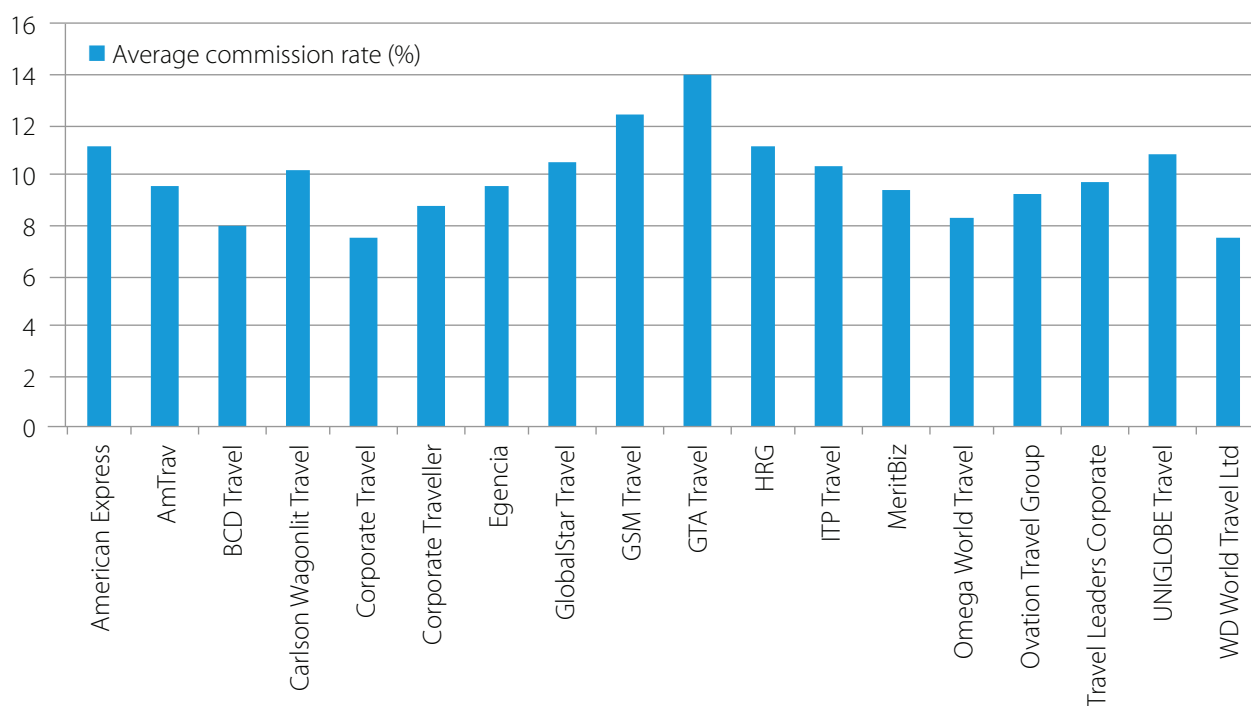
OTAs	Average Commission Rates (%)
Agoda	15.8
Booking.com	18.2
Bravofly	17.5
Ctrip	15.9
Expedia	21.2
Hotelbeds	22.5
Hotels.com	20.2
HotelTonight	17.2
Lastminute.com	19
LateRooms.com	15
Mr & Mrs Smith	16
Odigeo - eDreamsGo Voyages, Opodo, Travellink and Liligo	17.5
Orbitz	19.8
Priceline	18.2
Travelocity	19
TravelRepublic	21
Wotif	20.5

### Average US GDS Commission Rates (%) – Q4 2016



Global Distribution Systems	Average Commission Rates (%)
Abacus	6
Amadeus	8
Galileo	8
Sabre	9
Worldspan	8.1

