



 **NYU** | SCHOOL OF
PROFESSIONAL STUDIES
Jonathan M. Tisch Center of Hospitality

HI Hub
experiential
learning lab

THE STATE OF DISTRIBUTION

2024



The NYU School of Professional Studies Jonathan M. Tisch Center of Hospitality is a leading center for the study of hospitality, travel, and tourism. Founded in 1995, the Tisch Center was established in response to the growing need for hospitality and tourism undergraduate and graduate education. Its cutting-edge curricula attract bright, motivated students who seek to become leaders in their fields. The Tisch Center recently launched the Hospitality Innovation Hub (HI Hub) that will foster entrepreneurship and creative solutions for the industries it serves. The state-of-the-art facilities offer students, start-ups, established industry partners and investors opportunities to learn, discover, innovate, and invest. For more information about the NYU SPS Jonathan M. Tisch Center of Hospitality:

Visit: sps.nyu.edu/tisch.



HEDNA is a global community of hospitality professionals, technology providers, educators, and consultants passionate about elevating the role of distribution. Through influence, collaboration, and networking, we elevate careers, harness new business opportunities, and drive the business of hospitality forward, together. Through our global conferences, local networking events, and industry working groups, we help our stakeholders appreciate the nuances of today's technologies, gauge the impact of today's trends, and prepare for the challenges of tomorrow.

Learn more at: hedna.org.

Why do we need another 'State of' report?

In the past four years, the hospitality industry has navigated a complex journey, spurred on by new information sources, emerging technology, organizational shifts, and margin compression. In the midst of this quickly evolving landscape, we have been lacking a uniform view from the global hotelier perspective. To provide this holistic view, HEDNA, the Jonathan M. Tisch Center of Hospitality's HI Hub Experiential Learning Lab at NYU School of Professional Studies and RateGain joined forces to create a definitive resource. This report offers actionable insights to empower hoteliers, addressing the unique challenges and opportunities across different hotel segments.

Technology users in marketing, eCommerce, and revenue functions look outward to peers for solutions and strategic decision-making. This demand for insights has grown as traveler behavior evolves, using multiple platforms to search, plan, and book travel. Limited resources mean commercial teams must be strategic in capturing traveler intent and preferences, requiring close collaboration between marketing and distribution teams and the right technology.

The "State of Distribution" report is a testament to our commitment to innovation and excellence in the hospitality industry. It covers strategic decision-making, technological prioritization, reducing manual efforts, organizational restructuring, and training and education. It is intended to be a living resource for continuous learning, adaptation, and growth, incorporating new insights and best practices with each iteration.

We extend sincere gratitude to our partners, collaborators, and the industry for their contributions.

Happy Reading!

What Will You Learn?

Chapter 1

Where and how are guests booking?

Pages: 8-11

Chapter 2

What technologies do hotels use?

Pages: 12-16

Chapter 3

How do hotels make technology decisions?

Pages: 17-20

Chapter 4

What are hotels trying to solve?

Pages: 21-24

Chapter 5

What are hotel teams struggling with?

Pages: 25-27

Chapter 6

Where do hotels want to reduce effort?

Pages: 28-33

Chapter 7

Reinventing teams and talent in hotels

Pages: 34-38

Chapter 8

Addressing the growing distance between hoteliers and guests

Pages: 39-42

Executive summary

The Disruption in Distribution

Every economic disruption over the last few decades has impacted traveler preferences, and that has spilled over to how we operate as hoteliers and hospitality professionals. Changes such as the evolving role of OTAs, social media, the surge in alternative lodging options, global regulations, and emerging demand channels were responses to changes in socio-economic structures. These changes brought new challenges, priorities, and eventually technologies. Let's take a look at the specific impacts to distribution:

- **Increased Share of Online:** It's not just Gen-Z and Millennials; the ease of use and accessibility of travel platforms like Google make it easy for all travelers, regardless of age, to search and book travel online.
- **It's All About 'Me':** Brands, aggregators, and social media platforms want to reach the most diverse groups of audiences and build experiences for them. Travel is pivotal in driving inclusion and promoting diversity, creating new platforms for getting inspired by travel ideas not found on traditional channels.
- **Lower Trust:** Post-pandemic, the importance of reviews and the ability to chat directly with properties to understand amenities have made people more aware of offers tailored to their preferences. This has pushed hoteliers to update images, hotel offerings and property and room descriptions more often and across every channel.
- **Blurred "Seasons" and Demand Periods:** Due to ever increasing travel prices during peak seasons, travelers are now opting to travel at different times throughout the year creating new opportunities for revenue optimization.
- **AI (How Could We Not):** No report would be complete without mentioning AI at least once. The ubiquitous use of AI and its integration into our day-to-day lives are transforming service expectations and digital experiences as we speak.

How does this impact hoteliers?

Given the five disruptions that are changing the lives of hoteliers, this report will emerge as a benchmark to track hoteliers' ever-evolving approach to distribution. The report addresses the fragmented nature of our industry and represents inputs from large international hotel chains, independents, as well as regional mid-sized chains. The report's importance is multifaceted, addressing the immediate needs of hoteliers to adapt to technological advancements, consumer behavior shifts, and the broader market dynamics that define success in the hospitality sector.

Through this report, we aim to help commercial teams across hotels of all sizes and geographies gather critical market information to facilitate planning for the remainder of 2024 and as we approach budgeting season for 2025.

What did we try to understand?

- **Technological Infrastructure and Investments:** This segment probes into the hotels' current technology stack, the rationale behind the selection of technology systems, and changes in technology budgets. It seeks to uncover investment priorities, highlighting the industry's focus areas such as improving direct bookings, enhancing guest experiences, or optimizing operational efficiencies.
- **Operational Dynamics and Manual Efforts:** Exploring team sizes, organizational changes, and manual tasks undertaken by hotel staff with a lens into operational challenges and the impact of technological tools on reducing manual labor. This section is pivotal for identifying opportunities where technology can drive significant improvements in efficiency, profitability, and team retention and development.
- **Data Analytics, Reporting, and Market Adaptation:** By examining practices around analytics, reporting, and strategies for tracking demand, this part of the survey sheds light on the industry's approach to data-driven decision-making and market adaptation. It highlights how hotels manage and utilize data to inform strategies and adapt to market trends.
- **Marketing Efforts and Direct Booking Strategies:** Focusing on marketing challenges and strategies employed to promote direct bookings, this section captures the competitive landscape and the pursuit of optimizing marketing campaigns for better ROI and direct revenue growth.
- **Organization Restructuring and Skills Enhancement:** This section examines the recent trends in organizational restructuring and the enhancement of skills across various hotel segments. It delves into how hotels are realigning their workforce structures and investing in staff development to meet the evolving demands of the industry, driven by technological innovation and changing market dynamics. The focus is on identifying how these adjustments help hotels optimize operations, and prepare their teams for future challenges and opportunities.
- **Priorities, Challenges, and Future Directions:** Concluding with an evaluation of current priorities, challenges, and the strategic direction, this segment seeks to understand how hotels prioritize their efforts in a rapidly evolving landscape, identifying areas that necessitate attention and resources.

How will it help hoteliers?

- **Technological Infrastructure and Investments:** By dissecting the technological investments, manual efforts in distribution, and solution adoption criteria across different hotel sizes, hoteliers are equipped with the knowledge to make informed decisions about where to allocate resources. For large chains, the emphasis on ease of implementation suggests a strategy focused on integrating solutions that align with existing infrastructure, minimizing disruption. Mid-size chains can draw on insights regarding scalability, leveraging the report's findings to choose solutions that support growth without sacrificing stability. Independent hotels, often more agile but resource-constrained, can use the report to identify technologies that offer the most significant return on investment, crucial for staying competitive in a market dominated by larger entities.
- **Optimizing Manual Efforts:** A universal challenge highlighted across all hotel categories is the extensive manual effort involved in distribution-related tasks. The report not only identifies the pain points ranging from rate parity management to content updates, but also outlines where hotels are most keen on reducing manual labor. This insight is invaluable for hoteliers evaluating technology solutions, operational changes aimed at automating and streamlining processes, and identifying opportunities for training and staff development.
- **Align Priorities:** Understanding priorities across the ecosystem is important to understand where the industry at large is looking for solutions. From content management of images, to optimizing paid campaigns, to manual parity optimization, common themes have emerged, regardless of the size or location of the organization or hotel.
- **Learning and Adaptation:** Beyond informing strategic decisions and operational efficiencies, the report serves as a learning tool for hoteliers. It offers a comprehensive view of the distribution landscape, including emerging trends such as the continued importance of growing direct bookings. By staying abreast of these trends, hoteliers can adapt their distribution and marketing strategies to meet the evolving needs of travelers, ensuring relevance and competitiveness in a rapidly changing market.
- **Future-Proofing Hospitality Businesses:** Perhaps most importantly, the report provides hoteliers with a roadmap for future-proofing their businesses. The insights into consumer behavior, technological advancements, and market trends equip hoteliers with the knowledge to anticipate future developments in the hospitality industry. This forward-looking perspective is critical for long-term planning, allowing hoteliers to invest in technologies, processes, and team/skills development that not only address current challenges but also position them to capitalize on future opportunities.

Survey methodology

How did we collect responses?

The survey was meticulously designed to capture a comprehensive view of hoteliers' operations, technology adoption, team dynamics, and market strategies. By delving into these critical areas, the survey aims to illuminate the operational challenges, technological advancements, and strategic priorities within the hospitality industry.

Survey Date: December 2023 – May 2024

Total Responses: 140+

Who responded?

Conducted through December 2023 – May 2024, we surveyed 140+ hospitality professionals across different regions, job roles, and property types, to understand the current state of distribution.

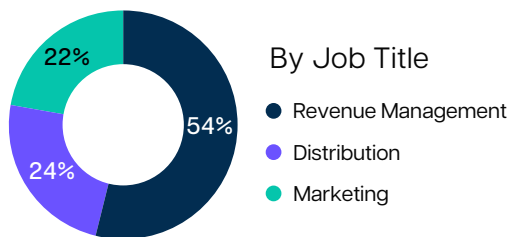
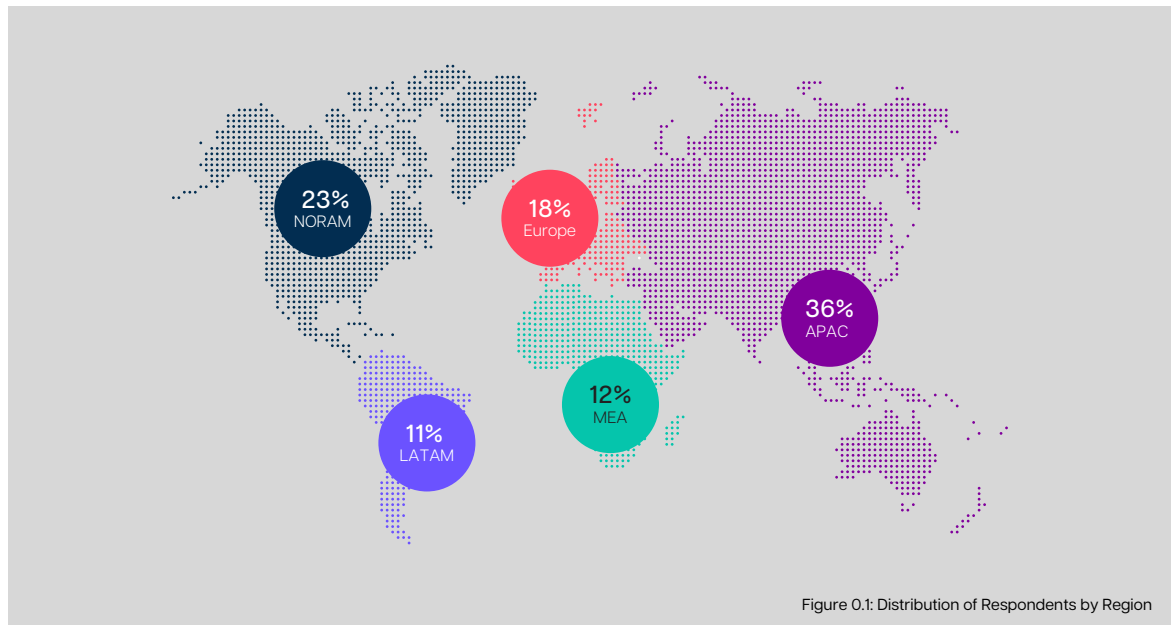


Figure 0.2: Distribution of Respondents by Job Title

How we defined geographies
APAC: Indian sub-continent, Southeast Asia, Australia
MEA: Middle East and Africa
NORAM: US, Canada, Caribbean Islands and Mexico
LATAM: South American Countries

