IMPACT OF DEVELOPING INTERNET DISTRIBUTION CHANNELS ON REVENUE MANAGEMENT POLICY IN 5-STAR INTERNATIONAL HOTELS IN BANGKOK, THAILAND



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Thesis title: Impact of Developing Internet Distribution Channels on Revenue

Management Policy in 5-star International Hotels in Bangkok,

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ABSTRACT

The objectives of this study were to find out how development of internet distribution channels in hospitality industry influence on revenue management policy. Booking process has changed considerably along the years and Internet has changed the way of doing business. It is then natural to show interest on distribution channels that might help a lot to hoteliers to increase their revenue.

This study was based on qualitative research approach. The empirical information was gained through seven exclusive in-depth interviews with revenue managers in international 5-star hotels located in Bangkok. Chosen participants were asked to describe their current revenue management policy and make prediction for future situation in hospitality industry in Bangkok in terms of increasing influence of internet and changing consumer's behavior.

Research findings are about 50 % of hotel revenue of 5 star international hotels revenue located in Bangkok is coming from traditional off line distribution channels. The hoteliers realize that internet distribution channels impact is growing during last 5 years and will be growing in the future with using latest technologies and trends: social media, mobile application and etc. Another issue – cooperation with OTAs, according to findings hoteliers in Bangkok believe that OTAs for them are not the threat and moreover cooperation with them can be mutual beneficial.

Key words: OTAs, Hotel web-site, Rate parity, Revenue-to cost ration, Revenue management, International Hotels, Bangkok

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CHAPTER 1 INTRODUCTION

Revenue management or yield management is relatively young field of study. One of the most common definitions of Revenue management is "Revenue management is selling the right room to the right client at the right moment at the right price" (Hayes, Miller, 2011).

First time conception of Revenue management appeared in 80s in USA in airline industry (American Airlines and Delta Airlines). They were the first one who applied technique of selling the same items by different prices. After Revenue Management conception came into other industries such as Hotels, Resorts, Restaurants and etc.

Kimes (1989) stated that revenue management is frequently used by airlines, hotels, and other service firms with fixed capacity; revenue management matches the supply of a perishable commodity with forecasted demand via strategies that manipulate price and time of consumption

It is impossible nowadays imagine our live without Internet. For modern people Internet became such a basic need as road and electricity. The Internet is changing the way people work, socialize, create and share information, and organize the flow of people, ideas, and things around the globe (Keefer, Baiget, 2001)

Internet dramatically changed consumer behavior. Now businesses are only in one click distance from consumers. It gives a lot of opportunities for businesses, but on the other hand those who are not in trend can easily become outsiders. (Maniyka, Roxburgh, 2011)

Hospitality industry is one of the sectors of economy what faced huge impact of internet developing for the last 15-20 years. When we are talking about hospitality we can make assumption that exactly this industry should be a leader in global presence in internet. That means that developing of hospitality market firstly should be available for all customers all over the world. (Horvat, 2001)

Before to make booking in hotel customers needed to make a call to hotel or to travel agencies, or to send a letter with inquiry, then to wait answer from hotel about

available rooms and rates, and at the moment of taking decisions this information could be already outdated, what made process of booking long lasting and inefficient.

Now consumers can have all options of available rooms and rates for particular country, city, and district during one click. Distance, time difference don't matter now. Booking is available 24 hours and in any anywhere in the world.

Budget and small hotels were the first one who realized the impact of internet distribution channels on their revenue management, because travelers for leisure usually chose not expensive option for accommodation.

5-star International hotels threat themselves mostly like hotels for business travelers and their main income comes from corporate segment.

But nowadays the tendency is changing for big international chains of hotels as well. The share of revenue coming from Internet distribution channels is increasing yearly. And hotels should change their revenue management policy, to pay more attention on developing Internet distribution channels.

1.1 Statement of the Problem

Hotel industry has considerably evolved during last 15-20 years. Now due to increasing internet influence consumers are only in one click distance from hotels. Therefore hoteliers should be considering how to become closer to their customers via internet distribution channels – OTAs and branded web site. Internet distribution channels allow to hotels to be available for bookings 24/7 and there is no boarders and distance, using different languages – they can avoid as well cultural and language barriers. Internet usage is growing by giant steps in Thailand, especially in the biggest city and the capital of country – Bangkok, but still this process is under development. Accordingly researcher is interested to understand the phenomena of current situation in hospitality industry in hotels, located in Bangkok.