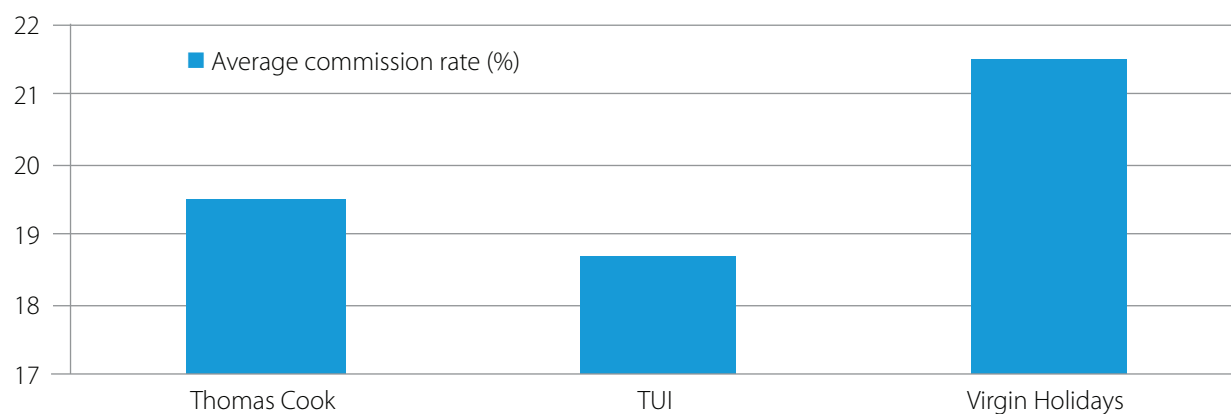
## Average US Corporate Travel Intermediary Commission Rates (%) – Q4 2016



Corporate travel intermediaries	Average Commission Rates (%)
American Express	11.1
AmTrav	9.5
BCD Travel	8
Carlson Wagonlit Travel	10.2
Corporate Travel Management	7.5
Corporate Traveller	8.8
Egencia	9.6
GlobalStar Travel	10.5
GSM Travel	12.4
GTA Travel	14
HRG	11.1
ITP Travel	10.3

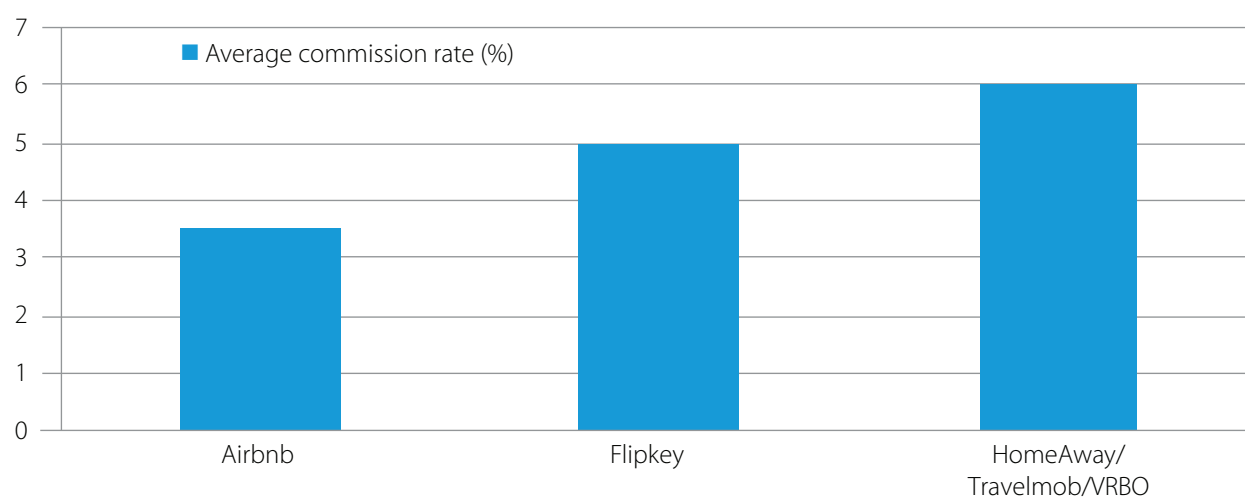
MeritBiz	9.4
Omega World Travel	8.3
Ovation Travel Group	9.2
Travel Leaders Corporate	9.7
UNIGLOBE Travel International	10.8
WD World Travel Ltd	7.5