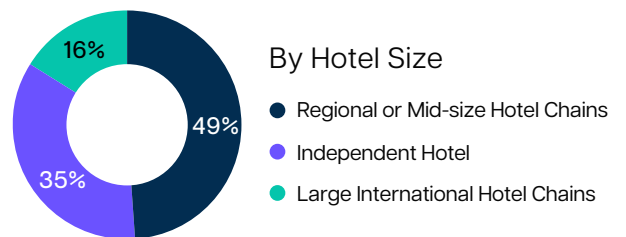


Figure 0.3: Distribution of Respondents by Hotel Size

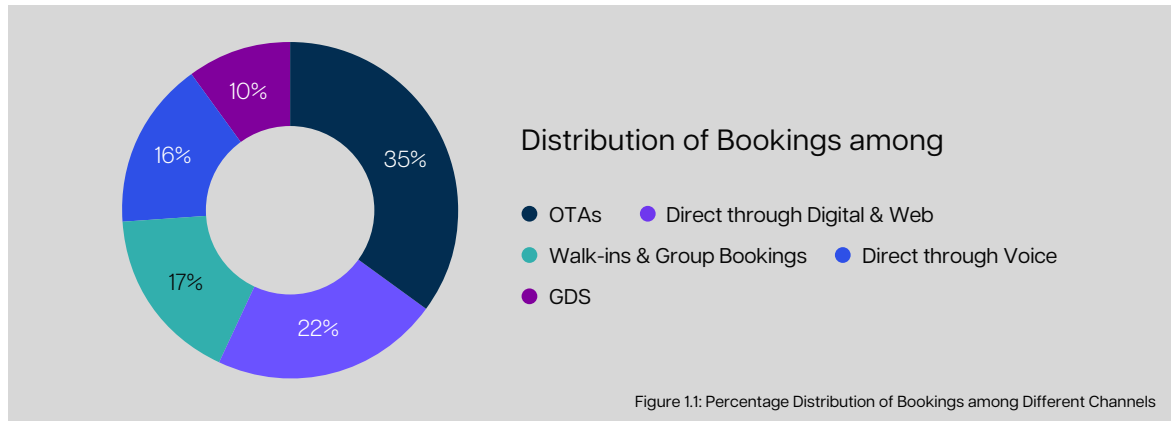
How we defined hotels by size
Large International Hotel Chain: Anything larger than 100+ properties, with presence in multiple countries
Regional or Mid-size Hotel Chain: Anything below 100 properties, with presence in a specific region or few countries
Independent Hotel: Less than 7 properties concentrated within one country

Chapter 1

Where and how are guests booking?

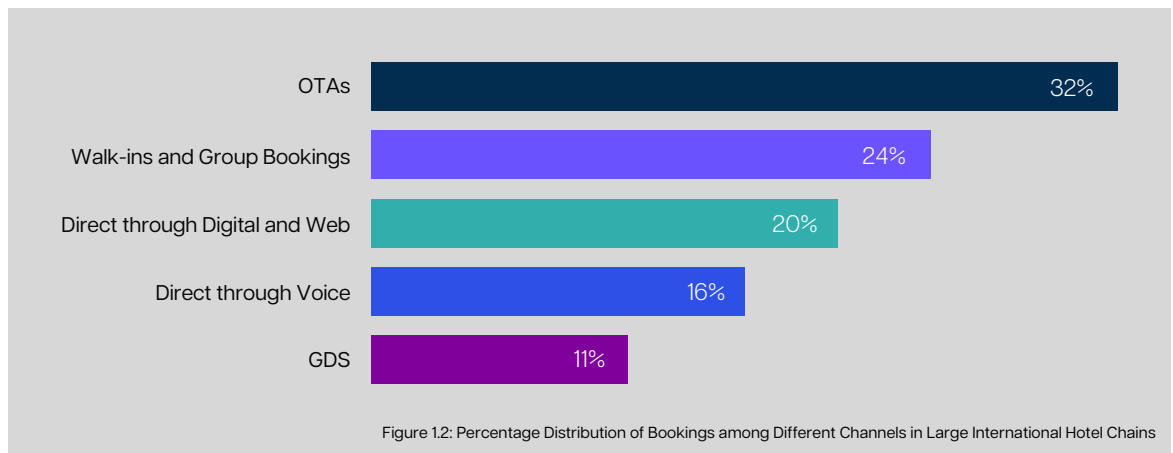
Chapter 1

Where and how are guests booking?



When we look at the overall breakout of bookings, the share of online bookings now exceeds 50% across hotels of all sizes. OTAs continue to play a key role in driving revenue, however, share of voice in apps and websites are growing significantly.

Large International Hotel Chains

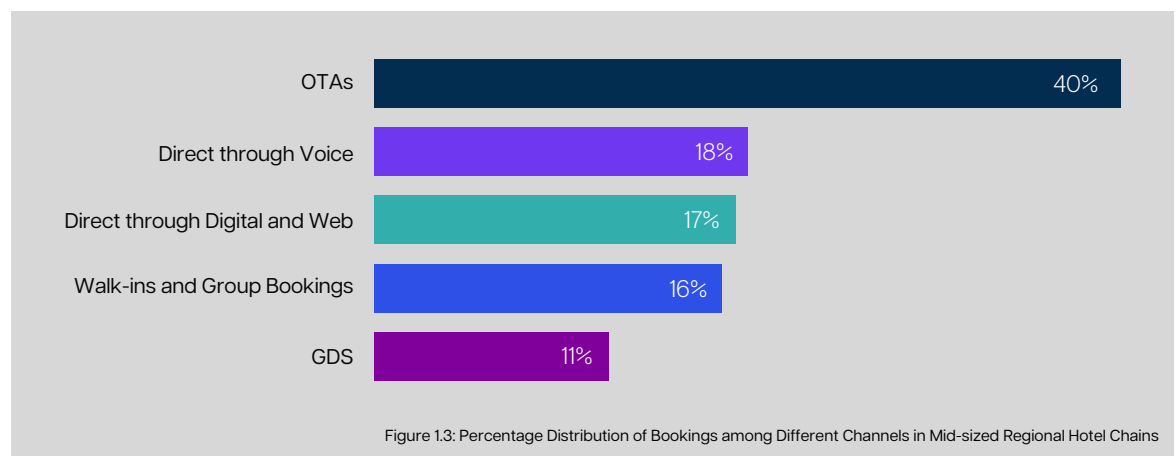


For large chains, the survey reveals a significant leaning towards direct bookings, with approximately 36% of overall bookings originating from direct channels. An interesting trend to observe is that group bookings surpasses app-based and web bookings even though Large International Hotel Chains have a robust digital infrastructure and a well-established brand presence that empowers them to attract and retain customers through personalized marketing efforts and loyalty programs. It is also interesting to note that this number is lower than the average of 22% across all hotels.

This shows that large international hotel chains still have an edge over regional and independent hotels when it comes to working with package providers and tour operators, as well as the preferred type of hotel for events and conferences.

Despite this focus on direct channels, large chains also maintain a diversified portfolio, with around 32% of bookings coming through OTAs which is below the overall average we observed. This strategy not only ensures market reach and visibility but also serves as a cushion against occupancy volatility, particularly in competitive and emerging markets.

Mid-Size / Regional Hotel Chains

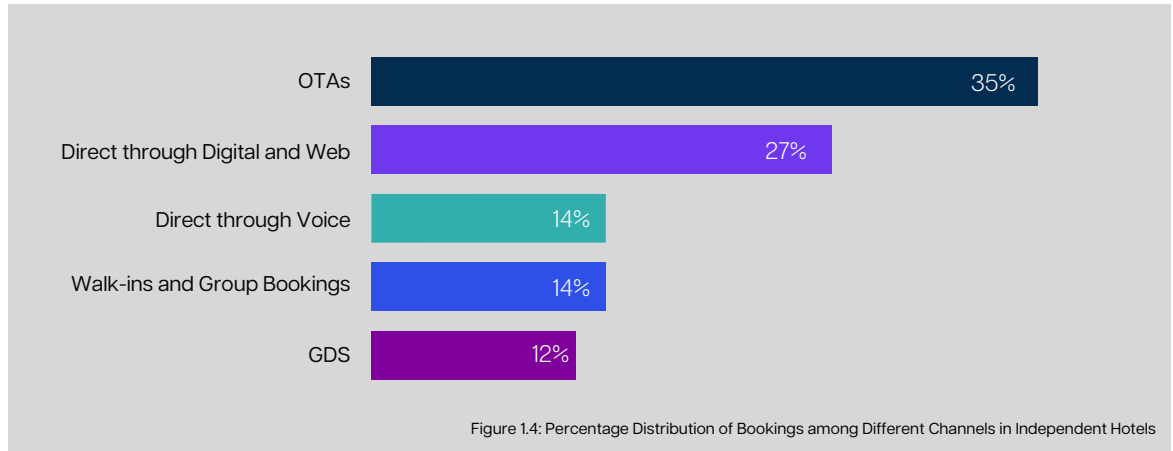


Mid-size hotel chains are in a unique position, with lean tech teams and large loyalty programs to attract guests directly. They also do not operate many boutique or destination properties that generate direct bookings based on their location, and with a limited marketing budget to drive awareness, we see that the share of OTAs is much higher than the average findings.

Unlike the large international chains, direct voice takes a larger share of bookings compared to web and group bookings.

The reliance on OTAs is slightly higher in this segment, constituting about 40% of their bookings. This reliance is indicative of the strategic necessity to amplify visibility in a crowded marketplace where direct competition with larger chains necessitates a broader reach. The survey underscores the strategic deployment of channel management technologies by mid-size chains to optimize their online presence, aiming for rate parity, and maximizing revenue across platforms.

Independent Hotels



Independent hotels had the biggest percentage of bookings coming from direct, with digital and web driving more than 27% of bookings, which is the highest across all hotel types.

Independent hotels need to constantly promote their unique offering in the absence of a loyalty program, and hence are increasingly investing in enhancing their online booking systems and employing digital marketing strategies to encourage guests to book directly.

Key Takeaways

The survey data paints a vivid picture of the dynamic distribution strategies across the hotel spectrum. Large international chains capitalize on their brand power to drive direct bookings, while still leveraging the extensive reach provided by OTAs. Mid-size chains navigate a balanced approach, optimizing their presence across direct and third-party channels to ensure comprehensive market coverage. Independent hotels need to focus on building direct relationships using digital and social media marketing.

Each of these findings indicates that technology approaches will vary depending on hotel type.

Chapter 2

What technologies do hotels use?



Peter Stebel

President, Americas
RateGain

“

There are enough tools to find out who's coming, how much money they have, and what they plan to do during their stay at our hotel. Will they spend money, or will they just check in and check out? However, the key question to answer beforehand is how many technologies you really need to find that answer.

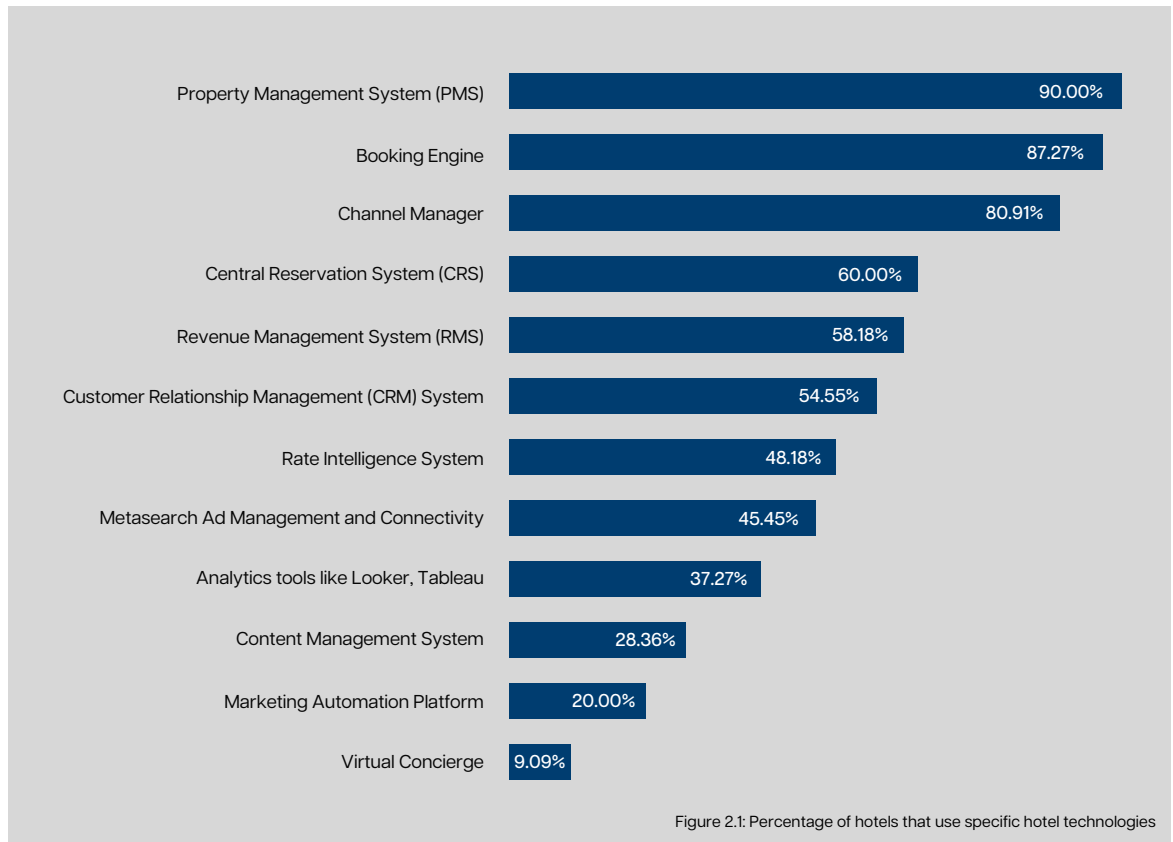
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Chapter 2

What technologies do hotels use?