1.2 Research questions

In this thesis researcher will intend to answer for following questions:

1. What are current tendencies in distribution channels in hotel industry?

3

2. How Revenue manager should manage all distribution channels and create

balanced mix of distribution channels?

3. How can Hotels promote Sales through their own website?

4. OTAs - are opportunities or threats for hotels?

5. What is the future in distribution scene in hospitality? What prediction can

be made by revenue managers?

1.3 **Significance of the Study**

An effective revenue management policy can be a huge competitive advantage

to hotels and understanding the situation and the future tendency can help to hoteliers

increase profitability of their properties. An object of this research was to find how

development of internet distribution channels influence on revenue management

policy.

Furthermore, this research is important because there is a change of booking

habits of travellers occurring in most of the developed countries and also emerging

countries. As time go by, people tend to book hotels room every time more through

Internet. Hoteliers located in Thailand can estimate their current situation in

promoting sales via internet distribution channels, compare with situation in other

countries, for example USA, and prepare themselves to face future taking into

consideration latest technologies and trends.

1.4 **Scope of the Research**

Scope of Content: Hospitality industry – international branded hotels.

Scope of Area: Bangkok, Thailand

Scope of Population: in Bangkok there are 89 five-star hotels; from this

number 21 properties belong to top 5 international chains. Therefore the targeting

population are the revenue managers from Starwood, Hilton, Marriott, IHG, Accor

hotel groups.

Scope of time: Six months (from February 2014 to August 2014)

1.5 Objectives

This research paper's objective is to get a better understanding of current situation in hospitality industry in period of internet influence growing and future expectations:

- 1. Describe current situation in hotel industry among 5-star international hotels, located in Bangkok;
- 2. Determine how revenue managers can manage Internet distribution channels and create balance channels mix;
- 3. Highlight the best ways and practices for promoting sales through web site;
 - 4. Discover revenue management policy of hotels regarding to OTAs;
- 5. Bring to light how hoteliers see the nearest future and compare it with best practices.

1.6 Definition of Terms

Rate parity: can be defined as maintaining consistent rates for the same product in all online distribution channels.

Cost to revenue ratio: can be defined as return on investment per each distribution channels.

Independent Hotels: hotels that do not have any affiliations and do not belong to any chain, brand, they work according their own rules, policy and standards.

Chain or branded Hotels: hotels that are owned or managed by famous and strong Brand, they work under centralized system with support of head office.

OTA: Online Travel Agency (ex. Booking.com, Agoda.com and etc);

Brand.com refers to a hotel's website.

SEO: Search Engine Optimization

Meta engines sites: are user-generated travel reviews websites, where people can share their experience with written details, pictures, and videos about a hotel (ex. TripAdvisor and etc.) (Patel, 2011).

Social media: Websites and applications that enable users to create and share content or to participate in social networking (Oxford Dictionary).

Mobile application: application that are used on smartphone and tablet devices.

HeBS: Hospitality eBusiness Strategies Digital is a famous hotel Internet marketing, Company, managed by M. Starkov (USA).

STR: Smith Travel Research – the leading research company in travel industry (USA)



CHAPTER 2

LITERATURE REVIEWS

In this chapter will be introduced the connection between revenue management and distribution channels, main distribution channels in hotel industry, new tendencies in distribution policy in hospitality. The topic of this study is very current and there is no theoretical background done with the topic and all literature review is based on studies, researches and articles of professionals in this field, who currently work in hospitality industry.

2.1 Revenue management and distribution channels in hospitality

Revenue management is to sell right room to right customer by right price at the right moment. This is the most common definition for Revenue management.

Revenue management as a science appeared not so long time ago, in the 60x in US and first implementation was in airline industry. Lately hoteliers understood the similarity of approaches - selling seats in airplane and rooms in hotels – because their inventories are perishable (Hayes&Miller, 2011). And now almost in every hotel there are existing department of Revenue management.

By definition of Revenue management it can be seen that finding "right customer" is the main point. Therefore the main goal of revenue management is to find this "right customer".

For achieving this goal revenue managers in hotels work with different distribution channels.

