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Bachelor of Business Administration


Strategy to Increase Domestic and International Direct Bookings for a Hotel

Case company X

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<p>Title Strategy to increase domestic and international direct bookings for a hotel</p> <p>Case company X</p> <p>Commissioned by X hotel</p>		
<p>Nowadays, online competition for guests is stronger than ever. The dominant power of online travel agencies is a real challenge for any hotelier. X hotel is determined to minimize indirect bookings and avoid paying high commissions to third intermediaries.</p> <p>The thesis was commissioned by X hotel. The X hotel is a stylish Finnish boutique hotel with around thirty designer rooms. It is located in the city center of X municipality outside the capital region. The X hotel was founded in 20XX by Finnish entrepreneurs.</p> <p>This thesis focuses on direct and indirect hotel bookings. The key points of the research include the development of distribution channels, market competition, and customer behavior analysis, along with Google Ads analytics. The main research objective is to suggest solutions to the upsurge in local and global direct bookings.</p> <p>The research method used for this thesis paper is quantitative. Secondary data was collected from various business and academic literature sources. The statistics were based on data from Apaleo PMS, Benchmarking Alliance, and Google Ads.</p> <p>The results gained from the research show that the X hotel's direct bookings account for more than half of the entire reservations. Still, an efficient marketing plan, personalization and social media engagement could increase the share of the hotel's direct bookings.</p>		
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1 Introduction

1.1 Introduction to the case company Hotel X

The X hotel is a stylish Finnish hotel located in the city center of X municipality outside the capital region. It was founded in 20XX by Finnish entrepreneurs (Fonecta 2022). The hotel offers visitors around thirty designer rooms to choose from, each one with a unique story and stunning view. Every room is equipped with various electrical appliances including a coffee maker and a washing machine. Visitors are entitled to free parking spaces and bicycles to ride around the city. (X company.)

The concept of local hospitality will not leave anyone indifferent. Both domestic and international guests find the X hotel very attractive. The company welcomes families with kids, couples, and business people. Guests can even book their stay at a more appealing price by using special campaigns offered by the company. It is also important to mention the fact that the hotel is open to pets and people with limited mobility. (X company.)

The X company runs a conscious business. The staff is highly concerned about environment and thus they sort and recycle waste and opt for eco-friendly cleansing agents. Moreover, the usage of water and energy is constantly controlled. The company reduces paper consumption by enabling paperless check-in and check-out for customers. Guests will find various antique fittings and plates that give a cozy touch and are also ecological. Furthermore, plastic-made items are avoided where possible. When visiting the city, walking and bicycle tours are highly recommended by the clerks to decrease CO₂ emissions. As for the cuisine, the hotel makes a responsible choice in favor of organic and plant-based products from local suppliers. (X company.)

Without any doubt, climate change issue is a common topic nowadays. The owners of the company do not turn a blind eye to this matter but participate in several environmental programs. The X company is a part of the regional X *Climate Block* project, for instance (X Climate 2022). Furthermore, it

collaborates with the *Energy Efficiency Agreements*, which aims at improving energy efficiency in Finland (Energiatehokkuussopimukset 2017-2025).

The company has been awarded the *EcoCompass* certificate for environmentally responsible practices. The *EcoCompass* certificate validates a promise to unceasingly improve and fulfill with the 10 principles which refer to both Nordic and global standards for environmental management. *EcoCompass* is run by the Finnish Association for Nature Conservation, the first and major environmental non-profitable organization in Finland. (Ekokompassi 2022.)

In addition, the *Sustainable Travel Finland* certificate has been obtained by undertaking the complete *Sustainable Travel Finland* program and complying with the criteria. Regular inspections and renewal of the label are obligatory. The label represents commitment towards sustainable activities and philosophy (Business Finland 2022).

Apart from nature protection, the company's concerns involve social aspects, equality, and empathy. The X hotel is a member of the *We Speak Gay* community which supports sexual and gender minorities (We Speak Gay 2022). The employees and guests are treated equally no matter their gender, age, nationality, or sexual orientation.

Overall, X hotel is a place with a unique concept and mindful attitude. The willingness to make an impact on the betterment of society and the environment are the two key values of the company.

1.2 Aim of the thesis

The purpose of the thesis is to examine the transformation of distribution channels, analyze market competition and customer behavior, approach the subject of Google Ads services, and as a result, offer possible solutions on how the X hotel could improve their processes to upsurge local and global direct bookings.

The four main questions of this thesis are:

- How have the shares of different distribution channels evolved during 2019-2022?
- What is the position of the X hotel on the market?
- What results have been acquired by using Google Ads?
- What measures does the company need to take to increase direct bookings?

Various frameworks and research methods are utilized to study the matters mentioned above.

1.3 Research methods

The thesis paper is quantitative research based on secondary data. The information has been retrieved from various systems and platforms involving Apaleo PMS, Benchmarking Alliance, and Google Ads. The access has been granted by the X company. Due to data privacy reasons, the name of the business unit and related matters are hidden.

1.4 Outline of the study

The structure of the thesis includes five major parts. The introduction chapter summarizes the case company's background, indicates the chosen research methods, and emphasizes the core objectives of the study which are then discussed in a more detailed manner in the following parts.

The theoretical framework contains information about distribution channels and their benefits and downsides, discussion about online travel agencies, and metasearch engines. Lastly, SWOT analysis, quantitative research, and secondary data are defined in the second section. The third chapter is fully dedicated to the case study. The data derived from Apaleo PMS, Benchmarking Alliance, and Google Ads is used to generate statistics and presumptions for the company in question and its main competitors. Last but not least, the results

and discussion about further research are highlighted in the fourth and fifth chapters, accordingly.

2 Theoretical framework

The objective of the first part of this chapter is to describe different types of distribution channels in the hospitality industry and provide critical commentary on their strengths and weaknesses. Online travel agencies are described in a more detailed manner as it is directly related to the thesis research topic.

The following section focuses attention on the metasearch engine and the way it works. Later in this chapter, the author discusses the analysis tool used to study the case, also the reason why it was chosen, and the purpose of the data. Finally, the meaning of quantitative research and secondary data are explained at the end of this theoretical part.

2.1 Distribution channels

In general, distribution channels are widely used in the hospitality industry. However, they should not be the only source to rely on. Stern, El-Ansary and Coughlan (1996, 31) affirm that “channels should be viewed as an orchestrated network that creates value for end-users by generating form, possession, time and place utilities.” The parties together accomplish all the tasks necessary for connecting producers with end-users and achieving the goal (Berman 1996, 5).

However, Christopher (1992, 129) highlights the fact that a distribution channel can often be seen as “a number of intermediaries acting independently of each other and often with conflicting objectives and requirements”. That is why Stern (1969) advises that the channel members become more independent due to the fact that each participant is dependent upon the behavior of another channel contributor. Obviously, it is complicated to manage “a super-organization comprised of independent institutions and agents” (Stern et al. 1996, 281).

The hospitality industry will probably not survive without workload allocation, and thus, the implementation of distribution channels ranks high in the strategy of most tourism establishments and destinations (World Tourism Organization 1975; Morrison, 1994a). According to Pantelidis (2014) the hospitality business involves more than a few distribution channels. Figure 1 exemplifies global distribution channels, online intermediaries, hotel's own website as well as consortia and travel management companies, tour operators and local travel agencies, and finally, business websites. (Pantelidis 2014, 238.)

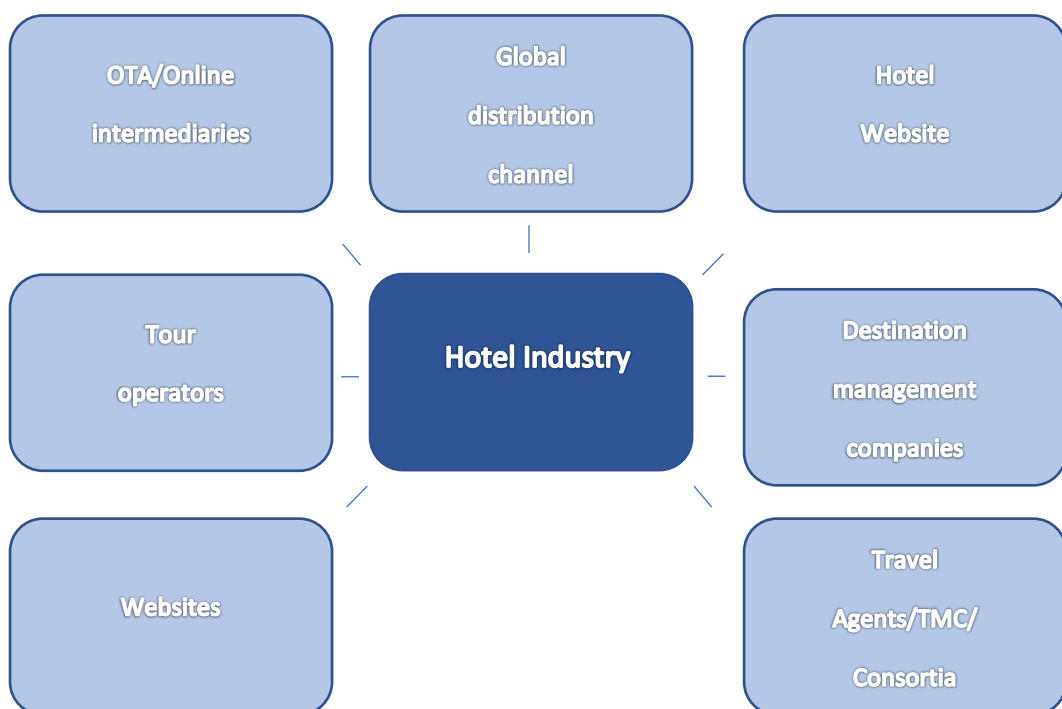


Figure 1. Distribution Channels in the Hospitality Industry (Adapted from Pantelidis 2014).