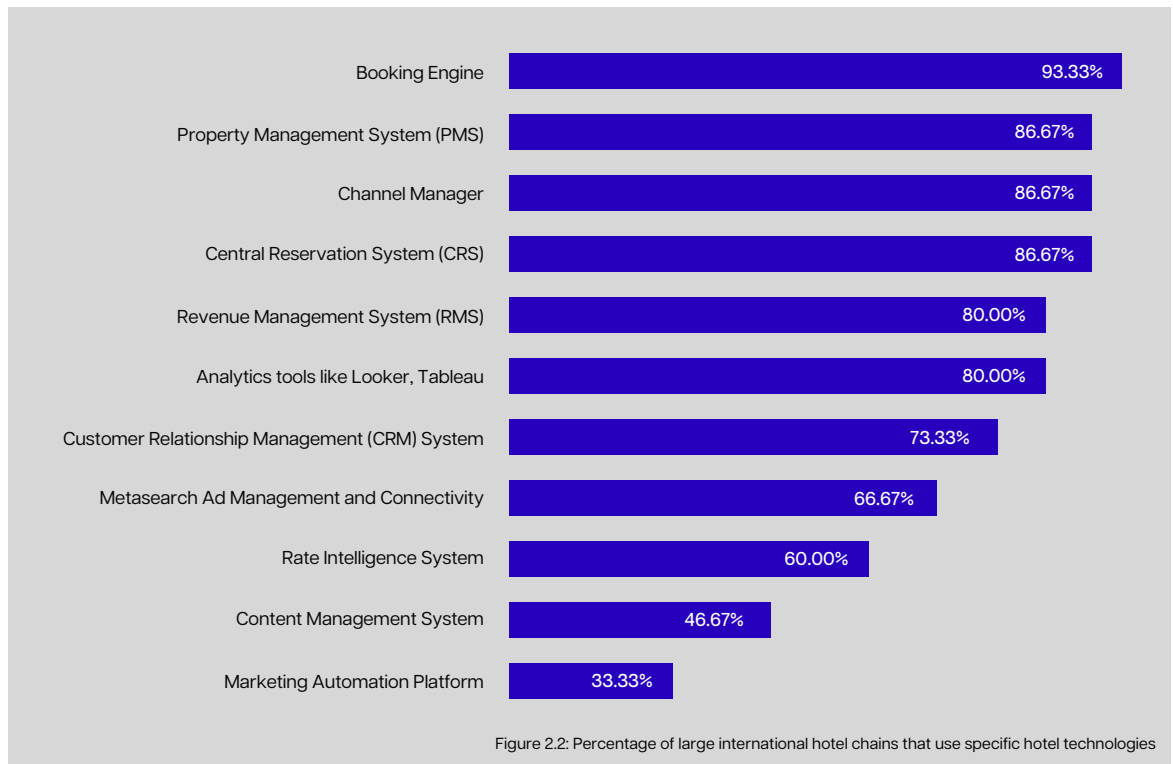


In the realm of hospitality, the strategic deployment of technology significantly influences not only the operational efficiency of hotels but also the quality of the guest experience. An analysis of the utilization patterns of technological tools among large international chains, mid-size chains, and independent hotels shows a distinct picture of how each group prioritizes its technological investments and the overall implications on guest experience and operational efficiency.

When we analyze the data across all hotels, the first observation is that technologies used to capture bookings are the most utilized across all property types. We also see that a lot of hotels have yet to invest in tools that manage customer data, generate analytics, distribute content, and automate marketing processes. This is a large opportunity for solutions providers based upon survey responses.

Not surprising, we found that where hotels exert the most effort coincide with where technology investments are the lowest. Varying priorities across hotel sizes indicate that solution investment will also vary. For example, investing in a rate parity tool vs. an analytics tool. Here's a breakdown of what we found.

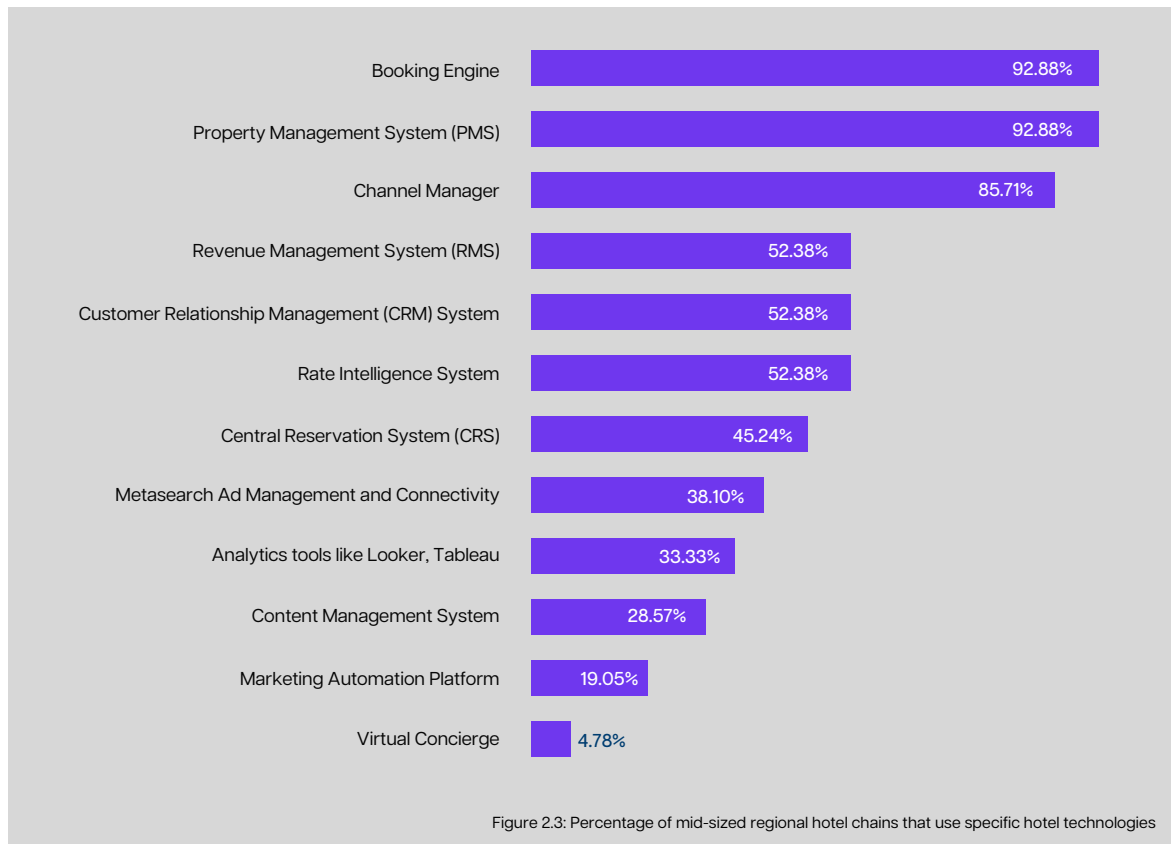
Large International Hotel Chains



Not a lot of surprises here - Booking Engine, CRS, RMS and Analytics tools having extremely high penetration to manage data efficiently across all properties with an integrated and data-driven operational framework.

However, what stands out is the low investment and prioritization of marketing automation and content management systems. It is also possible that the survey respondents might have assumed CRM to represent those capabilities, however, content management appears to be a critical challenge for large chains.

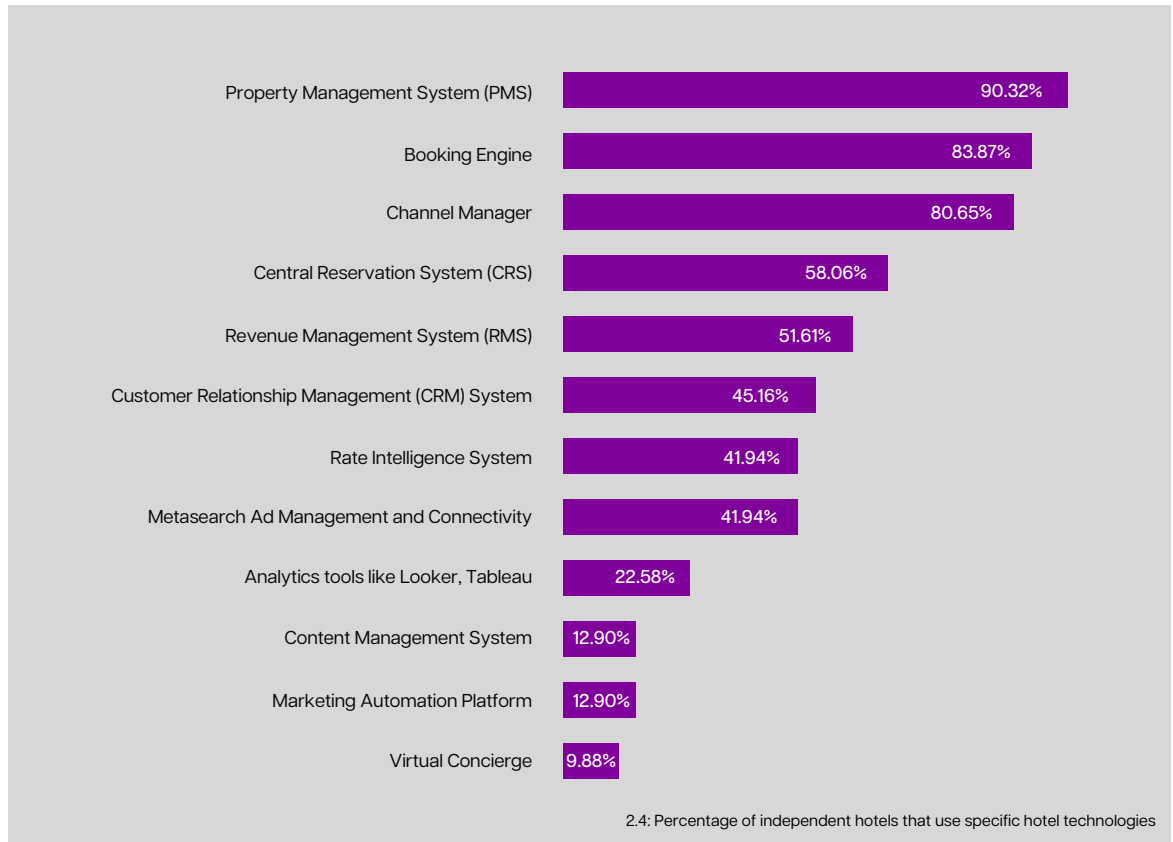
Mid-Size / Regional Hotel Chains



Once again, we see that beyond the traditional technologies that are used to capture reservations and operations, there is a sharp drop in technologies that help in better forecasting, analytics, and customer data management.

In our earlier section, we saw that mid-sized hotel chains are still reliant on third-party channels for a majority of their bookings, and this challenge gets more pronounced as we see that only 1 out of 3 hotels have invested in metasearch connectivity or ad management capabilities and only 1 in 5 hotels have any kind of automation to manage marketing. This is a big investment area for mid-sized hotels as these solutions are critical for them to compete against larger brands in order to communicate to guests at a lower cost.

Independent Hotels



As with the data that we saw in the previous section, with a higher penetration of direct bookings in independent hotels, we see a higher adoption of Metasearch Connectivity but still see a notably lower investment in advanced revenue management or rate intelligence systems. Investment in these systems should become a higher priority for independent hotels in order to better manage parity across different platforms and their website.

Key Takeaways

The technologies that are less emphasized by each group—such as advanced RMS in independent hotels or expansive CRM tools in mid-size chains—speak to strategic trade-offs based on resource allocation, market positioning, and operational focus areas. For guests, this translates to vastly different experiences by property type. Understanding these differences helps guests with expectation setting and offers hoteliers insight into how best to leverage technology to achieve their goals.

Chapter 3

How do hotels make technology decisions?



Vanja Bogicevic

Clinical Associate Professor of Hospitality Marketing
NYU's Jonathan M. Tisch Center of Hospitality

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While ROI continues to be a key decision making factor, the difference in decision making across different types of hotels is owned by their objectives. Large chains want to ensure faster adoption, mid-sized chains need higher level of support, and independent hotels want fewer interfaces to work with.