According to Starkov (2012) there are 3 main distribution channels in hospitality:

- Rapidly Growing Online Channel (+25% in 4 years)
- Decreasing GDS Travel Agent Channel (-25% in 4 years)
- Decreasing/Flat Voice Channel (-11.1% in 4 years)

	1				
CRS Hotel Bookings Top 46 Hotels Brands	Q 2011	2010	2009	2008	2007
Top to Hotels Dianas	54.0%	52.3%	50.4 %	47.6 %	42.0%
Internet Bookings					
CDS Travel Agent	21.9 %	22.1 %	21.3 %	27.3 %	29.3%
Bookings					
	24.1 %	25.6 %	28.3 %	25.1 %	28.7%
Voice Bookings					
T 1	100%	100%	100%	100%	100%

Table 2.1 Statistic for main distribution channels in hospitality, 2007-2011

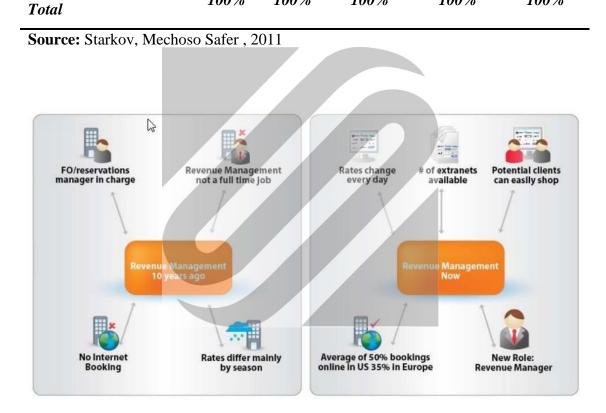


Figure 2.1 Revenue management now and 10 years before

Source: Rate Tiger, 2011.

As it can be seen on the figure above Revenue management concept has changed dramatically during last 10-15 years. And there is increasing role of revenue manager.

Povah (2011) categorized the list of main responsibilities of revenue manager in 8 categories:

- 1. Segmentation of client mix (corporate / leisure / weekday / weekend);
- 2. Balance between current occupancy and rates;

- 3. Competitiveness of rates and ranking;
- 4. Consider consumer benchmarking abilities;
- 5. Market conditions (trade shows, events);
- 6. Forecast of future occupancy;
- 7. Consumer trends & behavior;
- 8. Competition

According to Povah (2011) the main role of revenue manager can be described by one sentence: "Revenue manager should save time and make money".

2.2. Online distribution channels in hospitality

Online distribution channels in hospitality industry are OTAs (online travel agencies) and corporate web-site of hotel (brand.com).

As it can be seen from statistical information used by Starkov (2012) in research "The Smart Hotelier's Guide to 2012 Digital Marketing Budget Planning" not all online distribution channels are created equal.

Internet hotel bookings are rising, but are they are coming from 2 sources - the hotel's website or from the OTAs. As it can be seen on Figure 1 in period of 2007-2011 bookings in Branded hotels came from online distribution channels are grown from 42% to 54%, but on the other hand there is tendency of increasing share of bookings coming from OTAs.

Nicolas (2012) compared statistics for 2011-2012 about changing consumers' behavior according to making booking room nights in hotels. As it can be noticed in 2011 top branded hotels have bookings coming from OTAs only 8 % of total bookings, whereas bookings from Hotel's web site took 18 %. For independents hotels statistic is opposite. Bookings are coming via OTAs more than 3 times exceed booking from own web site. This shows that independents hotels are more dependents on OTAs activities than hotels with strong brand.

In 2012 situation was changed, branded hotels were keeping almost equal quantities of booking from OTAs and web site, independent hotels couldn't keep this equality and their bookings came mostly from intermediates. According to these

statistics it can be claimed that internet or by other words online distribution channels (OTAs and own web sites) displaced other traditional offline distribution channels.

Table 2.2 Percentage of reservations on OTAs and Hotels' websites for branded and non-branded hotels, 2011

	OTAs	Hotels' websites
Top Hotel Brands	8 %	18%
Non-Branded Hotels	32%	10%

Source: Nicolas (2012)

Table 2.3 Percentage of reservations on OTAs and Hotels' websites for chain and independent hotels, 2012

		OTAs	Hotels' websites
Chain Hotels		32%	33%
Independent Hotels		38%	31%

Source: Nicolas (2012)

Another statistics from eTrack indicates the growth of online travel booking by more than 73% over the past five years.