Kotler, Bowen & Baloglu (2022) highlight the fact that even though the least costly option for a hotel is when a guest makes a reservation through the brand's reservation engine or calls the premises directly, as a matter of fact, people tend to compare available deals from a number of online travel agencies and metasearch and choose the most competitive price on the market. Because of that, it is crucial to collaborate with different distribution channels as they may attract a fair share of new customers who trust big players. (Kotler, Bowen & Baloglu 2022, 358-365.)

At the same time, the company shall constantly supervise the sales channels due to the fact that the company's revenue is directly impacted by the

performance of the third intermediaries. This can be done, for example, by modifying the rate types available. (Kotler, Bowen & Baloglu 2022, 358-365.)

2.2 Advantages and disadvantages of distribution channels

Cooper, Fletcher, Gilbert & Wanhill (1993, 189-203) once noticed that the major purpose of intermediaries is to connect consumers and providers in order to create a new market that never existed or make existing markets do their job more proficiently and, as a consequence, magnify market size. Even though both parties aim at maximizing their profitability, is it a win-win situation for each participant?

On one hand, distribution channels facilitate access to often remote tourism products; they sometimes provide information through discussions and guide customers for packages or services. Another benefit is that they are in charge of investigating customer needs and wants and later conducting experience marketing research. Furthermore, sales channels can sometimes arrange travel documents and proceed with payments of different banks and currencies. It is also positive if intermediaries handle complaints for both customers and providers. (Buhalis & Laws 2001, 9.)

Obviously, this relationship leads to high product visibility and low sensitivity to seasonality as it can upsurge the occupancy of the premises during the off-season period (Buhalis 1995). Last but not least, mass deliveries are automatically sent by some of the distribution channels. They target specific demographics and effortlessly distribute the wanted products. (Gaille 2022.)

On the other hand, a conflict of interest may occur. This is a situation when one channel member is not satisfied with the activities of another member that obstructs the first one from attaining their objectives (Stern et al. 1996). The inability to get in contact with the end user may result in a lower level of customer loyalty.

Apart from that, the strategy and vision of the third intermediaries cannot be modified or affected, even though they might not be analogous. Hence, lack of

control means a company has no possibility to change how distribution channels sell the products and at what rate. (Gaille 2022.) Finally, the most obvious downside is the high cost of some sales channels, especially indirect channels.

Overall, distribution channels are effective when implemented properly. A company should take into account the strategies and customer communication methods of third parties in order to get the most out of the distribution channels. (Gaille 2022.)

2.3 Online travel agency (OTA)

Everyone has heard of Booking.com, Expedia, or Airbnb at least once in their lives. Such a route is a very user-friendly and cheap way to catch the best deals when planning to travel. But what makes people purchase via OTAs, and why are enterprises willing to make concessions and team up with OTAs? Is it good for customers as well as for businesses?

Definition of OTA

In general, an OTA is usually a website or online service that sells travel-related products to consumers. OTAs undertake a wide range of products which may include hotels, flights, travel packages, activities, and car rentals. But most importantly, OTAs are third parties, reselling these services online on behalf of other enterprises together with those in the hospitality sector. (Tripfro 2020.)

People used to call a hotel or make reservations directly at the front desk of a hotel. But the aggressive development of the internet has changed the way bookings are made now. In order to catch up with the latest trends, hotels had to learn how to enhance their online presence. OTAs make up one of the latest distribution channels but have already taken the leading position in the market.

OTA market share

According to statistics (Statista 2022), the top three online travel agencies in Europe comprise Booking.com, Expedia, and HRS. As Figure 2 shows, the latter owned only 5.9% of the market share in 2021, whereas Booking.com and

Expedia are the leading players among others, possessing 70.6% and 9.3%, respectively.

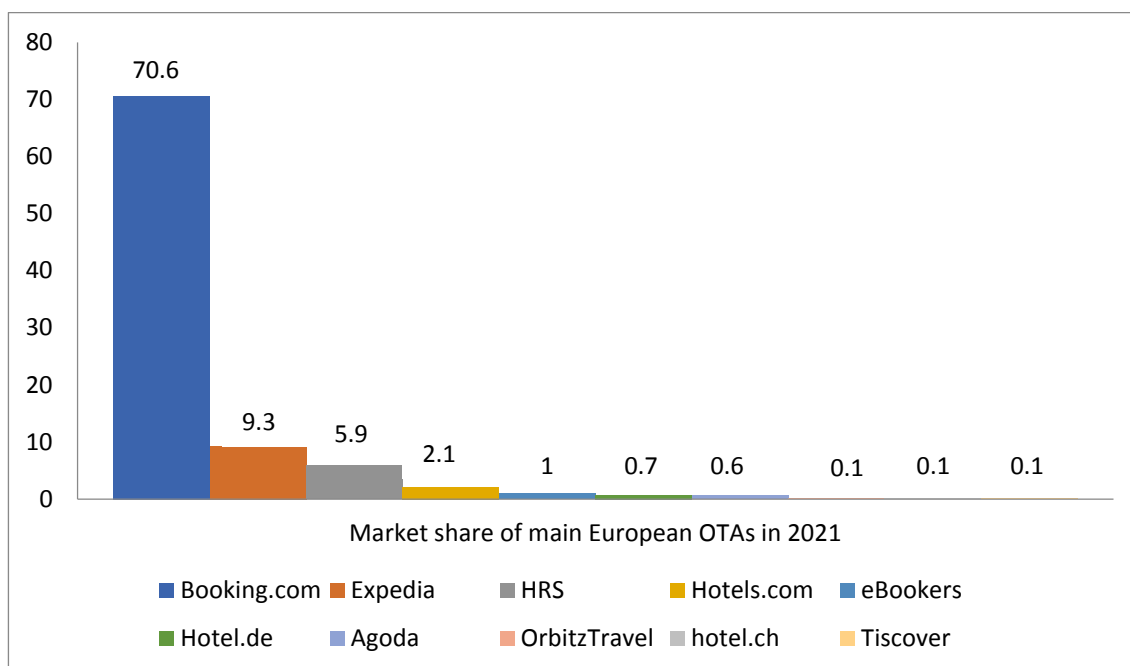


Figure 2. Relative market share of major online travel agencies in Europe in 2021 (Adapted from Statista 2022).

The authorized records also highlight the reputation of the Booking.com platform. As stated by the Statista Research Department (Statista 2022), May 2022 has shown that Booking.com was visited by a bit fewer than 565 million people worldwide. It was followed by Tripadvisor.com and Airbnb.com, with approximately 167 million and 99 million visits, correspondingly. (Statista 2022.)

Types of OTA distribution models

How do OTAs work? There are multiple kinds of contracts between suppliers and online travel agencies. The most common models involve a merchant model and an agency model; some businesses prefer to use a combination of such models. The idea of a merchant model is that an online travel agency or a merchant, in this case, fulfills the assigned capacity share in a specific time period. An enterprise sells the inventory at *Best Available Rate (BAR)* to the merchant and the latter marks up the price according to its pricing policies. The markup is usually between 20 and 30%. Hotels.com and Expedia operate using a merchant model. (Forgacs 2010, 90; Kotler, Bowen & Baloglu 2022, 360.)

Another model is an agency model, where a provider pays a commission to OTA upon stay. There is no commitment or restrictions on capacity and price.

Once a guest completes a booking via the OTA page, a supplier pays a commission in return for the sold room. In this case, hotels are more flexible in managing prices and availability. (Forgacs 2010, 90.)

Reasons to use OTA

Eye-catching websites and constant promotional campaigns lead to brand awareness and high reputation for OTAs. A generous budget is spent on advertising of OTAs in order to create a positive brand image in the eyes of the consumers and convince them that the best rates and best services are presented via their websites (O'Connor & Piccoli, 2003). Some hotels, especially small and independent ones are simply not able to compete with giants; they cannot target such a large audience and spend a fortune on promotion. It is crucial to take into consideration that online intermediaries do not possess any real estate to pay in contrast to hotels (Adams 2004).

OTAs are considered to be a user-friendly marketplace where consumers can conveniently contrast places and review available deals, and moreover, the booking process there is easy and fast. Suppliers take advantage of OTAs and confirm they help hotels sell rooms quite efficiently. Additionally, hotels get the use of the marketing operations that promote the hotel and upsurge brand awareness. However, some providers decide to avoid relationships with OTAs due to high commissions, which can be as high as 20% of the total room price. (Del Chiappa 2013, 57).

Barthel & Perret agree that OTAs have got huge power and can easily reach a wider audience and attract more consumers with their marketing operations. At the same time, hotels pay a high commission for that. That is why OTAs are considered to be either a partner or an opponent. (Barthel & Perret 2015, 2 – 7.)

It is evident that online indirect bookings generate less income than direct bookings. Nonetheless, it is vital for hoteliers to cooperate with OTAs due to the fact that nowadays in this digital era most guests start their search for lodging online. Some people use more than a few websites and even different devices while making the final decision; therefore, suppliers are recommended to display their hotels on many different channels. (Business Mega 2013.)

2.4 Metasearch engine

According to Tranter, Stuart-Hill & Parker (2009) metasearch engines are also called referral sites. These sites explore different sites for the top price or bargain available. Some examples of metasearch engines include Trivago and Kayak. (Tranter *et al.* 2009, 106.)

Meng, Yu, & Liu (2002) define a metasearch engine as a system that enables access to multiple existing search engines. A metasearch engine does not preserve its data. In a few words, once a user sends a query, a metasearch engine corrects the query and then directs it to underlying search engines, and finally gathers and adjusts the outcomes in a matter of seconds. (Meng *et al.* 2002.)

A simple two-level structure of a metasearch engine is illustrated in Figure 3. Obviously, the hierarchy can be modified in case the number of underlying search engines escalates (Baumgarten 1997; Gravano and Garcia-Molina 1995; Sheldon, Duda, Weiss, O'Toole & Gifford 1994; Yu, Meng, Liu, Wu & Rishe 1999).