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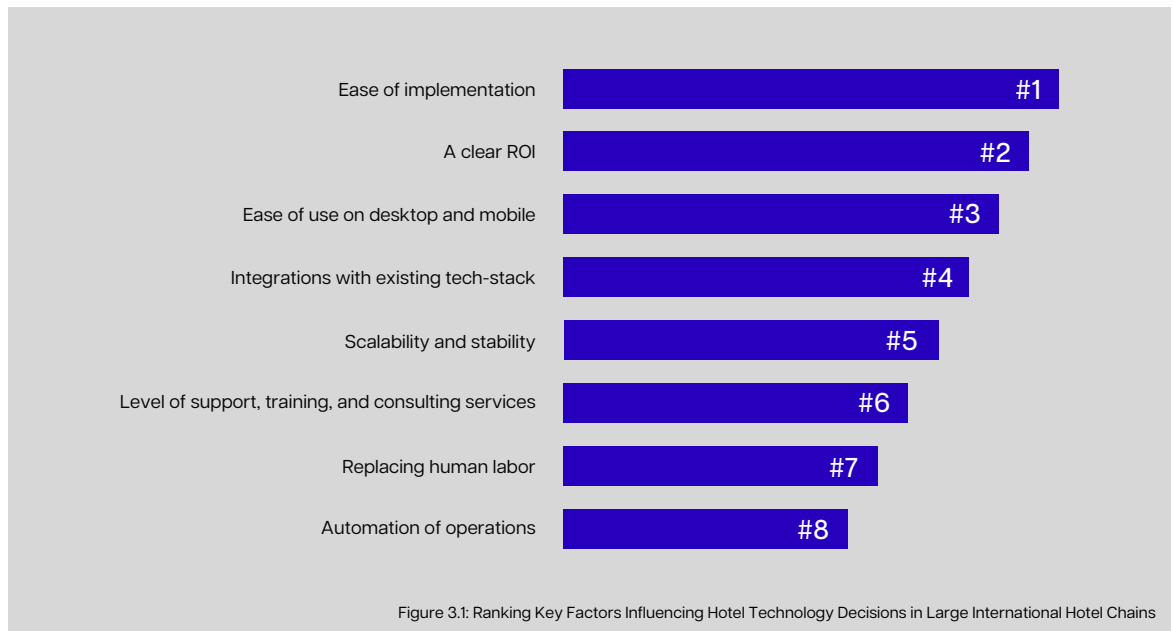
Chapter 3

How do hotels make technology decisions?

When hotels across different segments consider adopting new technological solutions, their decision-making processes reveal a complex interplay of priorities, reflecting their unique operational challenges, strategic objectives, and resource constraints. The factors influencing these decisions highlight the varied landscapes where each entity operates. Across the board, the hotel industry values a clear ROI as the paramount factor in technology adoption decisions, highlighting the universal emphasis on measurable benefits and cost-effectiveness. For large chains, this could come down to the need to convince franchise owners on the benefits, whereas, for mid-sized chains and independent hotels, limited technology budgets are the driver when deciding on a solution.

Interoperability is another key factor, and new products that will easily integrate with existing solutions and start driving value quickly are a clear priority. It is interesting to note how each hotel type weights prioritization.

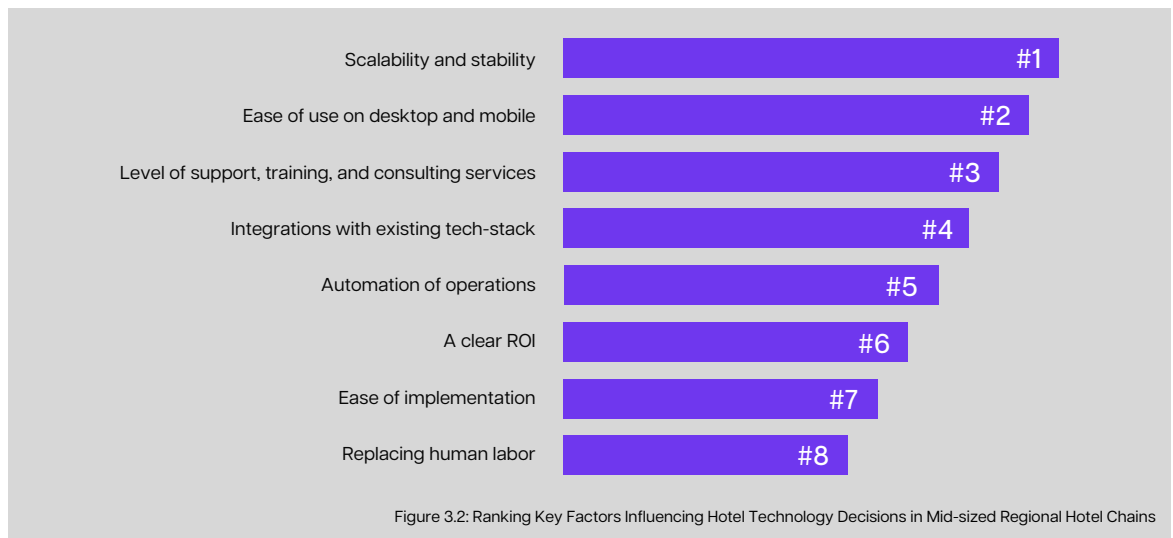
Large International Hotel Chains



For large international chains, the top decision-making factor is the ease of implementation, reflecting the complexity and scale of their operations. A clear ROI remains critical, mirroring the broader industry trend as franchisee owners and hotel management companies try to understand how new technology will impact their P&L.

In large chains, ease of use on desktop and mobile for both guests and their internal stakeholders also stood out as a key priority.

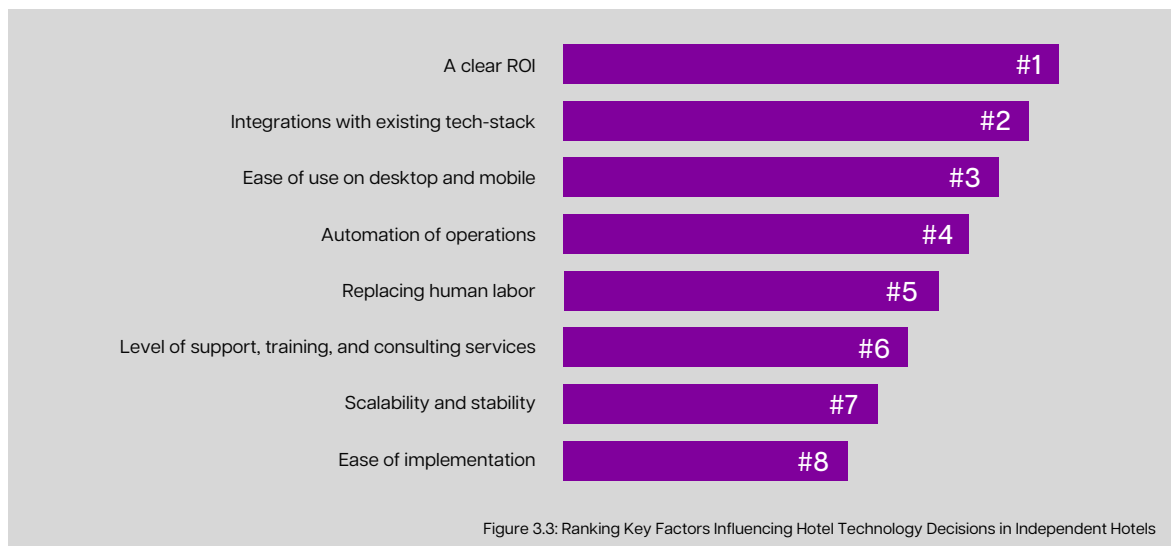
Mid-Size / Regional Hotel Chains



Mid-size chains with smaller teams rely more heavily on third party technologies and therefore place the highest importance on scalability and stability, indicating a focus on solutions that can grow and evolve with the business while maintaining reliability.

Level of support is a big decision-making criteria for mid-sized hotel chains as they lean on third-party teams to help in day to day operations and troubleshoot any outage or issue.

Independent Hotels



Independent hotels show a distinct preference for a clear ROI, underscoring the critical need for cost-effective solutions with tangible benefits. Integrations with existing tech-stack and ease of use on desktop and mobile are also prioritized, reflecting the emphasis on technologies that can seamlessly integrate into their operations and be easily adopted by smaller teams.

Key Takeaways

While all hotel categories underscore the importance of ROI, the emphasis on ease of implementation by large chains highlights their need for solutions that can be adopted without disrupting existing operations across their vast network. Mid-size chains' focus on scalability and stability reveals their concern with future-proofing their operations and ensuring reliability. Independent hotels, with a keen eye on ROI and system integrations, demonstrate a pragmatic approach, seeking technologies that offer immediate benefits and complement their existing setups.

This all points to the importance of solutions providers tailoring their offerings to meet the specific needs of each hotel category. Technologies need to resonate with the unique challenges and objectives of their potential customers.

Chapter 4

What are hotels trying to solve?



Lina Serpil Rotchadl

Senior Director of Global Connectivity and Distribution, Marriott International and HEDNA Board Member

“

All the big chains struggle with content parity across all the variety of different distribution channels that we have. And we all have the common goal of having cleaner, more accurate data and content and rates. We just have to work together to make it better.

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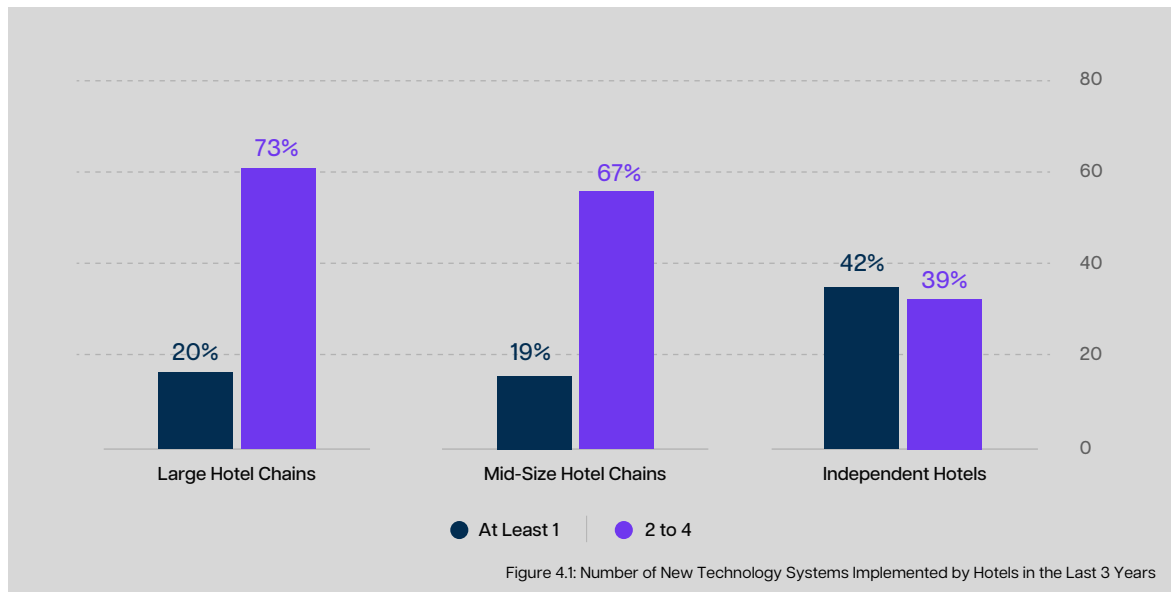
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Chapter 4

What are hotels trying to solve?

In the dynamic world of hospitality, technology investment reflects an industry in transformation. The commitment to upgrading technological infrastructure is evident in the increasing budgets and the adoption of new systems, with objectives that align with the core business needs of enhancing direct bookings, streamlining operations, and improving guest experiences.