Table 2.4 Internet Travel Hotel Booking Statistics

Year	Annual Online Travel Sales
2012	\$ 162.4 billion
2011	\$145 billion
2010	\$ 128.9 billion
2009	\$116.1 billion
2008	\$105.1 billion
2007	\$93.8 billion

Source: eTrack, 2012

Mayock (2012) cited Tim Hart (executive VP, business intelligence solutions for TravelClick) that sales via corporate web sites were increasing in 2011 due to both reasons - increased investment and effort from the part of hotel brands and the fading popularity of the voice channel. Mayock (2012) mentioned that booking made via OTAs are growing as well. But OTAs are still playing a role growing and developing their own business, and they do not care about Hotel's profitability, because they

work only for turnover and commission getting from this turnover. As a consequence Hotels should sell room nights with discounted ADR (average daily rate).

Thomson (2012) underlined that independent hotel and chains more than ever before, need to stand out online by customizing their own proprietary channel to attract and maintain loyal guests and presented statistic about the top 30 brands where it can be seen that online hotel bookings accounted for 57 percent of all reservations made in late 2010. That is an increase of 19 percent since 2006 according to an eTRACK report and speaks to the urgency for hotels to get in the game with a custom site that caters to online room reservations.

Gourdie (2013) gave statistic from Sceptre Hospitality Resources for June 2013 for US market and underlined that "hoteliers are recognizing the power of the internet and seeing too much of their inventory being sold through the third party intermediaries—decided that it is time to take back control of their own inventory."

And as it can be seen on the chart below in USA sales through own web site in 2013 took 68.9 % of all revenue, OTAs is only 14.33%. But together internet distribution channels gave almost 85 % of all hotels revenue (Gourdie, 2013).



Figure 2.2 Revenue by channels, US market July 2013.

Source: Sceptre Hospitality Recourses, 2013: online

To understand better the situation in the hospitality industry further will be presented short overview of main OTAs.

Nicolas (2012) noticed that mostly hotel guests ignore the fact that many hotel reservation sites belong to global OTAs such as Expedia, Travelocity, Priceline, Orbitz, etc.

As it can be seen on this market exist very strong monopoly. And as it was correctly mentioned that end-users do not have idea that all these web sites are connected, for examples big players like Booking.com and Agoda.com are not competitors to each other, and they are representatives of one big corporation.

In this situation of course who suffer the most are the independent hotels, as was written above they are more OTAs dependent.

Table 2.5 Global OTAs & their Main Acquired Booking Site Brands, Table, July 2012

OTAs	Corresponding Booking Site Brands
Expedia	Hotels.com+Hotwire+Venere
Travelocity	LastMinutes.com
Priceline	Booking.com+Agoda
Orbitz	HotelClubs+CheapTickets

Source: Emilie Alba Nicolas, 2012

2.3 Cost-to-revenue ratio

Hotel distribution channel landscape changed dramatically during last 10-15 years due to increasing role of Internet.

Gourdie (2013) mentioned that online distribution, social media and mobile application changed the way how hotels can connect to customers. But anyway there are fundamental principles and all distribution channels should meet them:

- 1. Distribution channels should be cost-effective;
- 2. They should generate the most bookings;
- 3. They should protect rate parity and price integrity;
- 4. And they should reach the targeted customer segments.

All these characteristics give to hoteliers the idea about distribution cost per channel.

Starkov (2011) gave approximately distribution cost per channel in US.

Branded Hotels:

- 1. Direct channels own web site 2-5 USD per booking;
- 2. Non direct channels OTAs 40-120 USD per booking (based on average 20% OTAs commission)

Independent Hotels:

- 1. Direct channels own web site 8.5- 12.5 USD per booking;
- 2. Non direct channels OTAs 75-150 USD per booking (based on average 25% OTAs commission).

As it can be noticed that direct channels are the most effective channels – 10-15 times cheaper than OTAs and independent hotels have more distribution expenses in comparison with Branded hotels.

Starkov (2013) stated that "hoteliers must carefully employ ROI-centric initiatives including website redesign, website optimization and SEO, SEM, email marketing, online media and sponsorships, mobile marketing and proven social media initiatives". By other words it can be said that before launching any initiative hoteliers should calculate revenue to cost ratios by future forecasting revenue and expenses and understand will be it worth to make this investment.

2.4 Rate parity

There is assumption that hotels should keep Rate parity in working with every distribution channel.