### Average Tour Operator Commission Rates (%)– Q4 2016



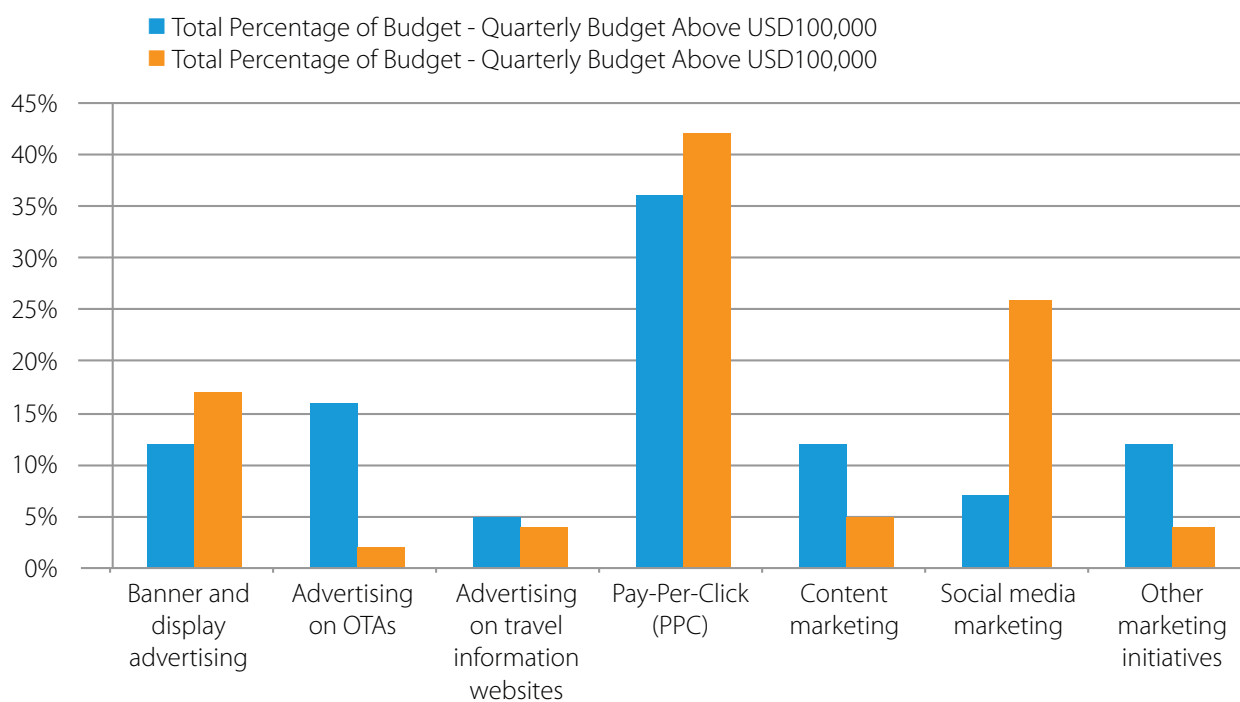
Tour operators	Average Commission Rates (%)
Thomas Cook	19.5
TUI	18.7
Virgin Holidays	21.5