4.1 Adoption of New Systems



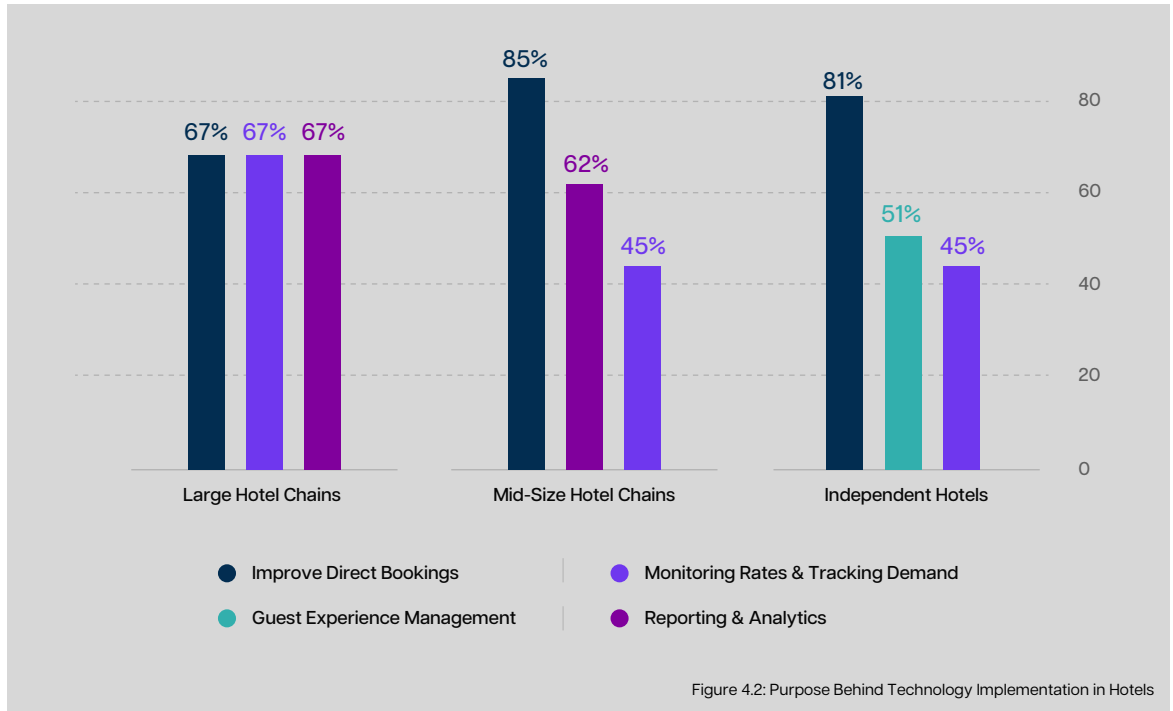
When it comes to implementing new systems, large chains have been the most active, with 73.3% adopting between two and four new technologies in the last three years. This high adoption rate reflects their need to maintain a competitive edge across global operations, consistently seeking innovations to optimize performance and guest service. Mid-size chains are not far behind, with 67% also implementing between two and four systems, pointing towards a strategic focus on enhancing capabilities and scaling operations effectively. Independent hotels show a diverse adoption pattern; 42% have adopted at least one new system, while 39% have implemented between two and four, demonstrating a focus on selective, impactful investments.

For large brands and mid-sized chains, the majority of technology investment is to reduce operational costs, streamline efficiencies and enhance guest experiences. Where it concerns investment in digital technologies, we also noticed an intent to solve for the labor challenges in the industry.

Independent hotels, on the other hand, have limited budgets and limited resources to implement new systems and hence have implemented much fewer systems.

4.2 Purposes Behind Technology Implementation

The objectives driving these investments further illuminate the strategic imperatives of different hotel categories.



Large International Hotel Chains

For Large and International hotel chains, tracking demand, analyzing brand reputation, and increasing repeat buyers through loyalty is a key priority and hence investment in analytics, customer intent technologies, and improving direct bookings takes the number one spot.

Mid-Size / Regional Hotel Chains

For mid-size chains, improving direct bookings takes precedence at 85.7%, emphasizing efforts to enhance profitability and customer relationships. This is followed by monitoring rates and demand, with a substantial 61.9% acknowledging its importance in revenue management.

Independent Hotels

Independent hotels with only one system implemented put all their energy into improving direct bookings. Guest experience management comes in a distant second, though we expect this to increase as it becomes more evident that this is a clear driver of direct bookings.

Key Takeaways

Across all groups, while the emphasis on improving direct bookings is clear, large chains are more evenly distributing their focus across multiple goals. Mid-size chains prioritize direct engagement with guests through technology, aiming for a strong presence in a competitive market. Independent hotels focus on technologies that yield immediate impacts on guest satisfaction and direct revenue generation.

These investment patterns and technological objectives indicate a common trajectory towards an increasingly digital and interconnected hospitality ecosystem. Each hotel category, while distinct in its approach, is converging on a shared goal: to harness technology to drive growth, efficiency, and a superior guest experience in the face of a rapidly evolving industry landscape.

At the same time, the investment patterns also indicate how mid-size and independent hotels have been notably conservative in their investments in reporting and analytics technologies. This underinvestment has significant operational implications, which are explored in the next chapter.

Chapter 5

What are hotel teams struggling with?



Fritz Müller

Senior Vice President & Head of Europe
RateGain

“

One surprising insight from the report is how much time hotels spend on reporting and analytics, averaging over two days per week. This is not an indication of inefficiencies on the part of hoteliers, but the challenge of disparate data sources that they need to deal with on daily basis.

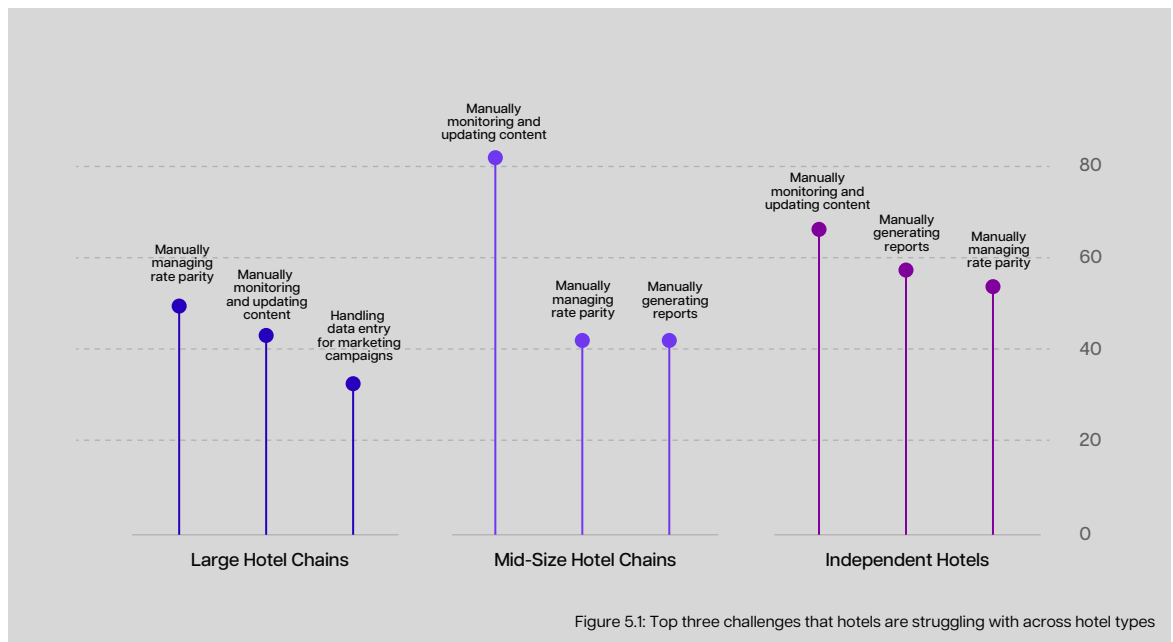
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Chapter 5

Where are hotel teams struggling?



In the previous chapter, we explored how mid-size and independent hotels have been notably conservative in their investments in reporting and analytics technologies. As observed here, approximately 50% of the two groups agree that manually generating reports continues to be a significant challenge they face. Without robust analytics tools, these hotels lack the capability to efficiently process data and extract actionable insights. This deficiency not only impacts day-to-day operations but also limits their ability to strategically adapt to rapidly changing market conditions.

One area where we see consistency across all groups as far as manual effort lies with content management across distribution channels. This task involves regularly updating hotel descriptions, photos, rates, and availability across various Online Travel Agencies (OTAs), direct booking platforms, demand generation partners and digital marketing channels.

There are enough proof points to suggest that content is critical for guests to decide their location for stay. Yet we see with current systems and investment priorities, content management ranked much lower due to the difficulty in justifying ROI on the effort and resources.

Why Content Management Is Labor-Intensive

- **Multiplicity of Platforms:** Hotels must manage their presence on numerous OTAs, each with its own interface and requirements for listing information. This fragmentation necessitates tailored approaches to content for each platform.
- **Dynamic Rates and Availability:** Keeping rates and availability updated in real-time across all platforms is crucial to avoid overbookings and ensure competitive pricing. This often involves manual adjustments to reflect changes in demand, special offers, and cancellations.
- **Quality and Consistency of Information:** Ensuring that all descriptions, images, and promotional materials are not only accurate but also appealing requires constant oversight. The quality of this content directly impacts booking decisions, necessitating a meticulous and hands-on approach.
- **Direct Communication with Guests:** Managing inquiries, reservations, and special requests from guests across these platforms often falls into this category as well, requiring personalized attention and responsiveness.

Implications for Each Group

- **Large International Hotel Chains:** Large International Chains often have dedicated teams for content management and employ sophisticated Content Management Systems (CMS) to streamline these tasks. Despite these resources, the sheer volume of content and the global nature of their operations make this a significant manual effort area.
- **Mid-Size / Regional Hotel Chains:** Mid-Size Chains face challenges in resource allocation for content management. They must balance the need for extensive distribution with the manual labor required to maintain their online presence, often leading to a focus on key platforms that deliver the most bookings and limiting their presence to a few select channels.
- **Independent Hotels:** Independent Hotels find content management particularly daunting due to limited staff and resources. The direct impact of their online presence on bookings makes this task critical, often requiring hotel owners or managers to personally ensure their property is accurately and attractively presented online.

Key Takeaways

In all cases, while technology and automation have made strides in aiding content management, the nuanced, dynamic nature of online distribution still demands considerable manual effort from hoteliers. The effectiveness of content management directly influences a hotel's ability to attract and retain guests, underscoring its critical importance despite being labor-intensive in nature.

Chapter 6

Where do hotels want to reduce effort?



Vanja Bogicevic

Clinical Associate Professor of Hospitality Marketing
NYU's Jonathan M. Tisch Center of Hospitality

“

Large hotel chains are focused on optimizing efforts to provide a consistent experience across all channels. Mid-size hotels, on the other hand, are increasing their efforts to drive direct bookings. And due to a lack of reliable reports and data, independent hotels are focusing more on identifying new channels.

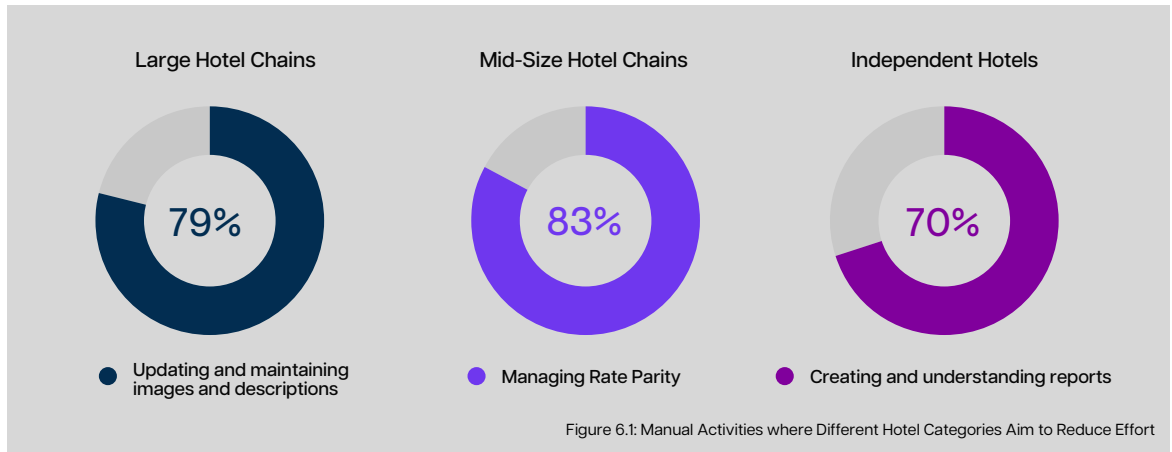
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Chapter 6

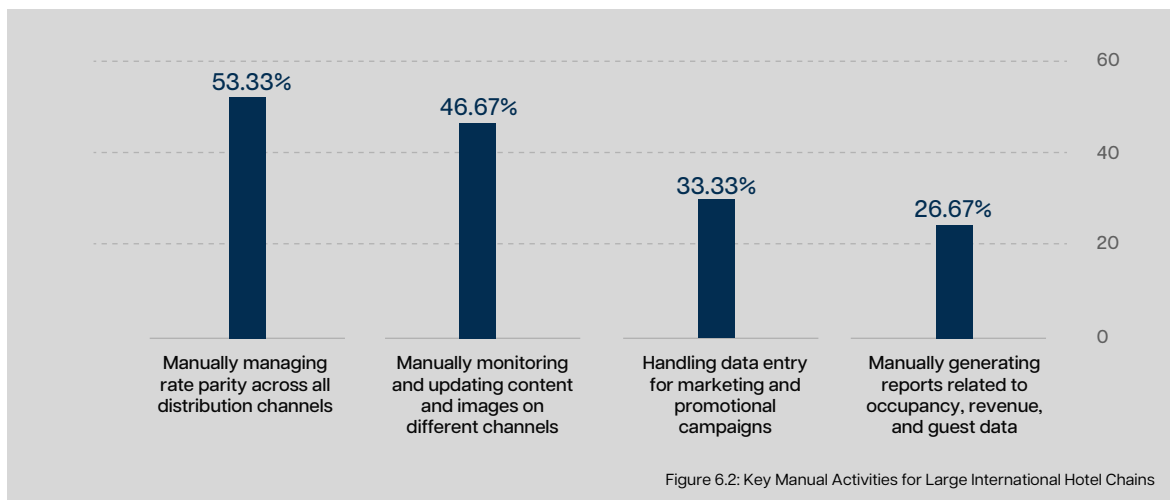
Where do hotels want to reduce effort?