Rate parity is when hotel sells his rooms by equal price through all distribution channels, that means that customers can book hotel room by any available to them way and they should be guaranteed that they will be charged by the same amount.

To use or not rate parity is depends on policy in every particular hotel. If hotel wants to differentiate work with different distribution channels it will not keep rate parity policy.

According to Coleman (2011) hotels should not just have rate parity because everyone else does or because everyone else says that it is necessary to have it.

But sometimes rate parity is the obligatory term in work with some of distribution channels, for examples OTAs. OTAs will sign contract with hotel only if hotel will guarantee that hotel will give the same rates.

Urpelainen (2013) in research conducted among hoteliers located in Dubai came to conclusion that rate parity is becoming obsolete and will disappear within few years. Industry views seem to be that there is no need to have rate parity anymore at least how we know it now.

Landman (2010) on the other hand believed that having the same rates on all public distribution channels will stimulate for more consumers to book directly with hotel.

But it is obvious that hotels should not keep their rates in own web sites higher than in third parties intermediates web sites. Sipic (2010) compared rates Hotels, located in US, in different OTAs web sites and came to conclusion that Expedia is the best choice when booking luxury hotel rooms. On the other hand, Orbitz is the "best pick" when it comes to midscale and budget properties.

This conclusion is connected to results of study what was made by Selvaraj (2011), that customer loyalty and satisfaction are closely related to their perception of fair pricing. And rate disparity and not ability to provide a best rate guarantee on own web site can be the cause that customers will prefer to make booking through third party channels.

Starkov (2013) shows not cheerful statistics for US hospitality market for the period February-April 2013:

- 67%-88% of 3-star hotels were cheaper on OTA sites
- 65-98% of 4-star hotels were cheaper on OTA sites
- 60%-79% of 5-star hotels were cheaper on OTA sites

As it can be seen that rate parity is very important issue in work with online distribution channels, and there is no one best solution – to keep it or not. Every hotel should make its own policy.

But there is other way how to keep rate parity, but on the other hand to promote customers to make bookings though directs channels. About this will be discussed in part "How to promote sales via own web site"

2.5 Differences between branded and independent hotels in internet distribution environment

Starkov (2013) mentioned that now hospitality industry is in pain because of OTAs dependency – the plague of lodging industry. Even the trend of booking last year is on increasing direct booking through own website, but what is new " is the pain to the bottom line inflicted by the fat commission checks hoteliers are now paying Expedia and other OTAs, due to the widespread adoption of Expedia's and Booking.com's agency model in the U.S."

Independent hotels suffer from such behavior of OTAs more than Branded hotels as it was shown above – average OTAs commission for Branded hotels –is 20%, whereas for independents hotels is 25%.

On average, about 42% of booked room nights for independent hotels are made via the online channel. But, only 24% of these room nights come through the hotel website, while more than 76% percent are come via OTAs (Source: STR, HSMAI Foundation).

On the other hand here is statistic for branded hotels. About 38.7% of room nights came via the online channel. Approximately 68% of those are from brand.com sites, while 32% came from the OTAs (Source: TravelClick NADR, 2013).

As it can be seen the direct online channel contribution is significantly larger in branded hotels in comparison with independent hotels.

Starkov (2013) allocated several reasons why there is significant difference between branded and independent hotels:

- 1. Branded hotels get benefits from years of investment to brand name;
- 2. More than 50 % of guest of Branded hotels (e.g. Marriott, Starwood, Hilton and etc.) are members of Loyalty programs and there are getting additional benefits and points while make booking directly through Brand.com;
- 3. Branded hotels spend millions of dollars for advertising and marketing campaigns on TV and media;
- 4. Branded hotels use SEM (search engine marketing) and CPC (cost per click) tools and they work directly with Google, Bing/Yahoo, TripAdvisor CPC, Google Hotel Finder, Kayak.com CPC, etc.

Analyzing what was written above it can be said that independents hotels are struggling from OTAs activities and not getting benefits from sales via own web site because of absence of strong brand and loyalty programs and they are "afraid" to invest in the online channel.

What about branded hotels – sometimes they over rely on brand name and do not take into consideration that they can miss serious incremental online revenues from local, state and regional initiatives. Branded hotels should allocate their marketing funds for those distribution channels that bring them the vast majority of revenue. For examples Starwood in 2013 announced that 75 % of marketing budget will be spent on digital marketing initiatives.

