



The Power of Internet Distribution Systems (IDS)

Results of an Online Survey on Hotel Distribution in Germany, Austria and Switzerland for 2011

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- **IDS (Internet Distribution Systems)**
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Glossary of the Used Terms and Abbreviations

CRS	Central Reservation System
D-A-CH	Germany, Austria and Switzerland
DMO	Destination Management Organisation
DMS	Destination Management Systems such as TOMAS or Deskline from Feratel
GDS	Global Distribution Systems (e.g. Amadeus or Sabre)
hs	hotelleriesuisse (Swiss Hotel Association)
HRS	Hotel Reservation Service (http://www.hrs.de/)
IDS	Internet Distribution System (online booking platforms)
IHA	German Hotel Association
LT	Supplier
LTO	Local Tourism Organisation
NTO	National Tourism Organisation
OTA	Online Travel Agency
ÖHV	Austrian Hotel Association
PMS	Property Management System (hotel software, Front Office System)
RTO	Regional Tourism Organisation (e.g. Valais Tourism)
SEM	Search Engine Marketing (e.g. Google Adwords)
SEO	Search Engine Optimisation
STC	Switzerland Travel Centre (national booking system in Switzerland)

Executive Summary : Direct Distribution still Important

- **Direct bookings** (telephone, fax, walk-ins, e-mail, Web form) without intermediaries are still the dominant channels for the hotels in Germany, Austria and Switzerland, even though their proportion in the distribution mix is steadily decreasing since a couple of years.
 - In 2011, 67% of the bookings in Switzerland, 68% in Germany and 71% in Austria were generated via direct sales channels.
- **Traditional booking** channels as telephone, letter or fax, as well as sales through **tourism partners** (travel agencies, tourism boards) are declining. The losses through these channels have been more than 30% over the last 10 years.

Executive Summary: Growing Shares of Electronic Distribution Channels

- Overall more than **one out of four bookings** is generated through **online channels**. Internet Distribution Systems (IDS/OTA) are clearly dominant (D-A-CH: 18.9%, D: 20.8%, A: 12.6%, CH: 16.4%) in this context.
- The proportion of **real-time bookings** on the own website of the hotel only reaches 5.5% (individual hotels in Germany: 4.9%, hotel chains in Germany: up to 8.2%).

Executive Summary : The Power of Internet Distribution Systems (I)

- **One out of four enterprises** in our study generates **more than 30% of all sales through IDS**. 18% of the hotels show a proportion of IDS in the distribution mix between 20 and 30% which underlines the importance of these portals as well as the dependence of many hotels on these players.
- According to our extrapolations, **online booking channels** (GDS, IDS/OTA, real-time booking on hotel website, CRS) generated a turnover of 7.6 Billion Euros in the three countries.
- The total amount of **commissions paid to intermediaries** by the hotels totals almost 1.3 Billion Euros. Just under **800 Million Euros were spent for commission to the online channels**.
- With **estimated 594 Million Euros**, most of the commission payments have gone to **IDS** such as HRS, hotel.de or booking.com.

Executive Summary : The Power of Internet Distribution Systems (II)

- **Booking.com, Hotel Reservation Service (HRS) and hotel.de** are the most frequently used IDS in Germany, Austria and Switzerland.
- **Booking.com** with 43% in **Austria** and 53% in **Switzerland** is the dominant platform in these countries.
- In **Germany**, **HRS** with a market share of 34.4% is the clear leader. If you add the booking shares of hotel.de (15.8.5%) and Tiscover (0.4%) to it, HRS reaches 50.6% of the bookings realized through online booking channels in Germany, followed by booking.com with 28.5%.
- **Expedia** is another significant player, especially for business hotels, for 4-5 star hotels and for hotel chains.