The nuanced demands of distribution, marketing, and revenue management teams across the hospitality industry's diverse spectrum reveal a complex picture of manual activities, areas of increased effort, and a unified desire to streamline operations. Delving deeper into each group illustrates the specific challenges and aspirations driving their operational strategies.

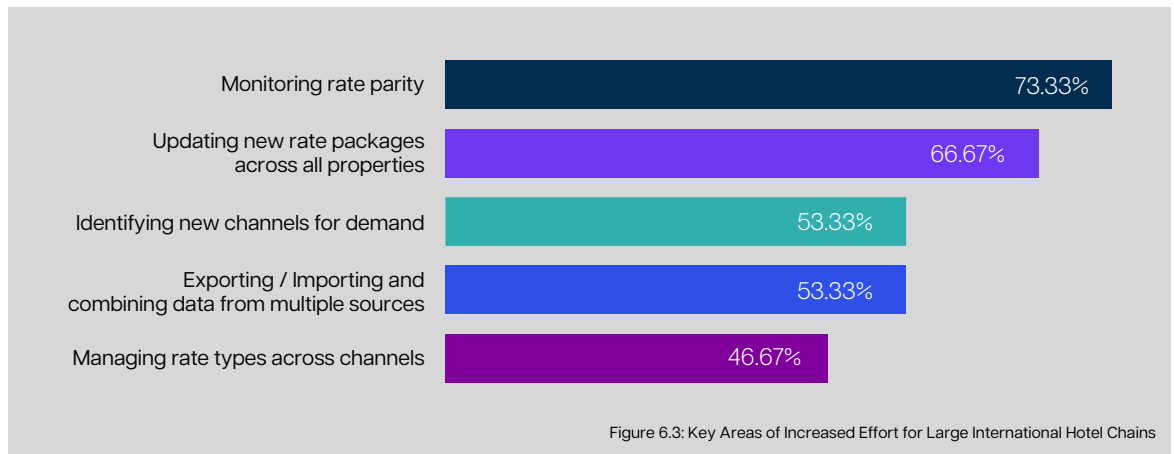
Large International Hotel Chains

1. Manual Activities



Teams in large international chains manage an extensive portfolio of properties across diverse markets, making manual tasks like rate and inventory management across multiple distribution channels particularly cumbersome. Additionally, customizing marketing campaigns to cater to various segments and analyzing big data for revenue management decisions are significant undertakings that require a sophisticated blend of manual insight and technological aid.

2. Areas of Increased Effort



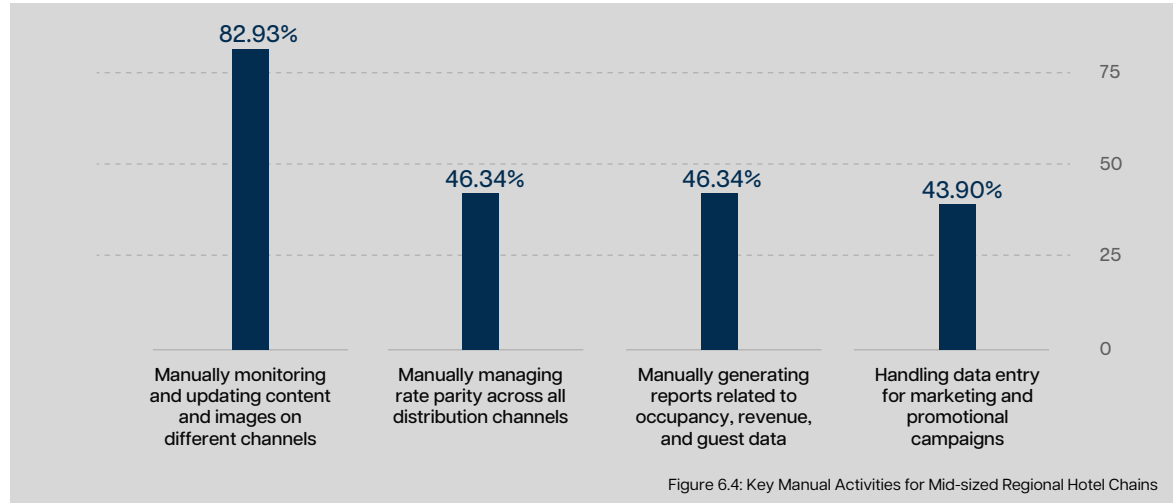
With the adoption of new technologies and expansion into new markets, there's a notable increase in efforts to integrate and manage data across systems globally. Efforts are also amplified in personalizing guest experiences at scale, requiring manual intervention to ensure the global brand's consistency and relevance in local contexts.

3. Desire to Reduce Effort

There's a strong inclination towards automating routine tasks like updating distribution channels and synthesizing data from various sources for more accurate forecasting and dynamic pricing. The goal is to free up time for strategic analysis and decision-making, leveraging artificial intelligence (AI) and machine learning (ML) to predict trends and personalize guest interactions without the need for constant manual input.

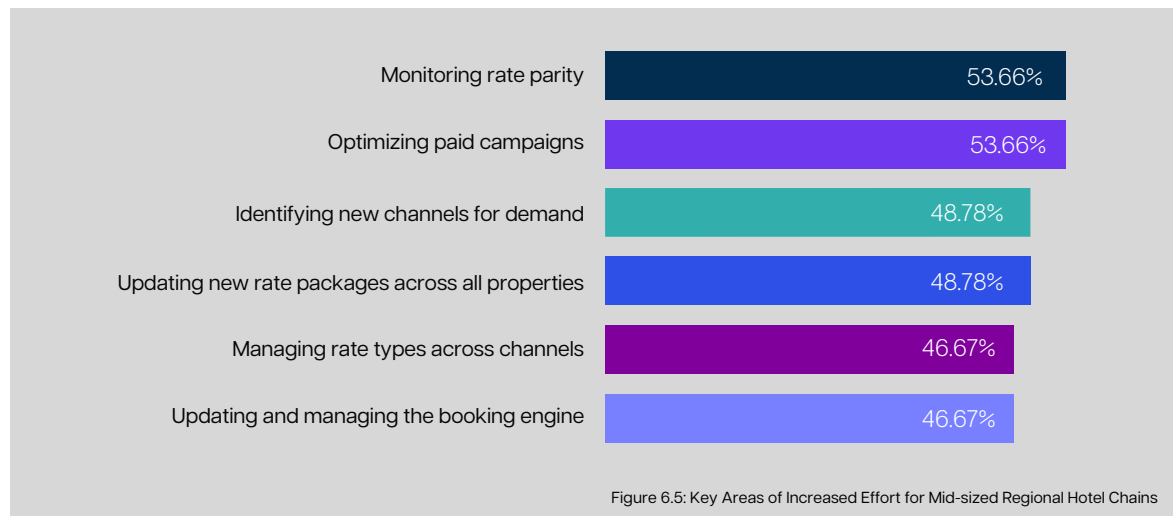
Mid-Size / Regional Hotel Chains

1. Manual Activities



Mid-size chains often find themselves manually managing a delicate balance between direct bookings and third-party distribution, striving for visibility while maintaining profitability. Efforts are heavily invested in executing targeted marketing strategies that resonate with a diverse customer base, often without the extensive resources available to larger counterparts.

2. Areas of Increased Effort



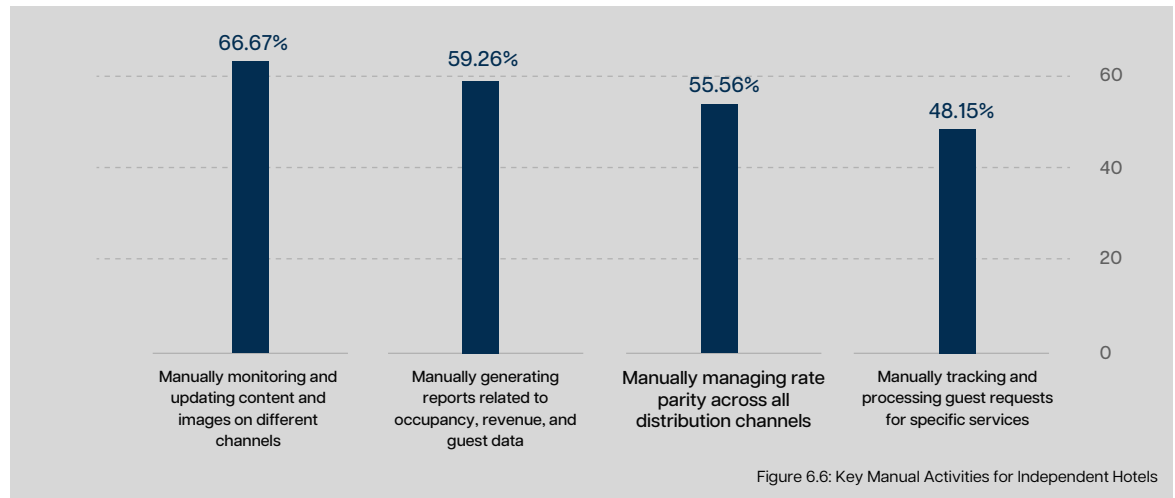
There's an uptick in manual labor devoted to exploring and implementing niche marketing platforms and loyalty programs designed to foster direct relationships with guests. Additionally, these chains increasingly engage in direct negotiations with OTAs and other distribution partners to secure favorable terms, a task that is both time-consuming and critical for maintaining competitive rates.

3. Desire to Reduce Effort

Mid-size chains are keen on adopting more integrated technology solutions that can streamline operations, from reservation systems that seamlessly update across all channels to marketing automation tools that can personalize guest communications efficiently. The focus is on solutions that offer scalability and flexibility, allowing teams to adapt quickly to market changes with minimal manual adjustment.

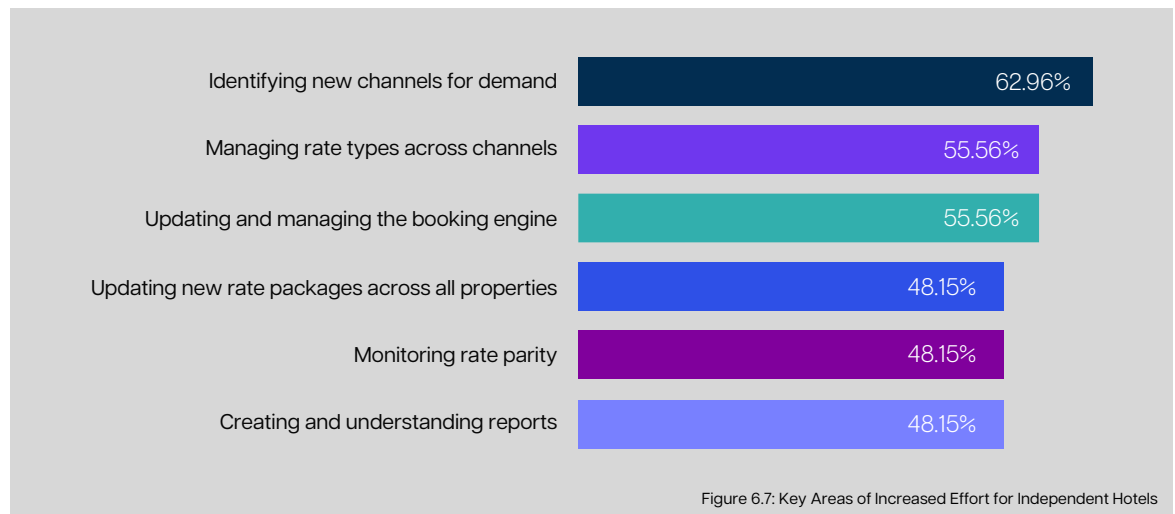
Independent Hotels

1. Manual Activities



For independent hotels, manual tasks often encompass a broader range of responsibilities, from the hands-on management of guest services and bookings to the direct handling of maintenance and upkeep. The personal touch that distinguishes these properties also translates into a considerable investment of time in crafting unique guest experiences and manually managing inventory and rates across a smaller set of distribution channels.

2. Areas of Increased Effort



Efforts are intensifying around building and maintaining a compelling online presence, with a significant amount of time dedicated to manually updating websites, social media platforms, and OTA listings. Independent hotels are also investing more manual labor into developing direct booking incentives and local partnerships to enhance guest experiences and drive loyalty.

3. Desire to Reduce Effort

There's a pronounced desire among independent hotels to leverage technology that can automate the most time-consuming tasks without compromising the quality of guest interactions. This includes simple yet effective PMS and CRM systems tailored to smaller operations, online booking engines that reduce reliance on manual reservation management, and basic data analytics tools to inform pricing and promotional strategies.