2.6 How to promote sales via own web site

Starkov (2013) underlined that now more than ever, the focus and priority for any hotelier should be to sell as much inventory via the hotel's website as possible. The hotel website is the most cost effective distribution channel that also preserves the parity rate and price erosion.

Therefore what hotels should do to shift sales from non-direct to direct channels?

Below will be presented the way what "HeBS Digital company", the leader in is a full-service hotel internet marketing industry, teaches hoteliers how to reduce dependence on OTAs and use them only as part of a balanced distribution strategy.

According to their study there are 2 levels of initiatives:

- 1. Business-Level;
- 2. Digital Technology + Marketing-Level.

Business level initiatives included:

1. Maintaining Market Parity.

To keep market parity is not only to keep rate adequate to competitor's rates. Moreover it can be value-ad, innovative and appealing promotions, packages and special offers. Hoteliers should be more creative to attract customers with additional benefits, for example – complimentary Wi-Fi, free parking place, credit on Food& Beverage or SPA treatments and etc. The main point here is to

create unique offers. Over the time, this approach will convince travel consumers that the hotel website is the one and only source of intriguing and meaningful hotel offers and it will become the preferred choice for booking the hotel (Starkov 2013).

The availability of interesting packages and promotions for guests will increase sales through web site. All special offers should be sold through comprehensive marketing channels that include the desktop, mobile and tablet websites, email marketing, SEO – search engine optimization, SEM - search engine marketing, social media, and online media;

2. *Maintaining Strict Rate Parity.*

All hotels should provide their best available rates and last-room availability on their own websites, including desktop, mobile and tablet websites. According to statistic what was presented above ("rate parity" paragraph) not all hotels follow to this rule, what creates the advantage for OTAs.

Starkov (2013) noticed that many latest researches showed that travel consumers prefer to make bookings through direct hotel web site because of best rate guarantee and easy procedure; moreover experienced travelers know that some additional special requests, like ocean view or higher floor, must be confirmed by hotel directly.

Hoteliers must be concerned about that all available flash sales and other promotions of OTAs must be available as well on own web site;

3. Launching a Property-Wide "Book Direct" Action Plan.

There will not be big shift from OTAs to web site sales without following. Property should organized changes on hotel's web site and in hotel itself. For examples on web site should be available "Best rate guarantee policy", "Book direct with confidence", reward programs for loyal customers and etc.

In hotel should be done educational program for Front officers, special greetings for guests who booked directly via web site, "Thank you for staying with us" and "Hope to See You Soon" letters from General manager of property and etc.

Employee education is extremely important for a "Book Direct" action plan to succeed. Every hotel employee should be encouraged to visit and become familiar with the various incentives offered by the property for booking directly via the hotel website. Each employee should know the ins and outs of the property's Best Rate Guarantee, Reward Program, or Guest Appreciation Program (Starkov, 2013).

<u>Digital Technology + Marketing-Level.</u>

1. Upgrading Website to Latest Standards.

Spending money for web site development, upgrading and promoting should not be considering like expenses, they should be considering like investments. Many hoteliers wrongly believe that they will save money if not invest in their web site.

Hotels website "must be "in good health" in order to comply with current best practices and website technology requirements" – mentioned Starkov (2013).

Moreover hoteliers should follow all new tendencies and have several web sites version – full, tablet and mobile.

Gonzalo (2014) gave an advice to hoteliers to learn from OTAs how to sell room nights and to use the same "tricks" that OTAs use to stick and catch the potential customer by creating positive "pressure".



Figure 2.3 Fragment from Booking.com web site.

Source: Frederic Gonzalo, 2014: online

Here are few examples of things according to Gonzalo (2014) that hotels could do as well on their own website, just looking at one listing according the picture above:

- How many people now looking the same property. This information can't be checked but this creates the perception that this property is popular;
- "Latest booking was made 10 minutes ago and there is only 5 rooms left". This can push customer to take decision faster;
- Showing real price and price with discount. People like to feel that they are buying something with real bargain;
- Free cancellation PAY LATER. Consumers prefer to pay later and have opportunity to cancel bookings without any penalties, but most people will not do it.

Hotels can easily replicate the same functions in their web site.

2. Search Engine Optimization.

Promoting web site is another issue to what hotels should pay careful attention.

SEO – search engine optimization is a process that allows increasing web site visibility on the major search engines and makes it easier to attract more visitors.