### Average Accommodation Sharing/P2P Commission Rates (%) – Q4 2016



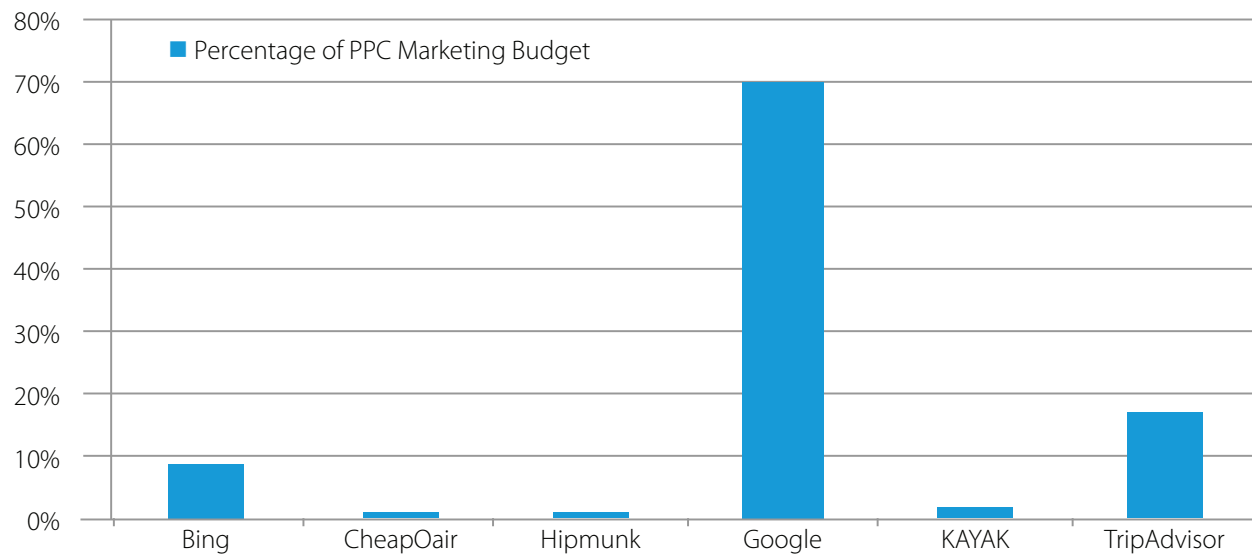
Accommodation Sharing/P2P	Average Commission Rates (%)
Airbnb	3.5
Flipkey	5
HomeAway/Travelmob/VRBO	6

## US Marketing Spend by Channel - Q4 2016



	Banner and display advertising	Advertising on OTAs	Advertising on travel information websites	Pay-Per-Click (PPC)	Content marketing	Social media marketing	Other marketing initiatives
Total Percentage of Budget - Quarterly Budget Above USD100,000	12%	16%	5%	36%	12%	7%	12%
Total Percentage of Budget - Quarterly Budget Above USD100,000	17%	2%	4%	42%	5%	26%	4%

