



Distribution Partnerships

What they are and why they are important

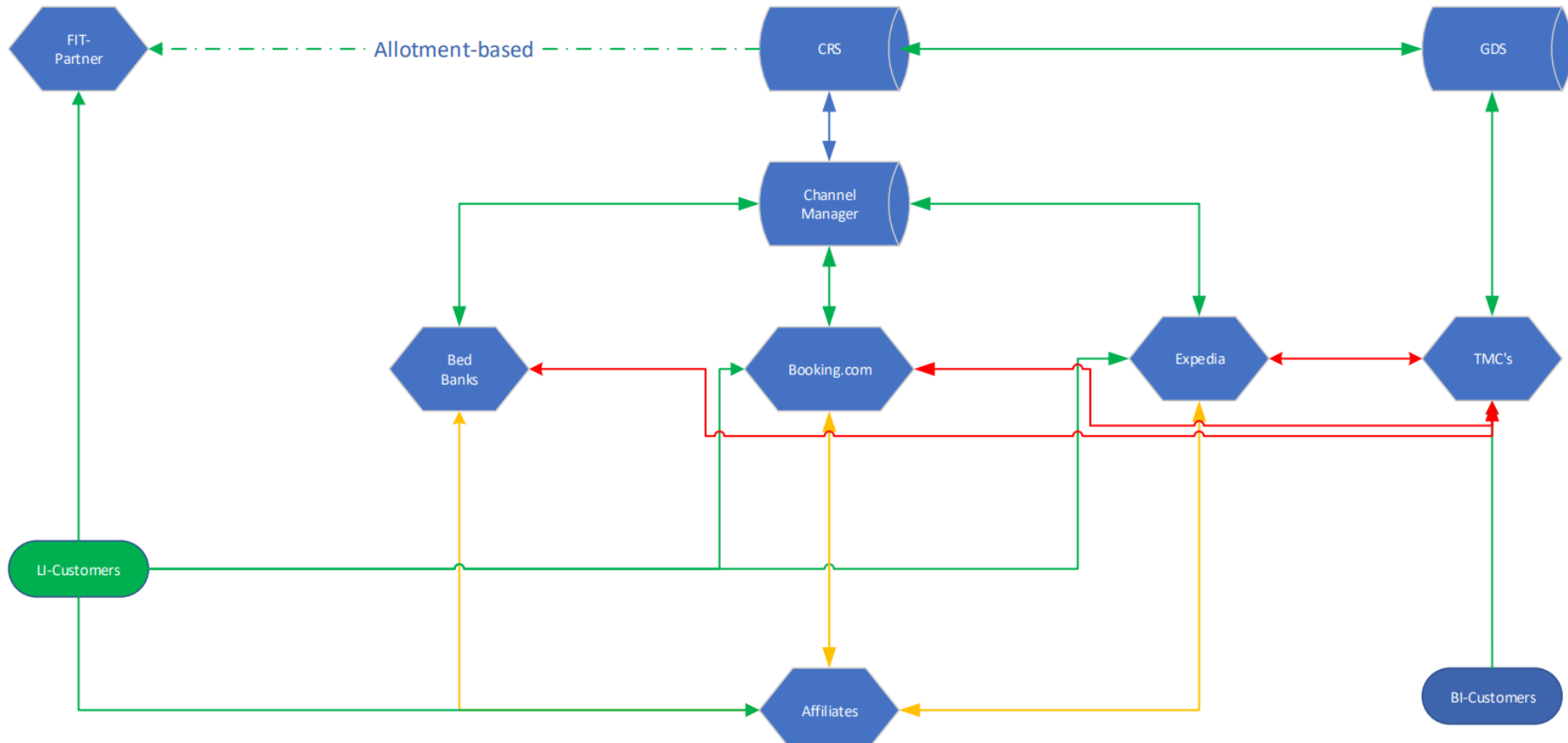




Agenda

- 01 Distribution Landscape
- 02 Relevance of distributors for Hospitality Industry
- 03 Why partnerships are important
- 04 Looking Ahead

Distribution Landscape



Relevance of Distributors for Hospitality Industry

Milestones in the History of Travel Distribution

1985: American Airlines launches eAAsy Sabre (first version of Sabre GDS)

1995: Travelocity becomes the first graphical internet booking engine

1996: Expedia is founded out of Microsoft

1997: bookings.nl (booking.com predecessor) goes live and scales with affiliate models

1998: Priceline launches with the first disruption to the travel distribution, causing the first controversial between Supplier (AA) and Distributor)

Relevance of Distributors for Hospitality Industry

Why do hotels use distribution providers?

- **Diversification**
 - **Creating contingencies against crises**
 - **Reducing dependency on a single channel**
- **Reach**
 - **Increasing amount of hotels and rooms**
 - **Hotels need to extend their distribution chains**
- **Volume**
 - **Heating real estate market demands for business plans of growing ambition**
- **Specialisation**
 - **Hotels can focus on guest retention and service delivery**

Why Partnerships are important

A Hotel Chain Perspective

- **Equilibrium of Interests**
 - **If both parties find a common interest, they are less likely to leverage their market influence to harm the other party**
- **Removal of Friction**
 - **Agreed procedures for cases decrease need for alignment**
 - **Most causes for dispute are clarified in advance**
- **Scalability**
 - **Centrally handled relationships can generate synergies on property- and HQ-level**
- **Preferred Conditions**
 - **If a partnership is beneficial for both parties, franchise partners can benefit from preferred conditions with the partners**
- **Strategy Alignment**
 - **Chains can tailor their distribution strategy based on the strengths and weaknesses of the respective partners**
 - **A framework for hotels & revenue management to orientate**

Looking Ahead

Challenges and Trends in Online Hotel Distribution

- **Multi-Sourcing**
 - Partners source from all available channels
 - Rate Trough
- **Leisure Distribution**
 - Shift from static FIT (Foreign Independent Tour)-Rates to dynamic rates
 - Blurred borders between segment providers
- **Guest Ownership**
 - Distribution Partners as acquisition channel for loyal guests
- **Payment**
 - How will guests pay for their stay in the future?

Let's Discuss!

- **How will guests pay in the future?**
- **What impact does it have on how hotels work with distribution partners?**
- **What is necessary for hotels to move away from external distribution channels?**
- **Which priorities should hotels set when working with distribution partners?**



**Thank you
for your attention**

Danke für Ihre Aufmerksamkeit



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