Wong (2013) mentioned that well-done SEO is the most cost-effective way of generating traffic to your website.

There are several tips how to make SEO more productive.

- 1. First of all is ranking. This rule is very simple. The highest rank on any given search term will create the most traffic;
 - 2. Using proper key words will help visitors to find web site;
- 3. Adding social content: reviews, ratings and user-generated content are great for SEO and have the added benefit of driving conversion once people are on site.

Starkov (2013) underlined that "hoteliers need a robust direct online channel strategy accompanied by adequate marketing funds to be able to take advantage of the steady growth in the Internet channel and the shift from offline to online bookings in hospitality due to declining GDS and voice channels".

Everything what was mentioned above can help hoteliers to increase their sales through own web site.

2.7 New technologies in internet distribution channels

2.7.1 Mobile and tablet applications

Mobile phones, smart phones, tablets came to our live recently, but it is impossible not to underestimate their influences on our life.

Dunphy (2014) gave statistics that the number of smartphones in use worldwide has now exceeded the 1 billion mark and according to her in 2013 people purchased smartphones more often than computers.

As it shown in chart below in research made by ThinkTravel with Google personal travels used mobile devices more than 3 times often in 2011 in comparison with 2009. Business travelers increased twice their usage of mobile devices in planning their trip.

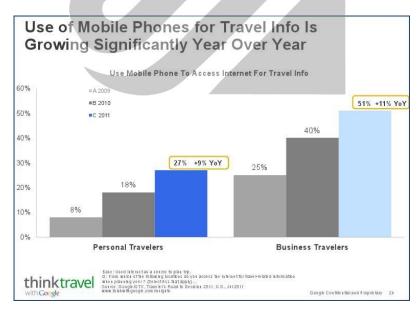


Figure 2.4 Use of Mobile Phones for travel info, 2009-2011.

Source: ThinkTravel with Google: online

Hoteliers can't ignore that fact that mobile technologies will become soon the main channel to reach the potential customer. Starkov (2013) underlined that 5 % of

all hotel bookings are made via mobile devices, and 51% of business travelers use mobile devices to get travel information (Google). And this number is twice bigger than previous year.

Table 2.6 Sources of traffic and revenue by device category, Q3 2013

Source	Pageviews	Visits	Bookings	Nights	Revenue
Mobile	18.55%	21.76%	3.32%	4.21%	1.76%
Tablet	13.39%	13.39%	10.52%	8.86%	10.62%
Desktop	68.06%	64.84%	86.16%	86.93%	87.62%
Total	100%	100%	100%	100%	100%

Source: Starkov, O'Brien, 2013

Even mobiles and tablets do not generate revenue as it can be seen from the table above only 12.38 % vs. 87.62 % made from desktops, the main mission for them to catch first attention of potential customers and after they can continue make booking using computers.

Mechoso Safer (2013) gave following statistics:

- Searching for information: 65% of users start on a smartphone; 65% of them continue the process on a desktop, 4% on a tablet;
- Internet browsing: 63% of users start on a smartphone; 58% of them continue the process on a desktop, 5% on a tablet;
- Shopping online: 65% of users start on a smartphone; 61% of them continue the process on a desktop, 4% on a tablet.

This behavior is called "Multi-Device Usage". Usually people start their search via mobile and if they have "bad experience on the mobile website or application it may result that same person not giving to hotel a second chance when using his/her desktop", that is why it is very important for hoteliers to develop this direction in distributions.

2.7.2 Social media

Moore (2011) stated that hotel industry trends are leaning towards a social media marketing component. Social media like Facebook gives to hotelier new way to reach their customers. Instead of using a static web page, social media platforms give real time communicating with customers, allow them to share their reviews, experience and pictures with their friends.

Social media marketing will boost your brand awareness and generate targeted website traffic all while engaging your past, present and potential guests. (Dunphy, 2014)

Facebook is one of the most popular social media websites with more than 500 million active members all over the world.

Dunphy (2014) stated following statistics that 55% of travelers liked Facebook pages specific to their vacation, while 76% posted their vacation photos to their social networks and underlined as well the importance of mobile technologies, according to her study 85% of travelers use their smart phones while traveling and 46% of from them "check in" to a location via Facebook or Foursquare, for both business and pleasure.

The another popular action of travelers while using their smartphone is taking photos. As a fact that 76% of travelers post their vacation photos to their social networks both during and after their trip.