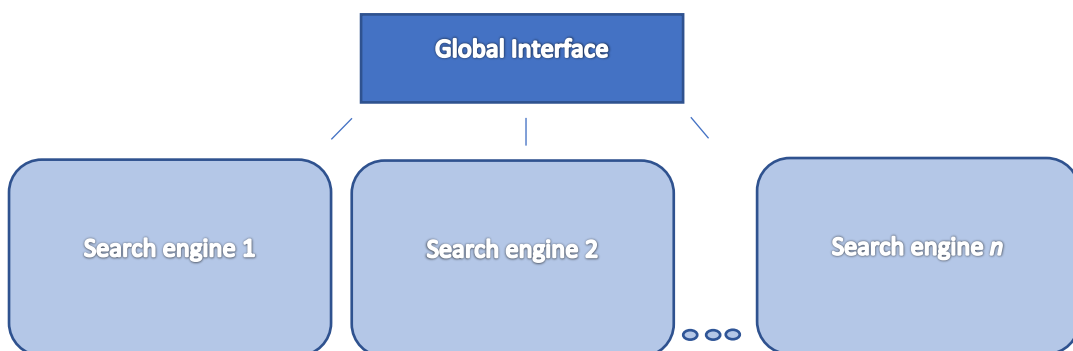


Figure 3. A simple metasearch structure (Adapted from Baumgarten 1997; Gravano and Garcia-Molina 1995; Sheldon, Duda, Weiss, O'Toole & Gifford 1994; Yu, Meng, Liu, Wu & Rishe 1999).

Travel search engines (TSEs) are metasearch engines and are the new type of online travel intermediaries. They deliver results on various travel sites involving hotels, airlines, rental car enterprises, etc. Tourists are offered an extensive variety of choices and price comparison possibilities while searching the live availability on the web pages of online agencies and producers. (Egger & Buhalis 2008, 137-144.) TripAdvisor and Google are the meta searches that are used by the X company (X discussion).

2.5 SWOT analysis

Overview of SWOT analysis

Lawrence G Fine (2009) defines SWOT as an acronym for *Strengths, Weaknesses, Opportunities, and Threats*. It is considered to be a combination of internal and external analyses including an investigation of the strengths and weaknesses of a business together with the threats and opportunities in the external environment (Pahl & Richter 2009, 4-5). The external environment encompasses elements related to out-of-control elements such as society, economy, regulations, and political system (Testbook 2022). Pahl and Richter (2009) suggest that it assists to reduce weaknesses and benefits from the opportunities available.

Wetherly and Otter (2008) believe that the ability of an enterprise to benefit from possible opportunities and overcome threats is determined by its both internal strong points and shortcomings. However, an opportunity will become real only in case there is the required expertise and assets; in other words, it does not correspond to the external environment exclusively. (Wetherly & Otter 2008, 25.)

Glaister and Falshaw (1999, 107-116) find a SWOT analysis to be a valuable and widespread tool when developing strategies. Panagiotou (2003, 8-16) agrees that SWOT is often chosen first compared to other strategic planning tools/techniques. Evans and Wright (2009, 10-34) share the same opinion as the above-mentioned scholars, yet they highlight the necessity to utilize it along with other tools like Porter's five forces, for instance, and not alone. Nickols and Ledgerwood (2006), however, proposed a *Goals Grid* as a substitute for a traditional SWOT analysis. Figure 4 indicates four variables comprising achieve, preserve, avoid and eliminate. (Nickols and Ledgerwood 2006, 36-38.)

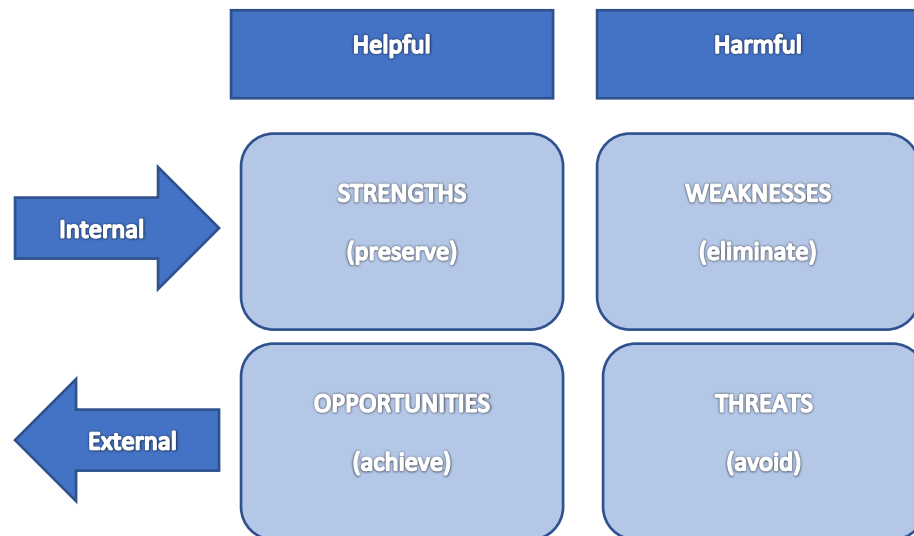


Figure 4. A SWOT analysis alternative grid (Adapted from Nickols and Ledgerwood 2006).

Strengths

Strength is something a business stands out for or an aspect the business has that gives it significant competence (Thompson & Strickland 1989, 109). Pearce and Robinson (1991) define strength as “a resource, skill, or another advantage relative to competitors and the needs of the markets an organization serves or expects to serve. It is a distinctive competence that gives the organization a comparative advantage in the marketplace. Strengths may exist in regards to financial resources, image, market leadership, buyer/supplier relations, and other factors.” (Pearce & Robinson 1991, 182.)

Weaknesses

Thompson and Strickland (1989) suggest that a condition when a business has got any sort of deficiencies or is bad at something in contrast to their competitors can be named a weakness (Thompson & Strickland 1989, 109). Pearce and Robinson (1991) agree that weakness is “a limitation or deficiency in resources, skills, and capabilities that seriously impede an organization’s effective performance. Facilities, financial resources, management capabilities, marketing skills, and brand image can be sources of weaknesses.” (Pearce & Robinson 1991, 182.)

Opportunities

Briefly, an opportunity can be a situation where an enterprise is given a chance to ameliorate its performance by sheer coincidence or circumstances of the existing market. In other words, opportunities are “conditions in the external environment that allow an organization to take advantage of organizational

strengths, overcome organizational weaknesses or neutralize environmental threats” (Harrison & St. John 2004, 164).

Threats

Threats are sometimes characterized as causes that have the potential to affect a business by impeding organizational productivity and value. Increasing costs for materials, fierce competition, and labor supply shortages are some examples of threats. (Investopedia 2022.) Threats can even make businesses drop out of the game or lose their dominance in the existing market (Ülgen & Mirze 2010, 161).

Pros of SWOT analysis

The positive thing about a SWOT analysis is that this approach provides a macro outlook and reveals general answers. The technique itself does not emphasize much detailing and specification but it does give businesses an idea of where to go or what to pay attention to, and with the help of other methods they can dig deeper and go into more details. (Gürel 2017.) In my point of view, it can be compared to a compass.

In addition to that, a SWOT analysis is sometimes referred to as a *Two-by-Two Matrix* due to the fact that it discloses positive and negative elements of the internal and external environment of the business, that is the components in this environment that “add plus and minus value, all together in a related perspective” (Gürel 2017). It is easy to use and monitor changes systematically.

Apart from that, Gürel (2017) highlights the fact that while analyzing a company and its competitors through a SWOT analysis, managers can come up with strategies that could help differentiate an enterprise from rivals. Finally, a SWOT analysis covers the aspects of a few numbers of other types of analyses, for instance, Porter’s Five Forces Model, Norton Balanced Score Card, etc. It can also be carried out at both the individual level and organizational level, up to the international one. (Gürel 2017.)

Purpose of data

Investigating and truly recognizing a company’s strengths, weaknesses, opportunities, and threats can help businesses make the right decision on how

the business strategy can be implemented using its resource competencies and market prospects, and how urgent it is for the business to adjust certain resource weaknesses and protect against possible external threats (Thompson & Strickland 200, 127.)

2.6 Quantitative research and secondary data

Quantitative research

Briefly, quantitative research is a method of analysis that refers to theory assessment, and where variables are studied using figures (Nunkoo 2018, 11). Research based on quantitative approaches has always prevailed in the tourism and hospitality industry (Decrop 1999; Dolnicar 2015; Nunkoo, Gursoy & Ramkissoon 2013a; Nunkoo, Smith & Ramkissoon 2013b; Nunkoo, Hall & Ladsawut 2017; Riley and Love 2000; Walle 1997). Palmer, Sesé and Montaña (2005) state that the statistical approach is peculiar to quantitative research and gives the researcher an opportunity to make conclusions based on a variety of relationships between variables to clarify the matter in question.

Definition of secondary data

Information that is collected by someone other than the researcher or for a different reason than the research assignment is considered to be secondary data. Evidently, there are various advantages of working with secondary data including, for instance, a reasonable time frame to gather information and lower costs as opposed to conducting primary research. (Nykiel 2007, 25.) On the other hand, one significant downside is that a researcher has no impact on how the study was outlined, gathered, elucidated, and recorded (Johns & Lee-Ross 1998).

Internal and external secondary data

Both internal and external secondary data are used in the research paper. The latter means information is derived from sources outside the business, such as administrative agencies, academic organizations, and companies concentrating on data collection. As opposed to external data, internal information can be found in the everyday activities of an enterprise. It might, for example, involve sales and inventory data. (Nykiel 2007, 25.)