Key Takeaways

Across all groups, while the scale and specific challenges differ, the overarching theme is a push towards operational efficiency through technology—aiming to retain the human touch where it matters most while automating tasks that detract from strategic focus and guest engagement. This balance is crucial in an industry where the quality of personal interactions remains a cornerstone of success.

Chapter 7

Reinventing teams and talent in hotels



Chris Murdock

Director, Distribution System Support & Strategy
NCA at Accor and HEDNA President

“

The majority of hotels are adding more technologies. However, they are not increasing the headcount across the distribution teams that will be managing these technologies. This indicates that existing resources from other teams will be given extra responsibilities to manage these technologies. As a result, the business unit itself is beginning to merge with others.

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Chapter 7

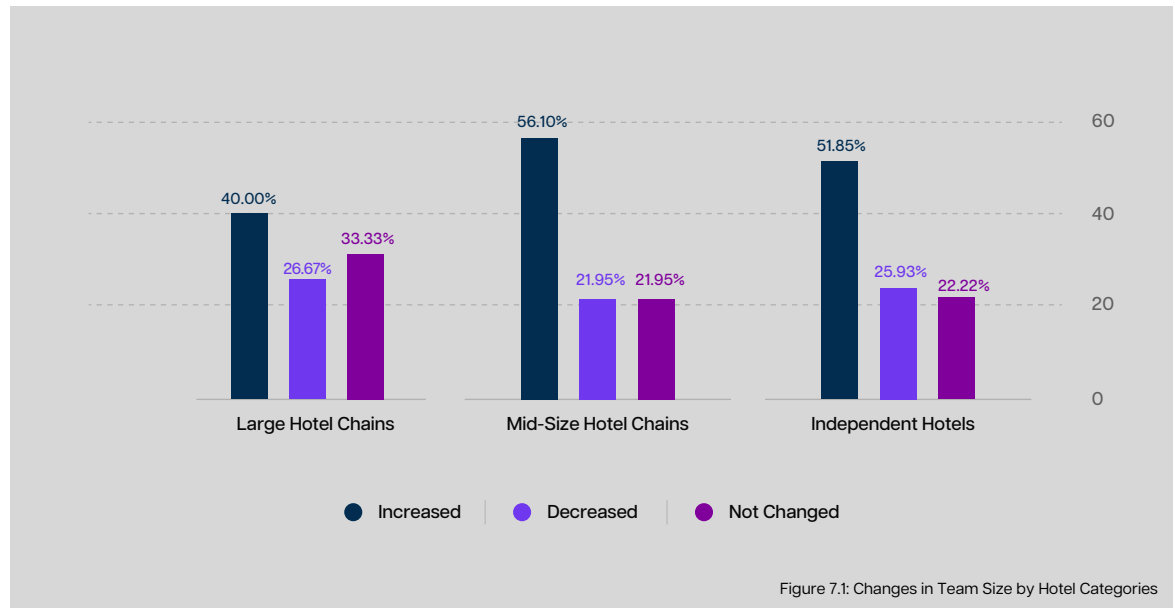
Reinventing teams and talent in hotels

In an industry as dynamic and guest centric as hospitality, the evolution of organizational structures, training practices, and talent acquisition strategies is not just inevitable but essential. The past few years have seen the hotel industry navigate through some of the most transformative periods in its history, spurred by rapid technological advancements, shifting consumer expectations, and unprecedented economic challenges.

This chapter delves into how these forces have reshaped team sizes, driven organizational changes, and refocused the priorities in training and new talent investment across various hotel categories—from quaint independent hotels to expansive global chains. Each section aims to provide insights into the adaptive strategies that are setting the foundations for future success and sustainability in the hospitality industry.

7.1 Changes in Team Size

The hospitality industry has seen a dynamic shift in team sizes, influenced by technological integration, economic variability, and changing guest needs. This section effectively summarizes these trends:



Large International Hotel Chains

Large chains have the most resources and have multiple automation systems in place. As a result, they saw the lowest increase in team size as some manual operations have been reduced through automation. That being said, there continues to be an increasing need for teams that can manage digital operations, update content & images across different channels, and monitor rate parity across global markets. Team sizes are expected to fluctuate, potentially expanding in strategic areas that align with global brand standards and technological advancements. The focus will likely remain on enhancing digital capabilities and guest experience, requiring specialized skills that may not have been as pivotal in the past. There is also an increased focus on and awareness of commercial skill sets across all teams, specifically in the areas of contract negotiations, business development, and P&L management.

Mid-Size / Regional Hotel Chains

These chains exhibit a variety of responses depending on their market positioning and operational strategies. Many have turned to technology to maintain or slightly reduce team sizes while expanding their reach. Mid-sized chains have seen a significant increase in team size, driven by the need to increase effort in:

- **Monitoring and updating content and images across different channels**
- **Monitoring rate parity**
- **Optimizing paid campaigns**
- **Generating reports related to occupancy, revenue, and guest data**
- **Commercial skills and analyzing profitability**

It is likely that mid-size chains will continue to refine their team compositions, possibly increasing sizes in strategic areas, such as digital marketing and guest analytics to better compete with both larger chains and agile independents.

Independent Hotels

Independent hotels typically operate with smaller, more impactful teams. Each member's role is significant, often requiring a wide range of skills to handle multiple aspects of operations. Throughout the recent years, especially post-pandemic, there has been a cautious increase in team sizes at independent hotels. What has driven this increase is the increasing effort of hotel teams in:

- **Identifying new demand channels**
- **Updating new rate packages across all properties**
- **Monitoring rate parity**
- **Creating and understanding reports**

The trend suggests that independent hotels will continue to moderately increase team sizes, especially in roles directly impacting guest acquisition and brand reputation, provided the financial health of the property supports this expansion.

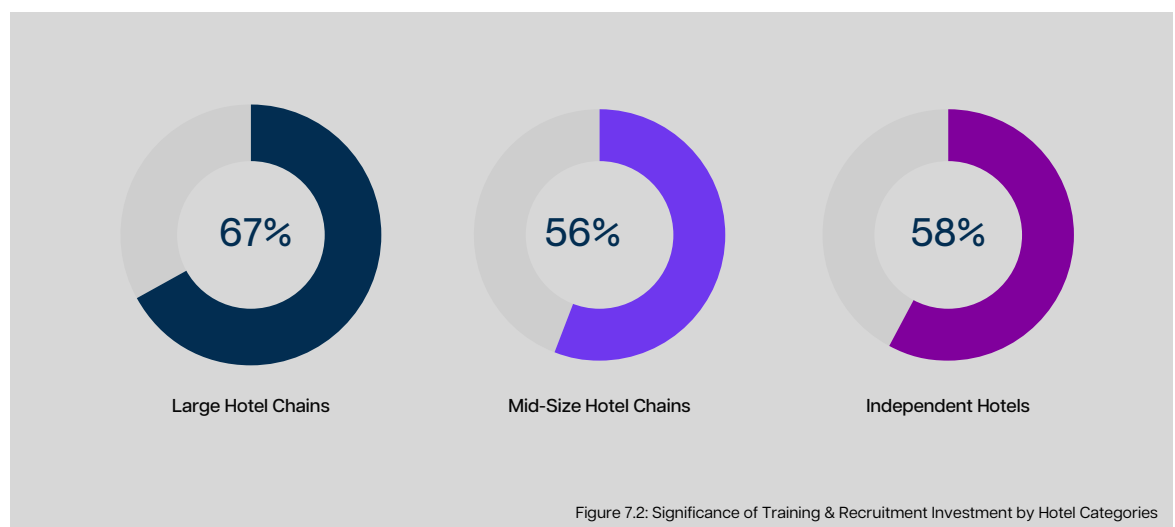
Key Takeaways

While there is some variability in team size changes, achieving a balance between automation and manual effort to streamline team productivity is a priority across all groups.. There is also a growing trend towards enhanced commercial skills across all teams directly involved in distribution and knowledge of partner relations and profitability are critical. When asked to describe any significant re-organizational or restructuring efforts that have taken place post pandemic, some of following themes emerged:

- Brought some or all marketing in house, added marketing responsibilities to other teams
- More centralized efforts
- Created Commercial Strategy Department – combining sales, marketing , revenue and distribution
- Reduce overhead and rely more on technology

7.2 Investing in Team Training and Improving Productivity

Continuous investment in sourcing technology talent and training is crucial for enhancing team productivity and maintaining a competitive edge. This focus on training varies significantly across different hotel types, reflecting their unique operational needs and strategic priorities. Below, we explore how large chains, mid-size, and independent hotels are prioritizing training and recruitment investment in their teams.



Large International Hotel Chains

For large international hotel chains, training and recruitment is a strategic investment aimed at maximizing the utility and effectiveness of their extensive technological infrastructure. Given their complex operations and the diverse technologies employed across multiple locations, these chains place a strong emphasis on ensuring that all team members are proficient in the latest technological tools. Training programs in these chains are often comprehensive, covering everything from basic software usage to advanced analytics and customer relationship management systems. The goal is to ensure that the technology drives operational efficiency and enhances the guest experience at every touchpoint, thereby directly impacting productivity and profitability.

Mid-Size / Regional Hotels

Mid-size hotel chains, which often operate at a scale that necessitates both flexibility and efficiency, prioritize training to improve productivity and ensure consistent service quality across their properties. Training in these chains typically focuses on achieving a high ROI by enhancing staff's ability to use existing technology effectively. This includes mastering rate management systems, property management systems, and booking engines that are crucial for daily operations. Mid-size chains might not have as extensive training programs as larger chains but focus on targeted training that aligns with their strategic objectives, such as improving direct booking rates or enhancing guest personalization.

Independent Hotels

Independent hotels place training high on their priority list as a means to compete more effectively with larger chains and to optimize their limited resources. The focus here is often on maximizing the effectiveness of fewer, more critical systems such as PMS, CRS, and direct booking platforms. Training tends to be more hands-on and directly tied to day-to-day operational needs, aiming to quickly boost productivity and enable staff to handle multiple functions with greater efficiency. Independent hotels may also focus on training programs that help staff better utilize digital marketing tools, as direct bookings are often a major revenue source that requires ongoing optimization.

Key Takeaways

Across all hotel types, investing in technology training is recognized as a key strategy for improving productivity. Each segment of the hospitality industry tailors its training programs according to its specific operational needs and strategic goals. Large chains focus on comprehensive training across a broad range of technologies, mid-size chains aim for high-impact training that enhances ROI, and independent hotels concentrate on maximizing the utility of critical systems. This targeted approach not only helps in improving operational efficiencies but also ensures that all staff members are well-equipped to meet the challenges of a technology-driven market, ultimately leading to improved guest satisfaction and business success. Most, if not all, survey respondents indicated the following in their survey responses:

- A majority of respondents stated that: "Hiring Talent that Can Deliver Strong ROI with Existing Technology" is either very important or important
- A majority of respondents stated that: "Investing in Technology Trainings to Increase Team Productivity" is either very important or important