Executive Summary: Distribution Trends

- One out of five hotels use **deal offers** such as DailyDeal or Groupon today, amongst them especially big hotels, 5 star hotels and hotel chains.
- About 30% of the questioned hoteliers use a **channel manager** in order to update the availabilities in the multiple distribution channels. However, more than 60% of the enterprises still update rates and availabilities manually in the different channels. The remaining hotels use their hotel software respectively reservation systems or cooperate with agencies.
- Just under one third of the enterprises make use **mobile forms of distribution**, more frequently in the form of a website adapted to mobile internet, rather than a specific app.
- The hotels investing in these new possibilities of distribution are especially 4-5 star hotels, hotel chains and big hotels.

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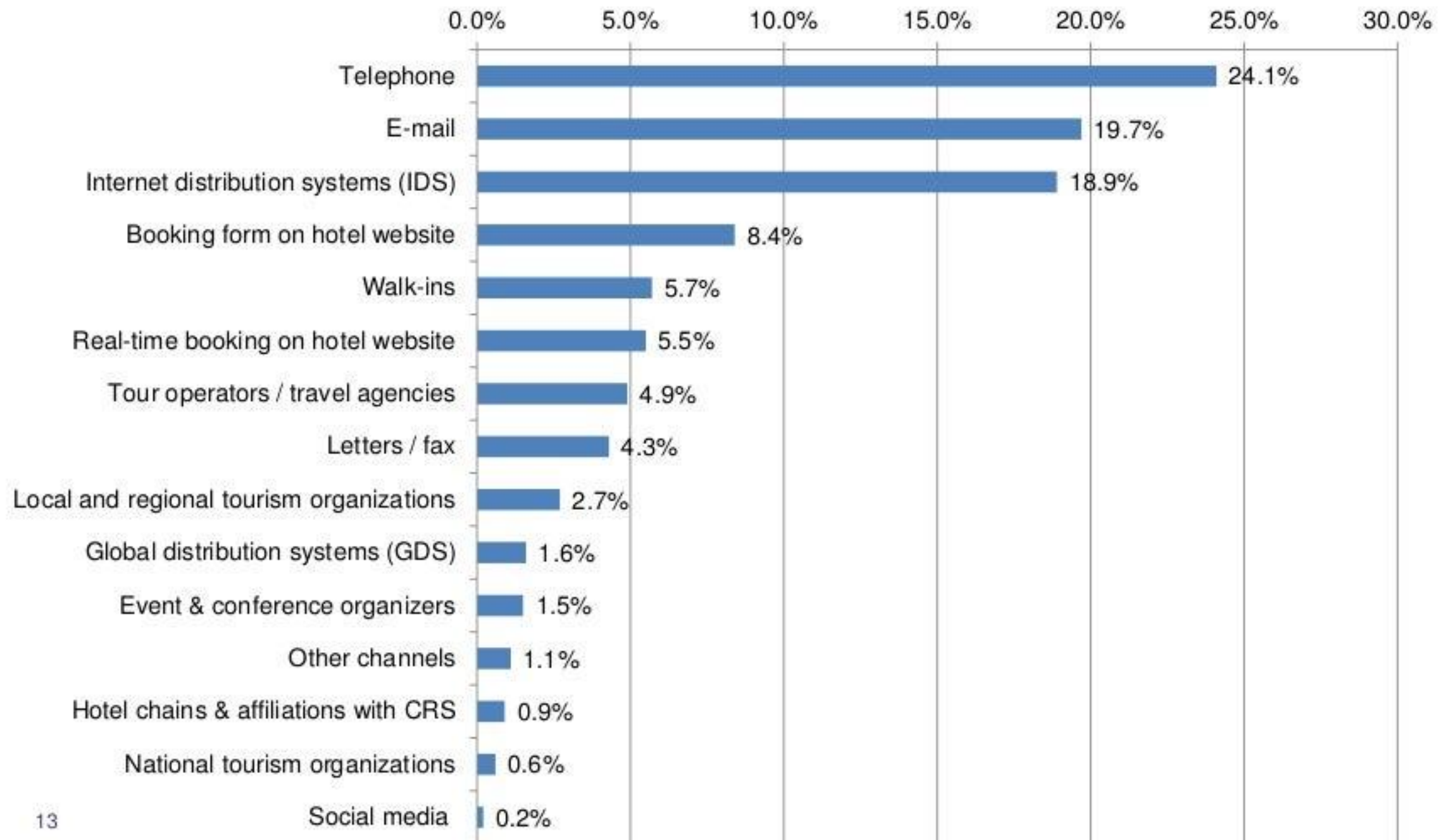
- To get an insight into the distribution trends in the hospitality sector on an European level, the **German Hotel Association** (IHA), the **Austrian Hotel Association** (ÖHV) and the **Swiss Hotel Association** (hotelleriesuisse) in collaboration with the **Institute of Tourism of the University of Applied Sciences Western Switzerland Valais** (HES-SO Valais) in Sierre have teamed up to conduct a common survey.
- The online survey for the reference year 2011 was conducted between December 2011 and January 2012, terminated on 18 January. Because of the importance of the hotel chains in Germany a separate survey was conducted (responses of 28 chains involving more than 400 hotels).
- The present results are based on the responses of 1406 hotels in Germany, Austria and Switzerland (**D-A-CH**), which corresponds to a response rate of about 10% (9.7% in Austria, 10% in Switzerland and 12.8% in Germany).