3 Case study

This chapter has four objectives. First, the data from Apaleo PMS is analyzed according to certain criteria including distribution channels share and development, the average number of guests and length of the stay, as well as accommodation types and rate plans. The proportion of local and international guests is also investigated in this part. Lastly, traveling purposes and financial calculations are reviewed in the last subchapter of this section.

Secondly, hotel revenue and key performance indicators are studied with the use of Benchmarking Alliance. Thirdly, Google Ads and the company's statistical data are provided in this part. Last but not least, the X hotel's position on the market and the current challenges along with strategic directions are highlighted at the end of this chapter.

3.1 Apaleo PMS

In a nutshell, Apaleo is a property management system used by the X hotel. The data was analyzed between December 2019 and August 2022. Several criteria have been addressed including channel distribution share, an average number of guests and length of the stay, the most common accommodation type booked, selection of rate plans and cancellation cases as well as the profile of the guest and their motives for visit.

3.1.1 Distribution channels

Concisely, the hotel gets reservations both through direct and indirect channels. The latter involves online travel agencies (OTAs), such as Booking.com and Expedia. They were introduced to upsurge brand awareness and attract new customers. The commission counts up to 15% and 18%, respectively, however, the customer flow was not as efficient as was expected. At the beginning of the journey, the business desperately needed people to get to know the new hotel

and thus, the company has signed contracts with the popular OTAs mentioned above. (X discussion.)

As can be seen from Figure 5, during 2019 the enterprise operated only during December and managed to acquire 69 reservations. However, 10 visitors out of 69 canceled their stay at the hotel. It is curious to note that completing bookings took place via email, phone, and the web page of the hotel mostly, meaning 55 people preferred to reserve their rooms via direct channels.

If we talk about a small hotel which has around 30 rooms, then it can be considered a success. The question is how they knew about the new hotel. Was it all because of the much-loved word-of-mouth (WOM) or eWOM, as we live in a digital era? Coming back to the topic, indirect bookings numbered only 14 or approximately 20% of the total reservations.

The COVID 2020 year came and transformed the entire tourism industry. Some businesses dropped out of the game and got nothing, while others found their niche and succeeded. The hotel in question had just started its activities and is compelled to confront new challenges. In my personal opinion, the company has performed great and achieved decent results.

In the diagram below it is clearly seen that during this period 2,402 bookings were made. About 1,200 visitors purchased their rooms by contacting the premises, and roughly 450 guests completed reservations on the website of the hotel independently. Booking.com, in turn, succeeded to engage the attention of nearly 770 travelers worldwide. Thus, the share of the indirect sales amounted to 32%, meaning it had increased by 12% compared to the previous year.

Overall, the year 2021 revealed positive growth. The overall number of bookings totaled 4,090, of which around 68% were made through direct channels. This means that the percentage of indirect reservations has stayed almost the same in contrast to the previous year. Nonetheless, it is evident that the number of bookings has very nearly doubled the figures from the year 2020, meaning a steady increase for the company. Finally, Expedia made a debut and contributed to the turnover of the company. A bit less than 200 holidaymakers

paid for their stay using the Expedia platform as opposed to the first two years of the business operations, where the profit of the channel remained zero.

Last but not least, there is some data from the eight months of 2022. In general, there is a consistent escalation in sales. So far, the gross number of bookings has increased by approximately 20% in contrast to the eight months of the past year. Practically, 2,330 travelers have chosen direct booking, that is around 1,500 people more than those who have decided to book their stay via OTAs. Still, the share of Expedia remains miserable and amounts to only 165 guests. This raises the question of the real necessity of this channel. Is this a suitable channel for the target market of the hotel? Shall Expedia be removed?

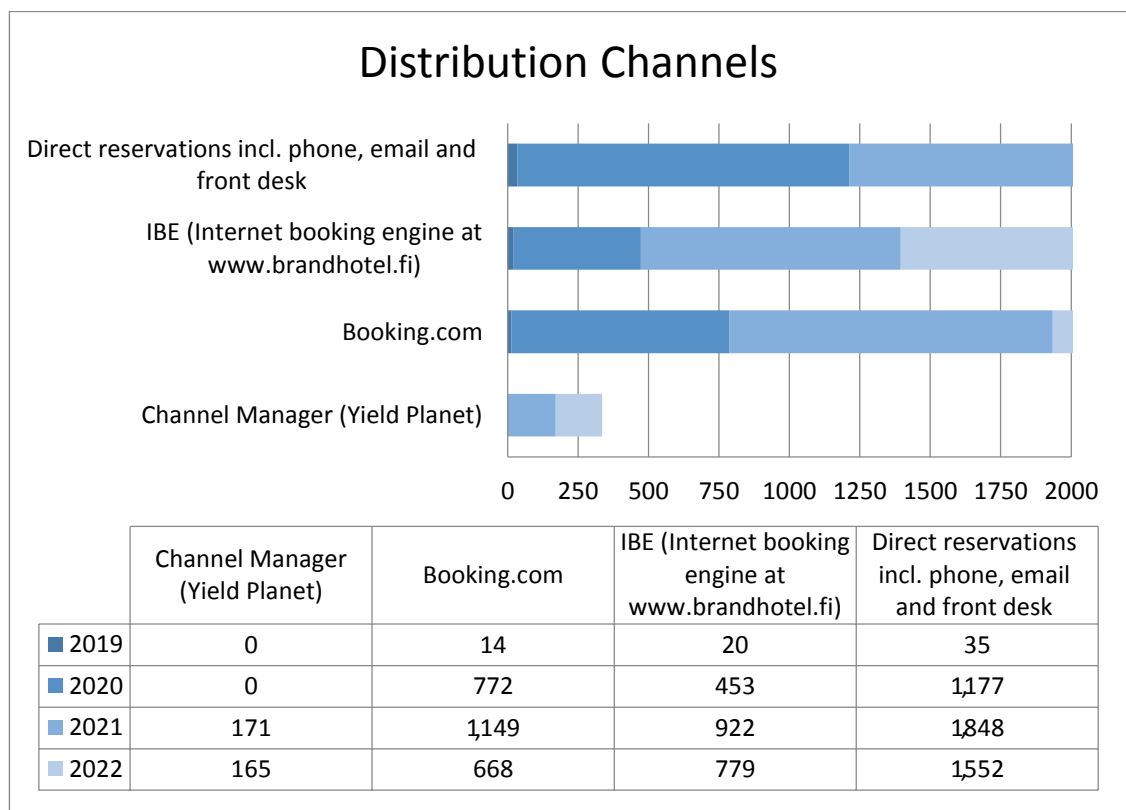


Figure 5. Distribution channels' shares between 2019-2022 (Adapted from Apaleo PMS 2022).

To conclude, the hotel is experiencing slow but steady growth. People tend to complete their reservations mostly via email, phone, at the front desk of the premises or book directly from the business web page. Despite the fact that Booking.com has engaged a decent number of tourists; the average share of the indirect channels numbers only 30% of all bookings.

3.1.2 Number of guests

According to the data in the Apaleo system, guests can be divided into three major categories, which include single travelers, couples, and group or family tourists. Figure 6 indicates the ratio of each category where the leading position is taken by couple guests, amounting to 4,924 people or half of all the bookings. Undoubtedly, single visitors are fairly common as well, numbering 3,855 guests or 40% of all tourists. Finally, group or family travelers share the smallest part of only 10% and counted for 946 guests through the whole period between 2019-2022. It is also important to mention that the X hotel welcomes families with small children and is eager to provide guests with a free extra bed option.

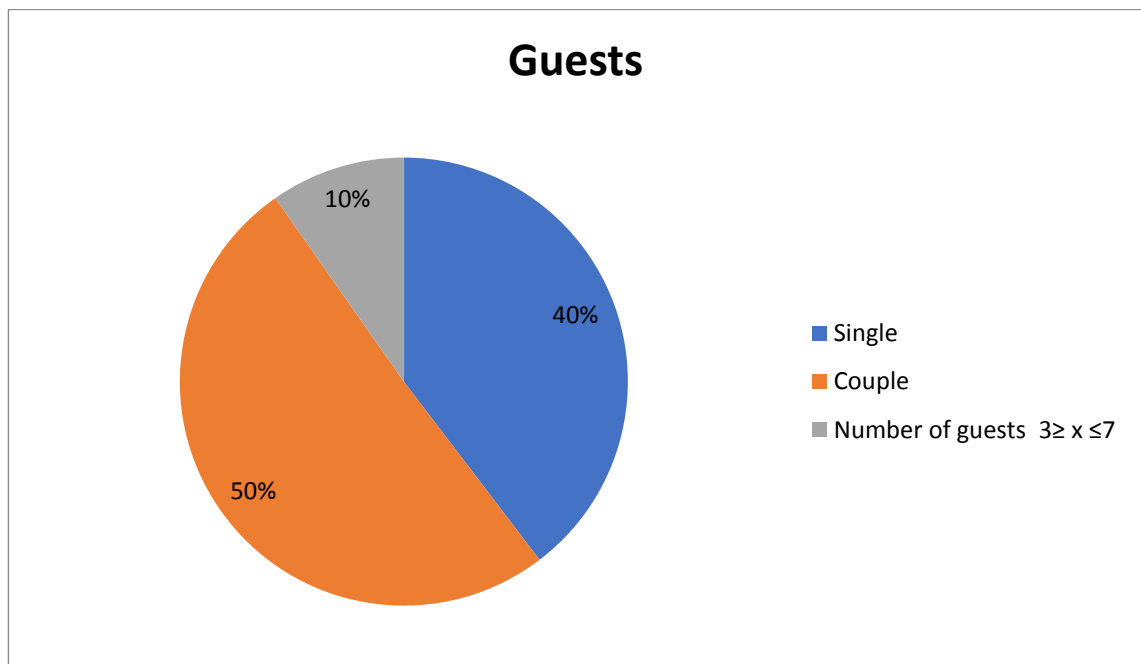


Figure 6. Number of guests between 2019-2022 (Adapted from Apaleo PMS 2022).