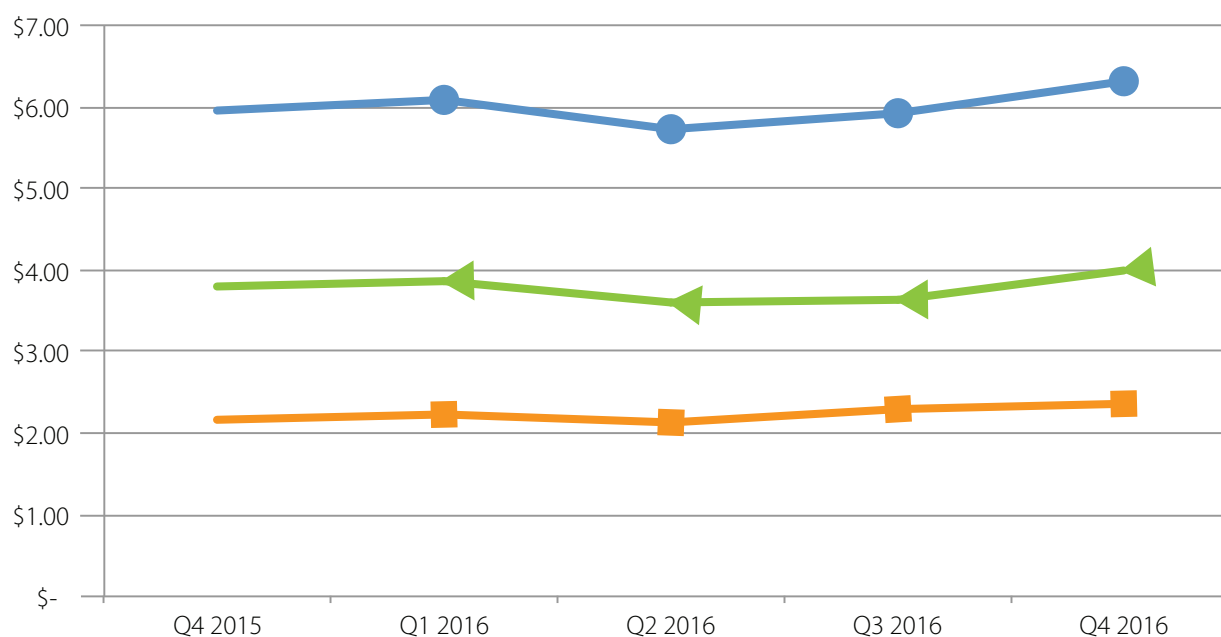
## US PPC Marketing Spend by Channel - Q4 2016



PPC Advertisers	Percentage of PPC Marketing Budget
Baidu	0%
Bing	9%
Cheapflights	0%
CheapOair	1%
Hipmunk	1%
Google	70%
KAYAK	2%
Momondo	0%
Qunar	0%
Skyscanner	0%
TripAdvisor	17%
Trivago	0%
Wego	0%
Youbibi	0%

## US Cost of Distribution per Room Sold – Time Series

- Average Cost of Distribution Per Room Sold - US
- ▲ Average Cost of Marketing Per Room Sold - US
- Average cost of Commission Paid Per Room Sold - US



	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Average Cost of Distribution Per Room Sold - US	\$ 5.96	\$ 6.08	\$ 5.72	\$ 5.93	\$ 6.33
Average cost of Commission Paid Per Room Sold - US	\$ 2.15	\$ 2.23	\$ 2.13	\$ 2.29	\$ 2.35
Average Cost of Marketing Per Room Sold - US	\$ 3.81	\$ 3.85	\$ 3.59	\$ 3.64	\$ 3.98

\*(Please note that this section is entirely demonstrative. Any examples of data have been created for display purposes and are not intended to be used for any third-party commercial purpose, or to be understood as genuine pieces of data)

## Benchmark Your Distribution and Marketing Performance Against the Best in the Business

Using the Hotel Distribution Index you will be able to identify where you can improve your distribution performance and reduce your costs. It will prove to be invaluable in enabling you to negotiate with your distribution partners from a position of knowledge and strength.

The above samples are just a brief overview of some of things that are possible with the Index. The only real limit is the amount of data we receive.

We are gathering statistically viable data so you can segment your data:

- Geographically:
  - By country
  - By region or state within countries
- By Target Market:
  - Budget
  - Mid-market
  - Upscale/luxury
- By marketing budget
- By chain size

You will receive all of the following for **FREE** when you send us data:

- Distribution on a country-by-country basis
- Summarized reports
- Excel files, so you can take the data away and run your own analysis on it.

In time, we hope to upload the data onto an interactive platform, with which you can instantly visualize segmented data.

## Join the Hotel Distribution Index

As we are at just the beginning of this process, our data is limited and we are continuing to modify the survey to make it as easy to use as possible, while capturing the most data. We need your help to create the full program, so please join us here:

<http://eyefortravel.com/index>

If you contribute to the Index, then we not only send you the complimentary results above but you will also get temporary access to our subscription service.

If you have any questions regarding the Index the please contact Alex Hadwick, EyeforTravel's Head of Research:

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