

# DIGITIZING HOTELS FOLLOW THE TOURISM RECOVERY



After a two-year hiatus, the tourism industry is seeing the light again. The desire to travel is present and everything pointed to 2022 as a year of recovery. Despite the social, political and economic disruptions that have followed, it really has been a year of recovery.

For example, Europe reported a recovery of 81% of its tourist arrivals between Jan. and Sept. 2022. Also, Skyscanner's 2023 forecasts are quite positive. **The study found that about 41% of travelers would like to increase travel spending in 2023 compared to the current year**, while about 82% of travelers are considering the same or more cross-border trips next year compared to 2022.

Hoteliers have proven to be well aware of this recovery trend and have bet on new ways to approach travelers digitally. This effort is not being duly rewarded: 70% of hotel room bookings are made through third parties, travel agencies or online platforms, which translates into a direct drop-in hotel profits - on average, comparators receive between 20% and 25% of the total booking.

Among the actions that the sector has put in place to combat this high third-party intermediation are loyalty programs, which have very limited profitability to specific cases, or additional discounts, which imply that the business owner assumes the involved costs.

Another action is digitalizing hotel marketing. Hoteliers invest between 7% and 10% of their direct channel revenue in advertising campaigns on Google or on websites, but, although these actions help to increase the online visibility of the business and, therefore, its notoriety, they do not have a real return on investment, since most of the traffic the hotel receives still comes from online comparators.

The lesson raised is quite straightforward: new technologies yes, but always accompanied by a robust strategy. Before launching any initiative, it is vital that the digitalizing hotels understand the buying process and, of course, look for innovative solutions that offer their potential customers the seamless experience they demand. The end result: \$250 more revenue for the hotel, for every \$1000 booking.

From the very beginning, when designing a digital architecture, it should be easily integrated through API technology into hotel e-commerce, which allows revolutionizing the room booking model and pre-stay services to improve the experience that hotels provide to their customers and solve the problem of third-party intermediation.

**This way, travelers can book the exact room they want and fully customize their stay while starting their vacation from the couch at home.** This means that the hotel booking experience is no longer a blind date, where the user can fully understand the product they are buying. In turn, hotels increase the volume of direct sales and see how their reputation is boosted.

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