Still, less than 1,000 bookings have been made by guests with little family members. It means that families with young kids have chosen another accommodation to the X hotel as their place of stay. The majority of guests who checked in to the X hotel are travelers without children. Thus, the conclusion is that the target market of the company in question is adult tourists, and the hotel should focus more on how to attract this type of category rather than families with kids. However, the option shall not be excluded.

3.1.3 Accommodation type and length of stay

In general, the X hotel offers around thirty designer rooms to choose from. The four options of accommodation types encompass *Double room*, *Single Room*, *Twin Room*, and *Twin/Double Room - extra bed option*.

Since there is only one single room on the premises, most of the bookings are double or twin rooms, amounting to 3,792 and 3,999 reservations between December 2019 and August 2022 (X company). The single room has been booked 627 times, while the extra bed option has been requested in 1,307 reservations.

As for the length of the stay, the numbers vary tremendously throughout the period. Nonetheless, the trend seems to be the same between the year 2019 and 2022. Figure 7 illustrates that guests tend to stay no more than a week at the X hotel.

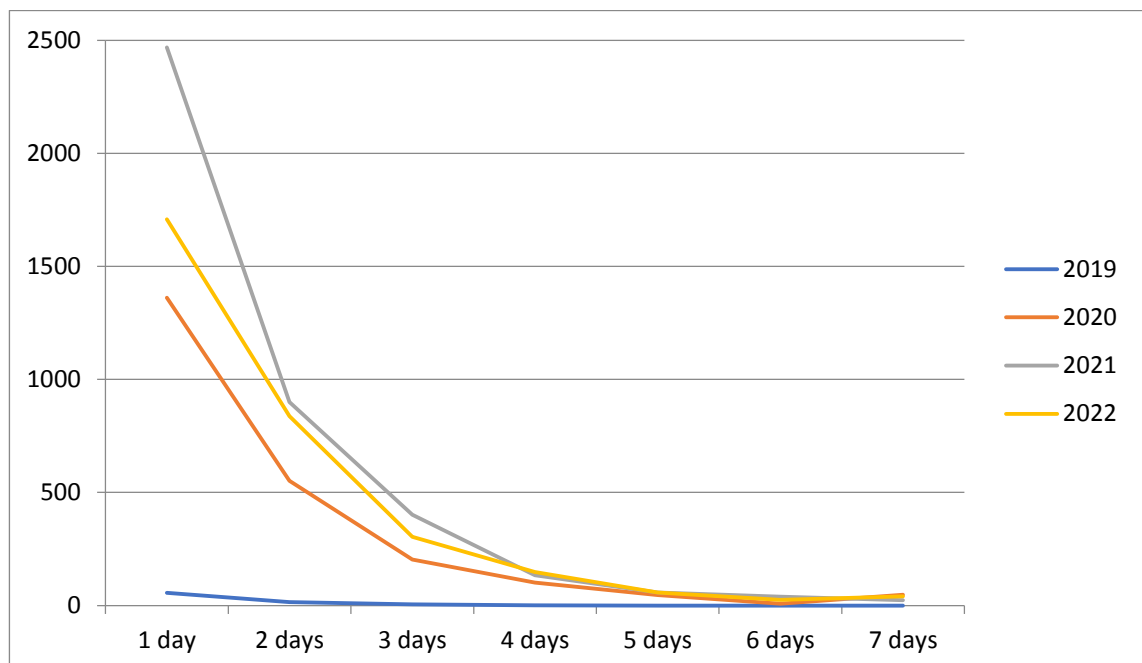


Figure 7. Length of stay at the X hotel (Adapted from Apaleo PMS 2022).

In contrast to the year 2019, the bookings for a single day increased from 56 to 1,708 by the end of August 2022. Yet, the year 2021 seems to get the most reservations both for one and two days stay, numbering 2,468 and 900, respectively. According to the statistics (not mentioned in the Figure above),

some guests have stayed a longer period of time, up to 72 days. But, of course, these cases are rare.

Due to the fact that the X hotel is not a recreational or spa hotel nor is it located in the capital region, it is logical that people will usually stay just a couple of days for one of the two options: leisure or business. The topic is discussed more meticulously in the following chapter.

3.1.4 Rate plan and cancellations

There are different rate plans to opt for while completing a booking at the X hotel. Guests can choose, for instance, free cancellation twenty-four hours in advance, add breakfast or maybe select nonrefundable prepayment, etc. In accordance with the data displayed in the Apaleo system and also information displayed below in Table 1, the most popular plan rates include direct bookings with *Best Flexible Rate, free cancellation 24 hours in advance*, and *Best Flexible Rate, free cancellation 24 hours in advance (OTA)*, meaning the reservations are made through Booking.com or Channel Manager. The two rates amounted to 4,169 and 2,317 reservations, correspondingly. Lastly, *Season Rate, prepayment, nonrefundable* rate plan has been chosen by 391 travelers. The latter is a direct booking made via email, phone, or the hotel own internet booking engine.

Rate plan	Number of bookings
Best Flexible Rate, free cancellation 24 hours in advance	4,169
Best Flexible Rate, free cancellation 24 hours in advance (OTA)	2,317
Season Rate, prepayment, nonrefundable	931
Bed & Breakfast Family Rate, free cancellation 24 hours in advance	368
Special Offer, free cancellation 24 h in advance	361

Table 1. Top five rate plans at the X hotel (Adapted from Apaleo 2022).

From the table above one can also notice additional two rate plans involving *Bed & Breakfast Family Rate, free cancellation 24* and *Special Offer, free cancellation 24 h in advance*. Both of them are direct bookings, and there are also some other special offers that the hotel offers to its guests. On the webpage of the X hotel, a traveler can discover some bargains such as a week stay for a cheaper price, then a couple stay with some additional services, and a family stay with everything a family needs (X hotel).

Obviously, the possibility of free cancellation sometimes leads to the loss of clients. They probably could have found a different option, or their plans have changed completely. This has happened to the company in question as well; nonetheless, the number of cancellations is not dramatic. There were 1,772 canceled cases out of 9,725 bookings during the entire period, meaning that the percentage of cancellations is about 18%. It has never been higher than 20% between the years 2019 and 2022.

3.1.5 Travel purpose and country of origin

According to the data retrieved from the Apaleo system, guests book a hotel for two main reasons: leisure and business. It is crucial to mention the fact that the X hotel has signed contracts with some of the local enterprises and offers accommodation to them at a different rate (X discussion).

Since the information about the travel purpose is voluntary, not all travelers have decided to share it. As a consequence, the information about the aim of the stay is divided into three categories comprising *business*, *leisure*, and *not available*. Around 4,230 travelers have decided to go on vacation, while approximately 1,200 of the guests arrived at the hotel because of work in 2019-2022. At the same time, the number of unknown motives is relatively huge, amounting to 4,300 bookings. Thus, I find the status of the statistics regarding this criterion quite prejudiced.

The X hotel welcomes both local and international guests. People come from different cities in Finland, European countries, and even from other continents. Lamentably, the information about the origin is not obligatory either, which is

why the data includes three categories: *local*, *foreign*, and *not available*. Evidently, the most prevalent audience is local customers numbering about 6,200 out of 9,725 people. Foreign visitors make around 700, and no information was obtained from approximately 2,900 bookings.

As mentioned above, the lack of data influences immensely the overall scores and thus, cannot be considered the most accurate one. However, the confirmed number of reservations from the locals exceeds the number of bookings made by international visitors. Shall the X company redirect its targeting to foreign markets and try to catch the attention of outbound travelers? Will it be the next task for social media representatives or online/ offline travel agencies? How can the X company reach potential customers and make them book directly?

3.1.6 Gross amount

In regard to the overall financial situation, there is a stable increase in the profits of the organization. The gross amount escalates year by year, numbering 11,100 euro during the first year and nearly 561,000 euro in the following year. The gross amount in the period between 2021 and 2022 accounted for approximately 800,400 euro 711,000 euro, accordingly. It is important to mention that the calculations are made between December 2019 and August 2022.

3.2 Benchmarking Alliance

Benchmarking is considered to be a valuable technique of systematic measurement and comparison of oneself to the best in the industry (Nunkoo 2018, 306-311). Not only does benchmarking disclose the existing strengths and weaknesses of a business unit in comparison to competitors but also allows organizations to retrieve information on the specific areas of development and the level of potential development (Henning, Muruvan, Feng & Dunn 2011).

Kozak (2007) highlights the fact that benchmarking and comparative analysis is not the same thing because the first one suggests the real practices learned from others to implement changes.

Benchmarking Alliance is used by the X hotel. Along with the case company, there are four other properties. The list includes the top hotels in the area. Since the X hotel started its reporting in May 2022, the data is analyzed only in the period between May 2022 and August 2022. (X discussion.)

Hotel revenue

Table 2 depicts the X hotel revenue in the period between May and August 2022. During the first two months, the hotel room revenue numbered around 64,000 euro, while July was the month when the business gained the most accounting for 100,500 euro. After that, there was a decrease in demand and for the period of August 2022 the enterprise profited approximately 72,000 euro.

Year	Month	Hotel room revenue (in EUR)*	Total venue revenue (in EUR)**
2022	May	62,804.51	70,041.22
	June	64,305.91	71,879.43
	July	100,516.24	110,878.15
	August	72,294.44	79,976.07
Total		299,921.1	332,774.87

*(Revenue from sold hotel rooms, excluding breakfast and taxes)

** (Total revenue at the entire venue during the chosen time period, excluding taxes)

Table 2. Hotel revenue between August 2021 and August 2022 (Adapted from Benchmarking Alliance 2022).

The total revenue on the right means the whole venue excluding taxes but including, for instance, catering services and adds on average 13% of the hotel room revenue.