Survey Details

	Switzerland	Austria	Germany	Total
Response survey	201	119	<ul style="list-style-type: none"> - 686 individual hotels - 28 hotel chains with at least 400 hotels <p>-> that means responses from a minimum of 1086 hotels</p>	1406
Population	2035	1216	About 8.500 hotels participating in the German Hotel Classification and IHA members	
Response rate	10%	9.7%	12.8%	

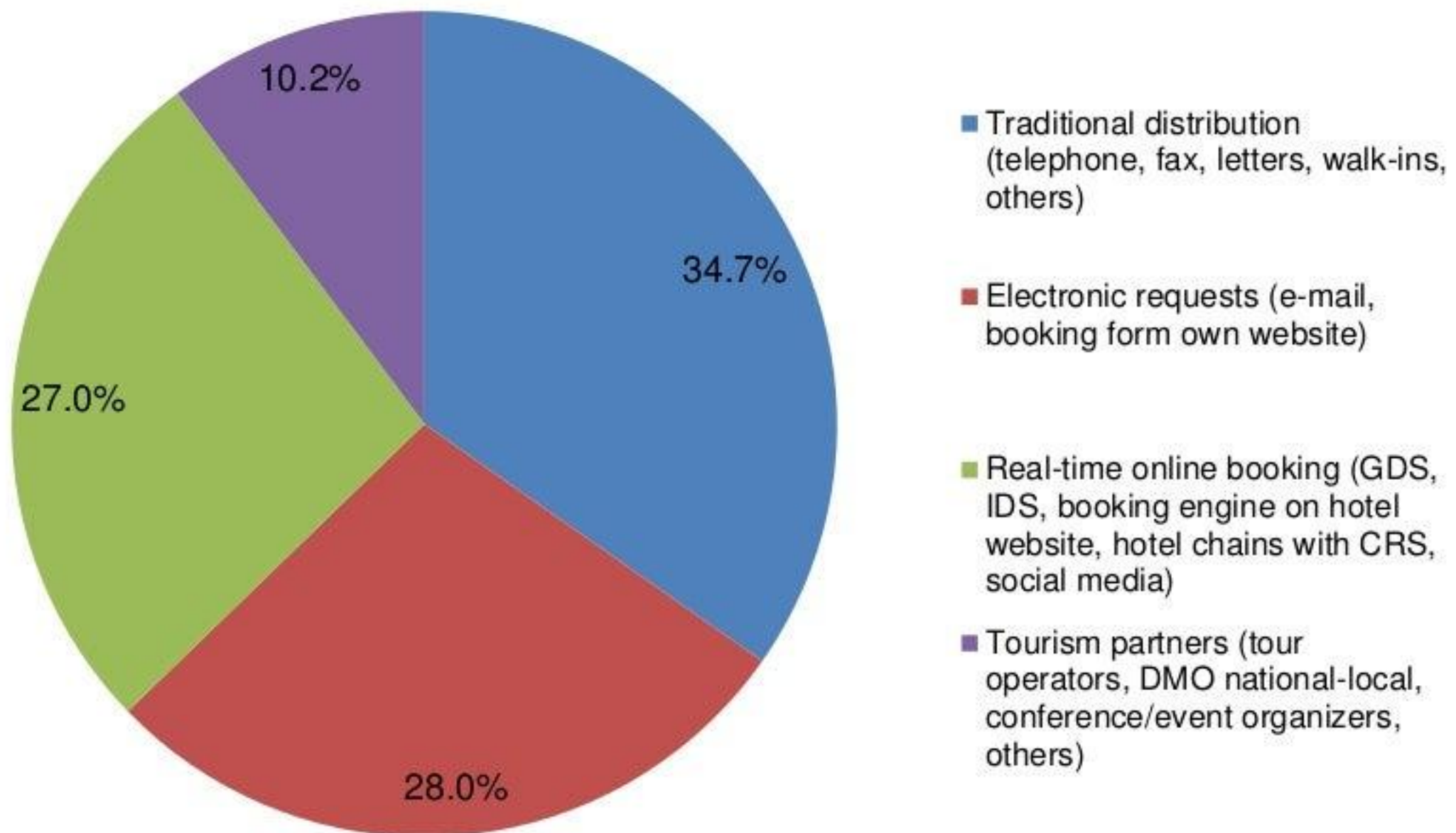
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Booking Channels (D-A-CH)