Chapter 8

Addressing the growing distance between hoteliers and guests

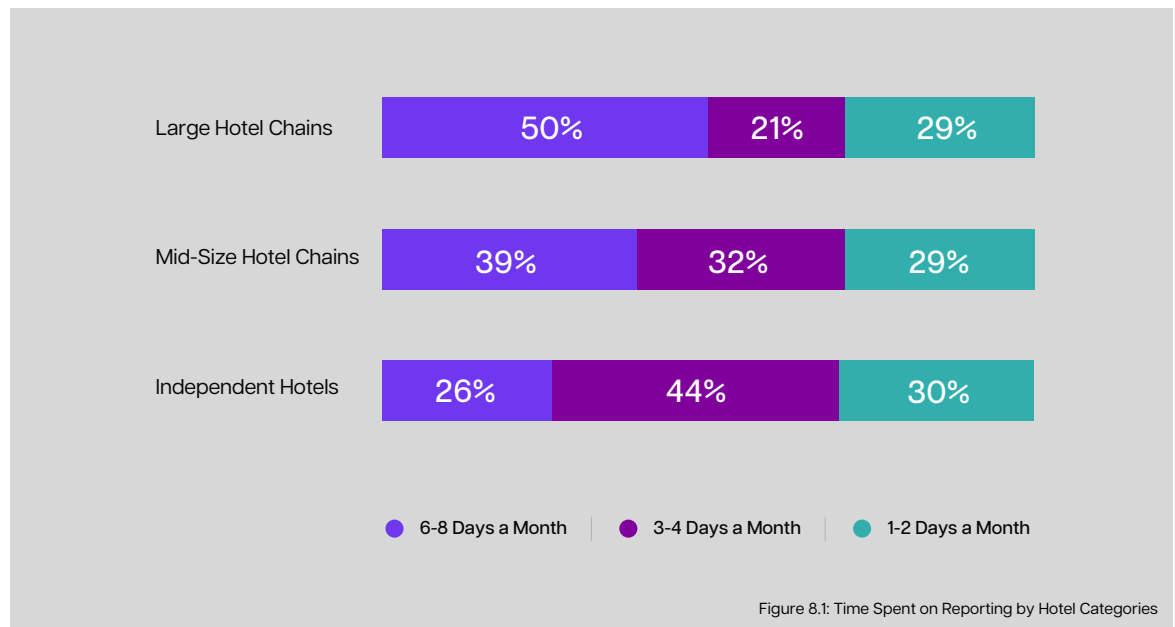
Chapter 8

Addressing the growing distance between hoteliers and guests

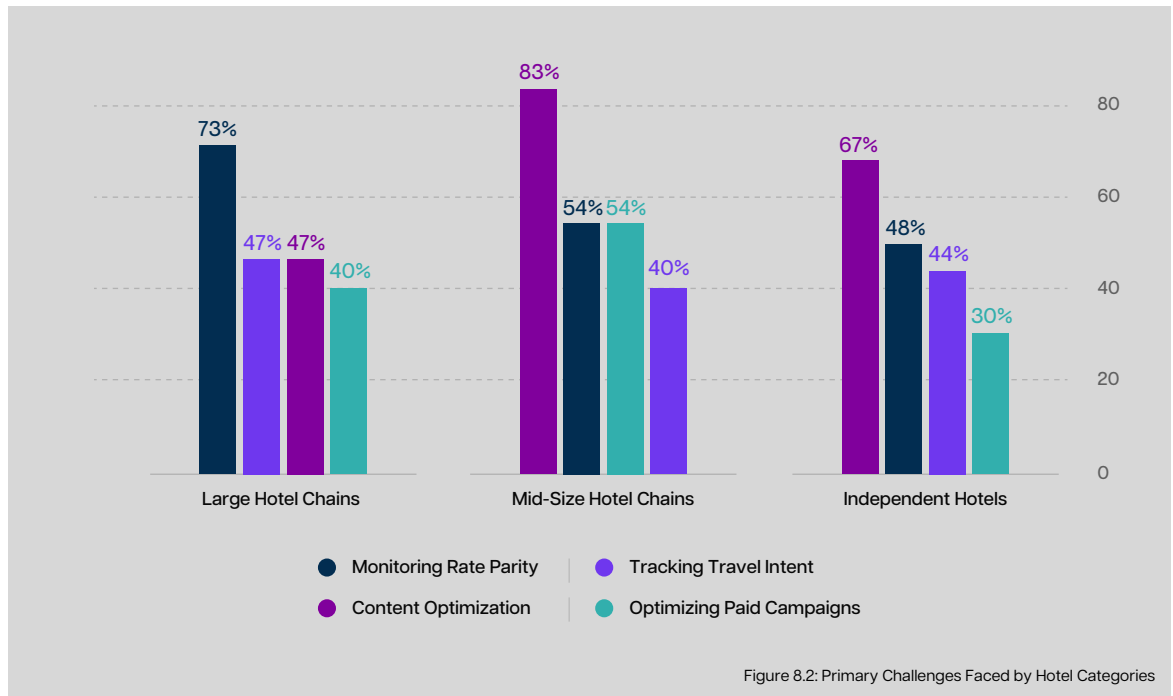
The hospitality industry faces a relentless pace of technological evolution and shifting consumer behaviors, creating complex challenges for hoteliers. As technology continues to advance, the gap between hoteliers and their guests can widen, affected by an inability to fully leverage new tools that bridge this divide. This chapter explores key operational challenges that exacerbate this gap, examining how hoteliers respond to these issues and the implications for guest relations.

8.1 Extensive Time Spent on Reporting

Hoteliers aim to dedicate their efforts towards strategizing for optimal guest experiences. However, they find themselves spending approximately 25% of their time on reporting activities.



The substantial time commitment to generating reports underscores a broader issue within the industry—hotels are heavily invested in solving reporting and analytics challenges through technology. Despite these efforts, adoption rates remain low, with only about 20% of independent and 30% of mid-scale hotels investing in analytics tools. Furthermore, approximately 50% of hotels still lack Customer Relationship Management (CRM) systems, hindering their ability to efficiently process and utilize guest data.



8.2 Difficulty in Tracking Travel Intent

A fundamental marketing challenge for hotels is accurately tracking the travel intent of customers, with as many of 50% hotels across the board finding it extremely difficult to track user intent and demand. Currently, about 84% of hoteliers depend primarily on website and social media analytics to gauge demand and guest intent. This reliance indicates a significant gap in capturing a comprehensive view of potential guest behaviors and preferences, limiting the ability to tailor marketing strategies effectively.

8.3 Challenges in Optimizing Paid Campaigns

Optimizing paid advertising campaigns is a significant pain point for the industry. Specifically, 54% of mid-size hotels express a desire to reduce the substantial manual effort involved in campaign optimization. This issue reflects broader difficulties in managing and refining marketing investments to ensure maximum impact and efficiency.

8.4 Inefficiencies in Content Optimization

Optimizing paid advertising campaigns is a significant pain point for the industry. Specifically, 54% of mid-size hotels express a desire to reduce the substantial manual effort involved in campaign optimization. This issue reflects broader difficulties in managing and refining marketing investments to ensure maximum impact and efficiency.

8.5 Increased Effort in Monitoring Rate Parity

The most significant increase in manual effort for hotels has been in monitoring rate parity. Ensuring consistent pricing across all distribution channels remains a critical, yet labor-intensive, activity. This task is paramount in maintaining brand integrity and competitiveness but requires substantial manual oversight, further stretching hotel resources.

Key Takeaways

The technological challenges detailed in this chapter highlight critical areas where the hospitality industry continues to struggle, impacting the overall guest experience and the role accurate content plays in optimizing ad campaign efficiencies. Addressing these issues can not only help bridge the growing gap between hoteliers and their guests, leading to improved satisfaction and loyalty but also to reduced costs.

Strategic directions for tomorrow's hoteliers

Strategic directions for tomorrow's hoteliers

The "State of Distribution" report illuminates the evolving dynamics of hotel distribution in an era where technology, consumer behavior, and global trends converge to reshape the landscape. Our comprehensive analysis reveals critical insights, that not only describe the current state of the industry but also guide strategic decisions for future resilience and growth. Here, we encapsulate the pivotal findings and their implications for hoteliers worldwide:

Strategic Technology Deployment and Streamlining Reporting Efforts

A clear trend across the hospitality sector is the strategic allocation of resources towards enhancing reporting and analytics capabilities. This commitment to optimizing operational efficiency is driven by the need to manage the significant time hotels spend on reporting tasks—often two full days per week. This focus underscores the industry's pursuit of data-driven insights to refine distribution strategies, enhance market competitiveness, and alleviate manual burdens through streamlined, integrated reporting solutions.

The Imperative of Automation: Transforming Distribution Dynamics

A critical revelation surfaces regarding the prevalence of manual efforts in pivotal distribution functions. From rate parity management to campaign optimization, the reliance on labor-intensive processes signals an urgent need for technological innovation and automation. The industry beckons for solutions poised to revolutionize efficiency and efficacy in distribution endeavors.

Tailoring Solutions to Suit: Deciphering Adoption Priorities

Discerning the nuanced preferences of hotels based on their size is instrumental in crafting bespoke technological solutions. While larger chains prioritize ease of implementation, mid-sized counterparts accentuate scalability and stability. Conversely, independent hotels gravitate towards solutions demonstrating clear returns on investment. Aligning solutions with these distinct priorities ensures resonance and efficacy across diverse segments of the industry.

Nurturing Expertise: Elevating Human Capital in Distribution Dynamics

Beyond technological investments, the emphasis on talent acquisition resonates as a universal priority across the hotel industry. Recognizing the indispensable role of skilled personnel in navigating the evolving distribution landscape underscores the symbiotic relationship between technological innovation and human expertise.

Pioneering Efficiency: Embracing Automation in Distribution Endeavors

A resounding consensus permeates all echelons of the hotel industry: the yearning for reduced manual effort in distribution endeavors. This collective aspiration heralds a burgeoning demand for automated and integrated solutions poised to streamline operations and liberate personnel to pursue strategic initiatives with renewed vigor.

The insights, gleaned from our comprehensive analysis, paint a vivid picture of the evolving landscape of hotel distribution. As technology continues to redefine industry norms and consumer behaviors shift, the imperative for hotels to adapt and innovate has never been more pressing. By strategically prioritizing technological investments, streamlining reporting tasks, embracing automation, and nurturing talent, hoteliers can chart a course towards resilience and growth in an ever-changing market.

These insights serve not only as a reflection of the current state of the industry, but also as a guiding beacon illuminating pathways towards future success and sustainability.

Table of figures

Figure 0.1	Distribution of Respondents by Region
Figure 0.2	Distribution of Respondents by Job Title
Figure 0.3	Distribution of Respondents by Hotel Size
Figure 1.1	Percentage Distribution of Bookings among Different Channels
Figure 1.2	Percentage Distribution of Bookings among Different Channels in Large International Hotel Chains
Figure 1.3	Percentage Distribution of Bookings among Different Channels in Mid-sized Regional Hotel Chains
Figure 1.4	Percentage Distribution of Bookings among Different Channels in Independent Hotels
Figure 2.1	Percentage of hotels that use specific hotel technologies
Figure 2.2	Percentage of large international hotel chains that use specific hotel technologies
Figure 2.3	Percentage of mid-sized regional hotel chains that use specific hotel technologies
Figure 2.4	Percentage of independent hotels that use specific hotel technologies
Figure 3.1	Ranking Key Factors Influencing Hotel Technology Decisions in Large International Hotel Chains
Figure 3.2	Ranking Key Factors Influencing Hotel Technology Decisions in Mid-sized Regional Hotel Chains
Figure 3.3	Ranking Key Factors Influencing Hotel Technology Decisions in Independent Hotels
Figure 4.1	Number of New Technology Systems Implemented by Hotels in the Last 3 Years
Figure 4.2	Purpose Behind Technology Implementation in Hotels
Figure 5.1	Top three challenges that hotels are struggling with across hotel types
Figure 6.1	Manual Activities where Different Hotel Categories Aim to Reduce Effort
Figure 6.2	Key Manual Activities for Large International Hotel Chains
Figure 6.3	Key Areas of Increased Effort for Large International Hotel Chains
Figure 6.4	Key Manual Activities for Mid-sized Regional Hotel Chains
Figure 6.5	Key Areas of Increased Effort for Mid-sized Regional Hotel Chains
Figure 6.6	Key Manual Activities for Independent Hotels
Figure 6.7	Key Areas of Increased Effort for Independent Hotels
Figure 7.1	Changes in Team Size by Hotel Categories
Figure 7.2	Significance of Training & Recruitment Investment by Hotel Categories
Figure 8.1	Time Spent on Reporting by Hotel Categories
Figure 8.2	Primary Challenges Faced by Hotel Categories

Key contributors

Written by:



Vanja Bogicevic

Clinical Associate Professor,
Director of HI Hub Experiential Learning Lab,
Jonathan M. Tisch Center of Hospitality
NYU School of Professional Studies

Vanja Bogicevic, Ph.D., is a Clinical Associate Professor of hospitality marketing at the NYU SPS Jonathan M. Tisch Center of Hospitality and the director of the Hospitality Innovation Hub Experiential Learning Lab. Her research explores the role of design, technologies, and labor issues in hospitality and tourism. Her academic work has been featured in peer-reviewed publications, including the *Journal of Business Research*, *Tourism Management*, the *International Journal of Hospitality Management*, as well as in the popular media. She collaborates with hospitality companies and consulting agencies, including Boston Consulting Group, PwC, Hyatt, Stayntouch, and others on projects investigating digital transformation, emerging technologies, labor issues, responses to macroeconomic changes in hospitality and travel, and the needs of niche consumer segments. Previously, Dr. Bogicevic worked at The Ohio State University, and as a design consultant and architect.

With contributions from: Jason Shames and HEDNA's Executive Leadership.



Jason D Shames

Adjunct Instructor,
Jonathan M. Tisch Center of Hospitality
NYU School of Professional Studies

Jason Shames brings over 13 years of expertise in hospitality technology and distribution, having led the development of multiple award-winning products. He is a professor at NYU, where he teaches Hotel Distribution and Demand Management. As the Founder and CEO of Skipper, a hospitality booking engine, Jason oversees product and business development, creating solutions to enhance guest experiences and profitability for hotel owners. Previously, he managed technology and digital distribution for Ace Hotels, served as President and COO of Butler Hospitality, and founded Jetaport. Jason is an honors graduate of Tulane University.

HEDNA Contributors:

HEDNA is led by a thirteen member volunteer Board of Directors comprising seven hoteliers and six technology solution providers. The board is focused on the association's mission to empower hoteliers with best practices in electronic distribution. Chris Murdock, HEDNA's President, has guided Board contributions and input to this report. Visit: <https://www.hedna.org/who-we-are/> to view the board roster.

**THE STATE OF
DISTRIBUTION**
2024