Key Performance Indicators

Benchmarking Alliance assists businesses in monitoring such *Key Performance Indicators (KPI)* as *Revenue per Available Room (RevPAR)*, *Average Daily Rate (ADR)*, and *Occupancy Rate*. Moreover, it shows the position on the

market which helps to get a general idea of the situation and identify and implement strategies to improve performance.

Revenue per Available Room

Revenue per Available Room or *RevPAR* is utilized to measure a hotel's ability to fill its vacant rooms at an average rate. The formula to calculate the RevPAR of a hotel is the multiplication of the *Average Daily Rate* and *Occupancy Rate*. However, it should be mentioned that *Costs per Occupied Room (CPOR)* are not taken into account. Hence, the profitability of a hotel cannot be assessed, but RevPAR allows businesses to compare themselves with other properties or trademarks. (Amadeus hospitality 2022.)

The information about the RevPAR of the X hotel during the period between May and August 2022 can be found in Figure 8. As it was mentioned before, the most profitable month for the company was July and so was the RevPAR. This is where the X hotel takes the leading position on the market with no doubts. Nonetheless, the overall performance in contrast to other competitors could be considered fair enough and is ranked two out of five.

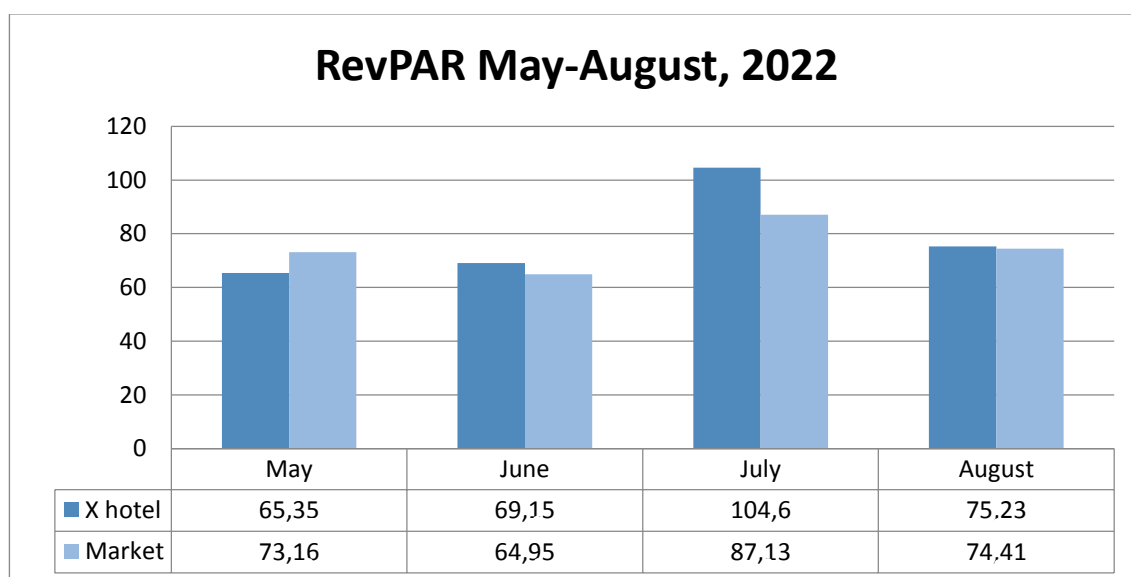


Figure 8. RevPAR of the X hotel between May and August, 2022 (Adapted from Benchmarking Alliance 2022).

Average Daily Rate

The *Average Daily Rate* is measured as the average rental revenue generated by an occupied room per day (Investopedia 2022.) It is evident from Figure 9 below that the average daily rate at the X hotel was lower than the one on the

market throughout the given period. According to this criterion, the X hotel is given the fourth place out of five possible during the entire time frame.

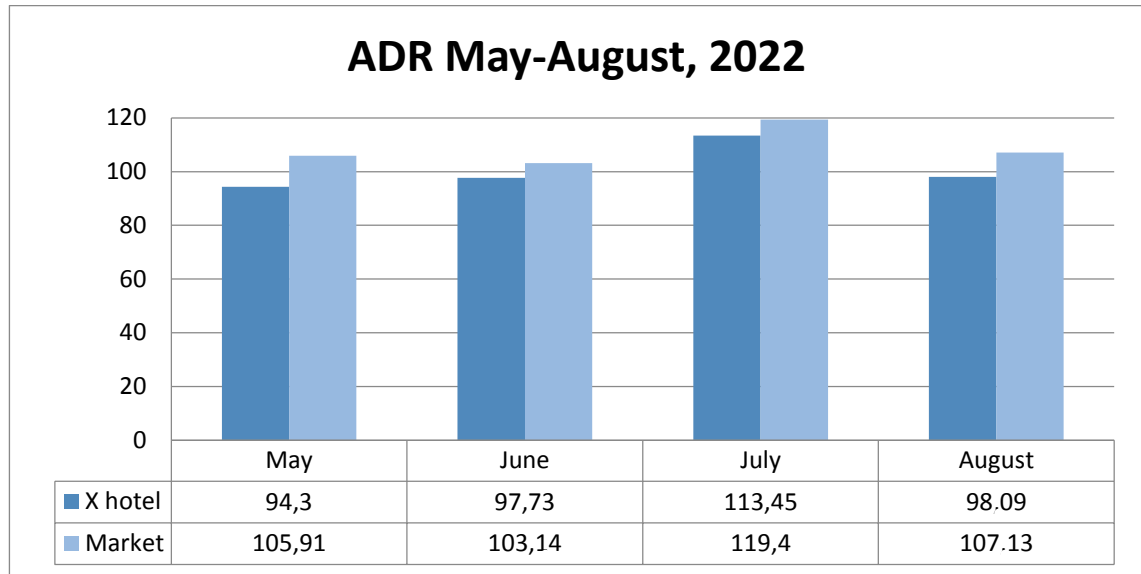


Figure 9. ADR of the X hotel between May and August, 2022 (Adapted from Benchmarking Alliance 2022).

Occupancy rate

Occupancy rate is the ratio of occupied space to the total amount of physically available space (Investopedia 2022.) Earlier in the text, it was stated that the X hotel comprises around 30 rooms. The amount of rooms differs significantly from competitors which possess up to nearly 240 rooms on their premises. As can be seen from Figure 10 the occupancy rate of the X hotel is positive during all four months. Because of that, the company is awarded first place out of five.

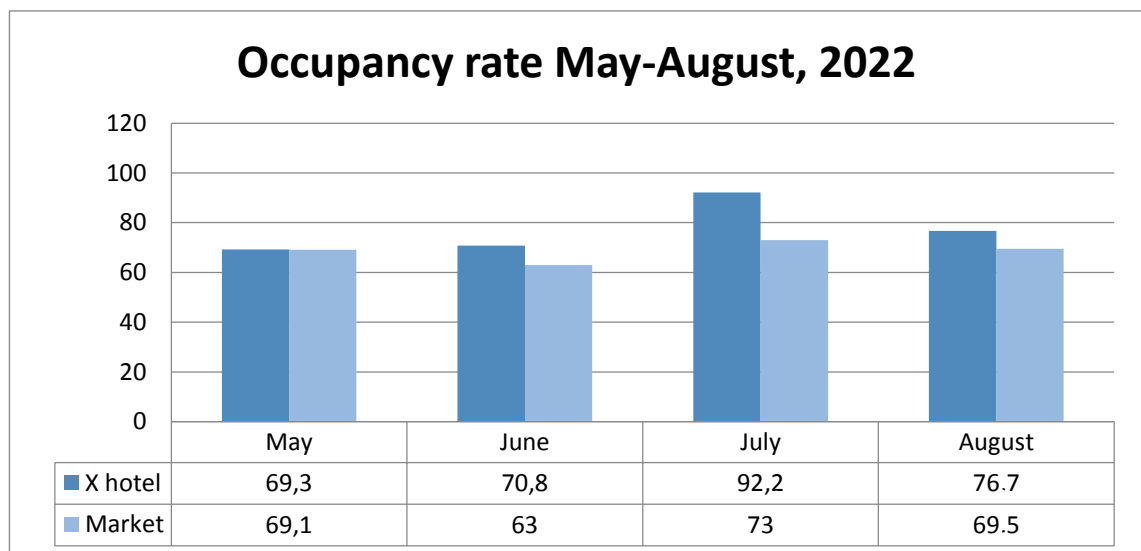


Figure 10. Occupancy rate of the X hotel between May and August, 2022 (Adapted from Benchmarking Alliance 2022).

Based on the figures above the *Revenue Generation Index (RGI)* is equal to 1.05 which means that the hotel's economic performance is similar to the industry average and even slightly better. The *Average Rate Index (ARI)* numbers 0.93 and that is because the prices are lower in contrast to competitor hotels. Lastly, the *Market Penetration Index (MPI)* accounts for 113; in other words, in the given time period the X hotel has received more bookings than its competitors and possesses more than a fair share of the market.

3.3 Google Ads

In a nutshell, Google Hotel Ads is a hotel metasearch engine owned by Google and connected to the organization's other services involving the hotel's booking search engine, Google Maps, and the Google Assistant. The distribution and marketing platform displays information about premises and their room availability when relevant search queries are requested. Google Hotel Ads suggest different rates and direct customers to various booking platforms, allowing customers to get the best deal on the market. (Revfine 2021.)

It is important to mention the fact that Hotel Ads and Google Ads are not the same things. In fact, Google Ads offers pay-per-click (PPC) advertising services. This means that the ad will be shown to the user no matter the live availability if the relevant keywords are searched. The business then pays Google every time a customer clicks on the ad or whenever one completes a booking; different options are available. To sum up, Google Hotel Ads are aimed at creating bookings, while Google Ads are targeted at obtaining clicks. (Revfine 2021; Google 2022.)