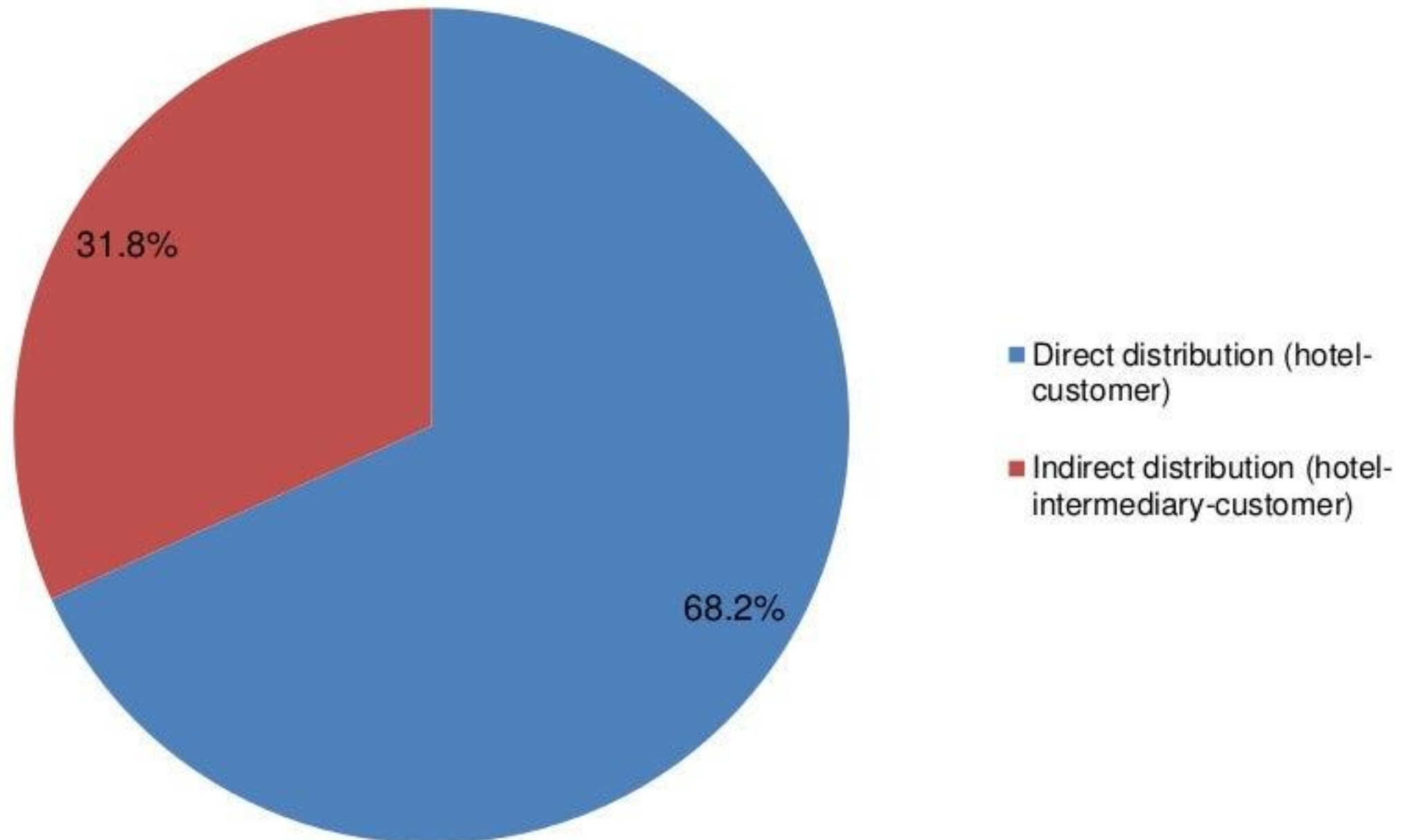


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Aggregated Booking Channels (D-A-CH)



Direct versus Indirect Booking (D-A-CH)



Booking Types in 2011 (D-A-CH)

Personal (walk-ins, others, subdivided)	6.3%
Written (fax, letters, e-mails, booking form on website)	32.4%
By phone (telephone, Call Centre)	24.1%
Electronic (IDS, real-time bookings on website, GDS, CRS, social media)	27.1%
Tourism partners (tour operators, travel agencies, tourism organisations, conference & event organizers, others subdivided)	10.3%

Profiling of Booking Channels by Enterprise Characteristics (1)

- The **traditional direct distribution channels** (telephone, letter, etc.) are considerably less important in hotel chains and in the classical leisure hotels than in small, urban hotels which address business travellers.
- **Real-time bookings on the own hotel website** are noticeably more frequent in urban hotels and hotel chains than in other hotel types.
- **Online sales (IDS/OTA, GDS)** are clearly more important in urban and in business hotels than in leisure hotels. It is interesting to observe, that for big 4-5 stars hotels the IDS/OTA have comparably low market shares, simultaneously the bookings generated through GDS are above-average though.