As shown in Picture 1 Google travel metasearch displays the X hotel together with different online travel agencies. Consumers have the possibility to check the live availability, reviews, and pictures, and also compare the rates and choose the most attractive one. Guests can book directly from the hotel by clicking on the hotel homepage, which is placed right after the paid ads. One can notice that the most competitive rate is offered by the brand's home booking engine. As a consequence, the business gets more direct bookings without paying commissions to online travel agencies. (Google 2022.)

The image shows a Google search result for a hotel. At the top, there's a navigation bar with 'Overview', 'Prices', 'Reviews', 'Location', 'About', and 'Photos'. The main listing includes the hotel name (partially obscured), a price of €108 for 14-15 Oct, and a 'Book a room' button. Below this, there's a 4.8 star rating and a description: 'Individually styled units, a sauna & breakfast in a relaxed apartment hotel opposite a river.' A section titled '8 top things to know' mentions 'Guests praised the clean, large rooms and the kitchenettes +7 more'. The 'Check availability' section shows check-in on Fri, 14 Oct and check-out on Sat, 15 Oct for 2 guests. Below this, the 'Featured options' section lists several booking platforms with their respective prices and cancellation policies:

Platform	Price	Cancellation Policy
Booking.com	€115*	Free cancellation until 12 Oct, 24/7 Customer service, No Hidden Charges
Trip.com	€111*	Free cancellation until 13 Oct
Priceline	€123	Free cancellation until 12 Oct
Agoda	€123	Free cancellation until 12 Oct

The 'All options' section lists:

Platform	Price	Cancellation Policy
hotel homepage (official site)	€108	Free cancellation until 13 Oct
Trip.com	€111*	Free cancellation until 13 Oct

Picture 1. X hotel's listing in Google metasearch (Google 2022).

As for financial aspects, there are several options that Google Ads offers to businesses in turns of payments. One of the examples of the price models is a *manual CPC* which means that the company sets its maximum cost per click. Another option is a *percentage-based CPC*; in other words, it is a cost per click for the ads where Google charges a proportion of the booking price.

Apart from that, enterprises can opt for a *cost per acquisition* meaning a percentage-based commission when a reservation is completed. It is crucial to highlight the fact that the organization pays the commission to Google despite any possible booking cancellations. The last and the least risky alternative is a *cost-per-stay* model. The advantage of this type of model is that it is a percentage-based commission and is charged only after the guest checks out). (Hotel-Spider 2021.) No data on price models was available from the case hotel.

On the subject of Google Ads, the company tracks the progress and modifies activities when needed. The key indicators of the analytic tool that disclose how effective the ads involve impressions, click-through rate, and conversion rate (WebFX 2022).

Impression means how frequently a company's ad appears on Google or the Google Network (Google 2022). According to the data displayed in Figure 11, the X hotel's ad was shown to users the most between July and September 2021. That was the top point throughout the period since December 2019. However, the ad did not appear that often after the third quarter of the year 2021.

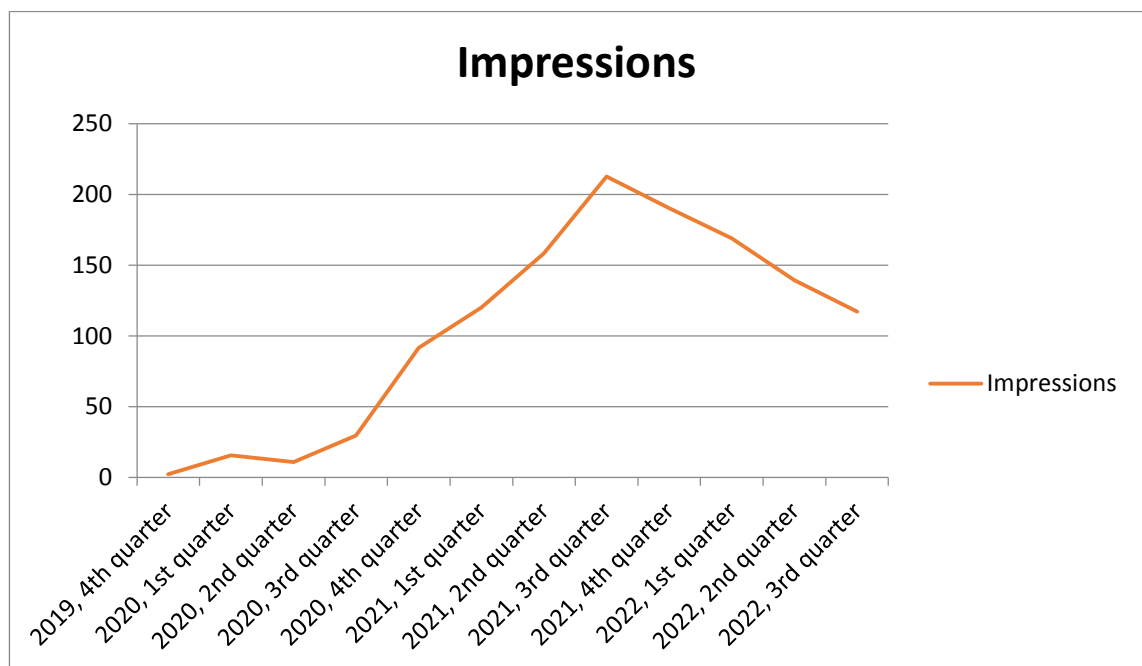


Figure 11. Impressions in Google Ads for the X hotel (Adapted from Google Ads 2022).

Clicks are counted each time a person clicks on the company's ad. Figure 12 shows the fluctuating trend in Google Ads clicks of the X hotel. The period of the third quarter of the year 2021 makes up the leading number of clicks.

Based on the data in Apaleo PMS, the gross amount for the period between July and September 2021 numbered nearly 334,900 euro compared to the total amount of 800,400 euro for the entire year. It means that the X hotel made 42% of its profit during this specific time frame. (Apaleo PMS 2022.) That explains the relationship between the popularity of the ad and the half of the bookings

completed in the year 2021. In fact, the number of impressions accounted for 212,599, and clicks numbered 5,192.

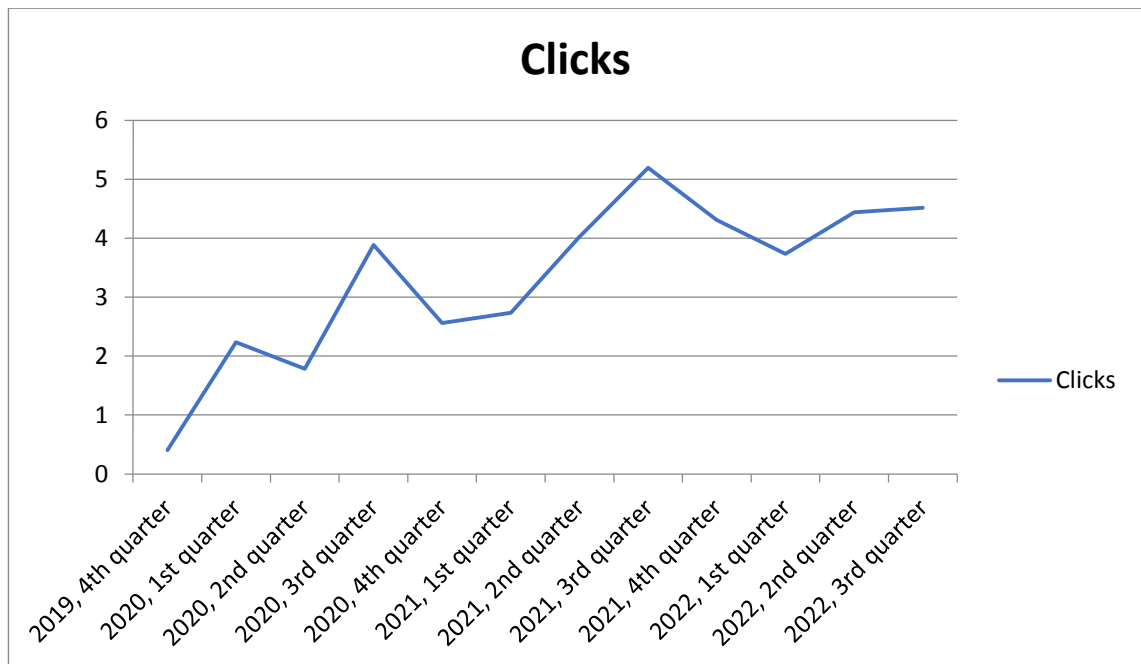


Figure 12. Clicks in Google Ads for the X hotel (Adapted from Google Ads 2022).

In total, a user clicked on the X hotel's ad 39.8 thousand times during the period between December 2019 and August 2022 whereas the ad itself was shown 1.26 million times. The effectiveness of the ad can be measured by the *click-through rate (CTR)*. The calculation is done by dividing the number of clicks by the number of impressions. The X hotel's average CTR made up 3.17%; however, the percentage increased during the last thirty days and now accounts for 4.29%, which is a positive trend.

The average CPC numbered 0,33 euro and the enterprise was charged around 13 thousand euro for the entire period. Finally, the conversion rate made up 11.49% meaning that the ad interaction has led to a low number of conversions and thus, resulted in less profit.

The needs of the X company vary from day to day and thus, the geographical target and campaign time period differ. As for the keywords, the company expected Google to show their listing when certain hotel-related words or phrases appeared. The brand's name was the one that generated 19,596 clicks in contrast to the 36,560 clicks of the total traffic to the keyword compared to other keywords.

The more general the keywords are, the more costly it is for the company. Obviously, long-tail keywords or generic words might target a bigger audience; however, it is wiser to bid on specific words due to the fact that a user searching, for instance, the name of the hotel will likely book a reservation there. This works with almost any kind of products and services.