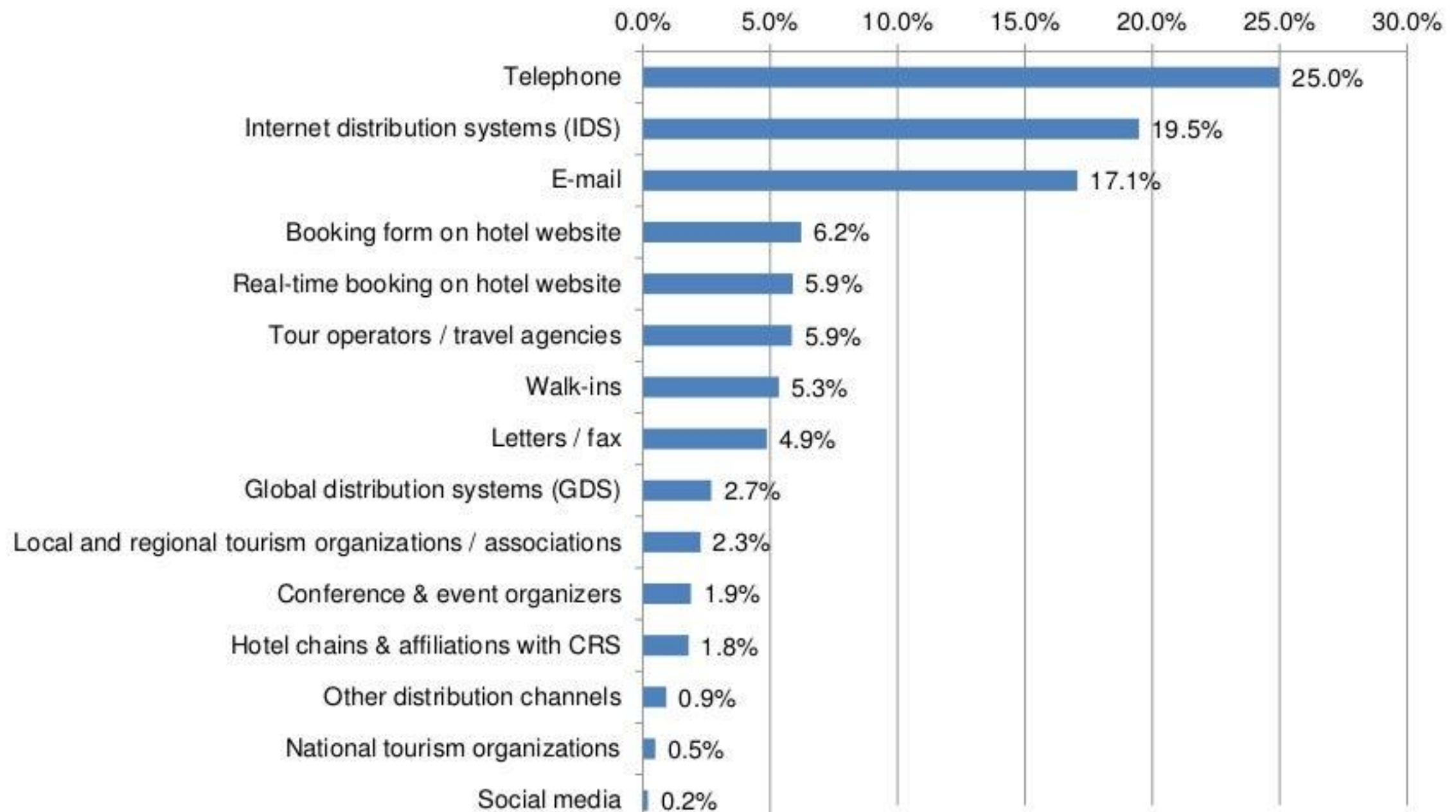
Profiling of Booking Channels by Enterprise Characteristics (2)

- Above-average sales through **travel agencies** and **tour operators** are realized by hotel chains in holiday resorts. In this context, big 4 star hotels (> 50 rooms) play an important role.
- **Local and regional tourism organizations** are clearly more important for hotels positioned in the leisure segment than for other types of enterprises such as big 4-5 star hotels or hotel chains.
- In **business hotels** traditional booking channels such as telephone and letter/fax on the one hand and online channels such as IDS/OTA or GDS on the other hand are comparably more important than in other types of enterprises.
- In **leisure hotels** requests via electronic channels such as e-mail and website form as well as bookings through tourism partners (travel agencies/tour operators and tourism organizations) are clearly more used than in other types of enterprises.

Germany

Booking Channels of the Hotels in Germany 2011

Share of total Bookings



The values for Germany represent weighted means between the values of the individual and the chain hotels.