Overall, Google Ads and Google Hotel Ads are vital for businesses nowadays. Not only do they help with analytics but also escalate visibility on Google search engine results pages. Furthermore, Google services assist prominently in the constant competition with online travel agencies.

3.4 X hotel's positioning on the market

In general, a hotel's positioning is a fundamental factor in developing successful marketing strategies. Only by truly understanding and analyzing can an organization know what they want to achieve or become in the future. Undoubtedly, it will eventually impact the hotel's overall development and profitability. (Ransley & Ingram 2004, 37.)

The X hotel has been analyzed with the use of SWOT analysis. The organizational strengths and weaknesses were discovered, as well as environmental opportunities and threats. The overall assessment has shown quite decent outcomes and a positive perspective. The final results are described in the grid below (Table 3).

Strengths	Weaknesses
<ul style="list-style-type: none"> • Dynamic pricing strategy • Environmental & societal orientation • Excellent condition of premises • High online visibility in the search engine results • Independent hotel • Local and international customers • Powerful social media presence • Prime location • Strong reputation and high reviews for its exceptional quality service • Unique concept 	<ul style="list-style-type: none"> • Developing brand awareness • Distribution channels conflict • Inefficient marketing • Low number of loyal customers • Overdependence on local guests • Reception is not open 24/7 • Reduction of offers and discounts on OTA distribution channels • Weak flow of indirect bookings
Opportunities	Threats
<ul style="list-style-type: none"> • Active communication via social media platforms • Cooperation with businesses and events • Expanding online distribution channel presence to develop internationally • Growing interest in conscious tourism • Increasing customer engagement and loyalty through personalization • Location marketing • Rising appeal for boutique hotels 	<ul style="list-style-type: none"> • Decrease of international travelers • Dominance of OTAs • Economic cycles • Fierce local competition • Increase of fixed costs • Political instability • Sensitivity to seasonality • Sudden pandemics and travel-related restrictions

Table 3. SWOT analysis of the X hotel.

As for the internal strengths and weaknesses, they include activities that are manageable by the hotel. Some of the positive aspects of the X hotel include the unique concept of an independent hotel, its high reputation based on customer feedback, and its strong awareness of environmental and social concerns. At the same time, due to the fact that the company started its operations about three years ago, it is not yet well-known in contrast to large brand hotel chains on the market. This is also the reason for the low number of loyal clientele.

On the subject of the opportunities and threats, it can be mentioned that the X hotel has great potential to develop and grow. First of all, travelers nowadays are jaded with traditional hotel rooms and are in constant search for something

different. Furthermore, society is more and more concerned about environmental matters and thus, it supports *green* tourism approaches.

If the X hotel is looking for a strong connection with existing customers, it should enhance interaction in the online environment and also think of customer benefits or a reward program. Implementing marketing in a neighboring country and increasing an online distribution channel presence will help build a relationship with new consumers all over the world.

However, some external factors may obstruct the hotel from achieving its goals. For instance, current political and legal forces might decrease the number of international tourists. The increasing influence of OTAs also dominates over direct bookings of hotels resulting in lower revenue. Last but not least, the competition among local enterprises is always there. Thus, it is crucial to monitor the situation systematically and implement changes if needed.

4 Results

This chapter gives the reader an overview of the outcomes involving the trends in the X hotel distribution channels' share, a consumer profile, the company's progress and positioning on the market, as well as perspectives on Google Ads collaboration.

Direct and indirect bookings

Overall, the number of hotel bookings is increasing slowly but confidently. Most of the guests book via email, phone, and directly from the business online engine booking. This total direct bookings number 70% of all reservations. Despite the fact that online travel agencies target a large audience and constantly promote themselves, the proportion of indirect bookings accounted for only 30% during the entire period.

In other words, the X hotel has succeeded in obtaining a decent share of guests who book their stay through direct distribution channels. This also means

greater profit for the company due to the fact that the organization does not need to pay any commission to the third intermediaries.

Customer profile

As for the guest profile, they are usually single or couple adult travelers without children. The latter ones make up half of all reservations. Customers tend to stay at the premises from one to three days at most. A double or twin room is the choice of the majority of guests.

Best Flexible Rate is the leading plan rate of the customers, allowing them to cancel the bookings twenty-four hours in advance. The rate is available for booking either via direct or indirect distribution channels. The right of free cancellations sometimes led to guest booking revocations; nonetheless, the number of canceled bookings has never been more than 20%. Checked-in guests were Finnish citizens, in the majority, and they selected the X destination for leisure purposes.

Key performance indicators

In regard to the overall performance in contrast to the local competitors, the X hotel is considered to be a strong player in the market. The Revenue Generation Index (RGI) is equal to 1.05, which describes an average in the industry or even better than average economic performance.

Moreover, the Average Rate Index (ARI) accounts for 0.93, meaning that the rates are lower in contrast to the opponents. Finally, the Market Penetration Index (MPI) numbers 113. In other words, the local businesses receive fewer reservations than the X hotel and thus, cover a smaller segment of the market.

Google Ads

Google Ads analytics have highlighted an increase in impressions and clicks in the third quarter of the year 2021, accounting for 212,599 and 5,192, accordingly. The X hotel's average CTR made up 3.17%, and the average CPC numbered 0.33 euro; the enterprise was charged around 13,000 euro for the whole period from December 2019 until August 2022. Lastly, the conversion rate accounted for 11.49%, meaning that the ad interaction has led to fewer conversions and as a consequence, lower profit for the company.

Market competitiveness

Even though the X hotel is rather a new player, it has already shown positive results in the given period. A strong reputation, dynamic pricing strategy, and unique concept make the business stand out from the competition hotels. It has all the potential to raise the number of new and loyal customers by increasing engagement and active communication with them.

Moreover, the economic instability and travel-related restrictions have been shown to be manageable through profound strategic planning. Effective marketing and high brand awareness is something the company needs to work on.

5 Conclusion

Research questions and recommendations

This thesis aimed to answer the four main research questions. The study questions were as follows:

- How have the shares of different distribution channels evolved during 2019-2022?
- What is the position of the X hotel on the market?
- What results have been acquired by using Google Ads?
- What measures does the company need to take to increase direct bookings?

The X hotel's distribution channels included the brand's home online booking engine, phone, and email along with channel manager and online travel agencies. According to the data from the booking system of the X company, the share of the above-mentioned channels varies greatly. Nonetheless, the trend is the majority of guests choose to book their stay through direct online and offline distribution channels and that is, obviously, a favorable part.

At the same time, online travel agency also makes up a decent share of bookings. Despite the high commissions, the presence on the web pages of OTA is critical. OTAs reach a large market and run constant campaigns that lead to new customers, high occupancy rates, and brand awareness. Nonetheless, an organization is in charge of supervising and managing the channels, and understanding when to open and close certain distribution channels. In the case of the X hotel, Expedia shall be shut down due to an extremely low amount of bookings and a high commission of 18%.

On the topic of the X hotel's positioning in the local market, it can be declared that the X hotel is a strong competitor. Some of the strong points of the X hotel encompass the strong environmental orientation, dynamic pricing strategy, solid reputation, and unique concept. That gives the company an opportunity to obtain new customers who support conscious practices in the tourism industry or just seek extraordinary boutique hotels as opposed to boring typical hotel rooms.

However, the X hotel shall pay more attention to marketing and channel distribution management to make them work in the most efficient way possible. Environmental threats, such as political and economic unrest are often out of control; thus, it is advisable to focus on the strengths of the organization and enhance performance by taking advantage of the new arising opportunities.

In regard to the Google Ads services, it should be pointed out that the X hotel certainly benefits from both Google Ads and Google Hotel Ads. When implemented correctly, with the right campaigns, keywords, and target market, Google Ads can generate a decent number of direct bookings. The option to list the X hotel's official web page in Google Hotel metasearch is a great idea, and this is how the company obtains direct bookings without additional costs and beats its primary rivals, online travel agencies.

Yet, the major concern of the X hotel is the increase in direct bookings. Based on the data and analysis one can notice that the percentage of direct reservations was up to 70% which is considered to be a great achievement. Nonetheless, some recommendations on how to upsurge direct bookings are discussed in the following paragraphs.

One of the options to increase direct reservations could be a welcome discount for new customers who subscribe to the hotel's newsletter and can get a 10-15% reduction on their first stay. This is equal to the OTA commission payments but repetitive guests will more likely to reserve a room through the hotel's online booking engine later.

The discount code can also be integrated into the home web page, it could be a pop-up window or an element on the website which is clearly seen by online visitors. At the same time, it is critical to maintain a good relationship with the current customers and probably think about a loyalty or reward program. It could include bonuses, discounts on accommodation and business partners' services or products, free entries, upgrade of rate plans on availability, etc.

Another important thing to keep in mind is the instant monitoring of information. This includes both online social media activities and personal data from property management systems. Tracking geographic locations, interactions and social behavior on social media platforms can assist in identifying the target market and posting the appropriate content for users to become buyers. Engagement with customers is crucial in social media. Influencer marketing is a powerful way to promote the brand; eWOM shall not be underestimated. Moreover, cooperation with local events, like concerts and sports competitions, may attract many new customers.

Without any doubt, the data from PMS is also very valuable. Personalized follow-up emails with offers or individual notes like memories, birthday wishes (of both humans and animals), and so on could add that personal touch and create a connection. The hotel can also suggest a guest reflect on the overall experience and improve services based on the findings.

Limitations

The research does not give any undisputed solutions, but recommendations that are based on the company's data along with the personal observation of the author. The thesis paper was completed in quite a limited time frame amounting to nearly one month period, thus there are plenty of matters that could still be addressed.

Further research

By creating an efficient marketing plan and leveraging social media activities the X hotel could easily target the customer segments and increase the revenue as well as its share in the market. Google Hotel Ads is another critical component that needs to be thoroughly investigated to enhance the visibility of the X hotel. The researcher and the company plan to continue examining the Google Hotel Ads platform.

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