Guest reviews that travelers post in their social media accounts "have the power to either increase bookings or drive them away".92% of all global travelers trust to their friends and family's recommendations what they can find in social media more than to any other form of marketing.

"One of the most compelling reasons to get on board and initiate your hotels social media strategy is the power of persuasion that social media can lend your business. Social media has the power to sway not only opinions, but also actions" (Dunphy, 2014)

Almost half of all travelers who use social media to plan and research their holiday and business travel probably will change their original plans after reading reviews and getting consultancy from trusted social networks. Moreover "33% of

travelers change their original hotel selection, 10% switched resorts, and 7% even switched the country in which they were traveling to".

If social media sites have such a power to change people's decisions - hoteliers should use this tool to encourage customers to make reservation in their hotels, furthermore they can help to promote other hotel's amenities.

Frank (2013) mentioned that hoteliers should use not only popular social media like Facebook, but Twitter as well. It can be used like a tool to fill last minute empty rooms. Twitter is a great instrument for communicating and responding to replies of customers. But here is one caution, that is related to all social media sites in fact, but probably Twitter is influenced the most. There is requirement of promptly reaction from hoteliers – service on Twitter should be 24/7. A recent study showed that 72% of customers expect brands to respond to complaints on Twitter within an hour.

Dennis (2014) underlined that when hotels talk about social media, they often only consider about Facebook, Twitter. In fact hotel marketers rarely took YouTube into consideration to make their social media strategies, even if it has its obvious value.

More than 11 million videos can be found in YouTube which have the words "hotel tour" in the title. Some of them content not pleasant and not promoting information for hotels, especially if quests faced negative experience during their stay in property. The best strategy to deal with such negative image for hotels is to have own YouTube publication strategy.

In fact many hoteliers ignore YouTube because there is mistaken approach that the barrier to entry is too high. They think that it takes some money, time, and skills to produce a high quality video. But YouTube audience does not expect high quality video as film from Hollywood, moreover mobile users will appreciate if videos will not be so "heavy" so they can enjoy watching them even without high speed connection.

Hotel marketing teams can start with producing simple videos that "cost virtually nothing, and are still useful to guests". For example virtual tours and property walk-through videos, what can be spread in other social media sites.

Another option is to hire professional travel bloggers who will promote property and make videos and pictures, write articles and post all this information in all available social media sites during their trips.

Therefore to make conclusion about social media it can be said that now probably there is no visual direct connection between hotel activity on social media web sites and increasing revenue, but hoteliers already realized their big power in creating awareness among potential customers.

2.7.3 Meta engines sites

Meta engines sites are a crucial new tool in hotel direct online channel efforts. Meta engines sites are user-generated travel reviews websites, where people can share their experience with written details, pictures, and videos about a hotel.

Google Hotel Finder (with tentacles across the Google universe), TripAdvisor Meta Search, Bing Meta Search (powered by TripAdvisor), Kayak.com, Trivago.com (Europe), WeGo.com (Asia Pacific), HotelsCombined.com (Australia) and many other web sites are the representatives of meta engines sites in hotel industry.

What is difference between them and OTAs? The main difference that they are "independent participant" in hospitality scene. They give to customers the choice where to make booking. Customers can find rates from main OTAs and in the same time there is available link to official web site of hotel what can lead the customers to make direct bookings and generate incremental revenues with fewer expenses.

Starkov (2013) considered meta engines sites like the ultimate "OTA-killer." "Meta search marketing must be part of hoteliers' concerted efforts to shift share from the OTAs to the direct online channel, i.e. to the hotel website".

Patel (2011) noticed that "TripAdvisor.com is the world's most frequented travel website with more than 40 million unique visitors a month".

The other important issue about Meta engines sites is the independent reviews of visitors. The difference from Social media that they are available for reading for everyone, not only for "followers" and 'friends".

TripAdvisor makes the rating of hotels located in one area. This rating is made according to traveler's reviews and scores. Nowadays many people before they make

booking in hotel read the reviews and comments in TripAdvisor. This fact can't be ignored by hoteliers. And one of the main responsibilities of hotel is to react to any reviews, especially to negative ones.

2.8 Pros and cons of working with OTAs.

Horowitz (2013) gave the perfect statement what ideally describing relationship between hotels and OTAs. "If a love-hate relationship exists in the hospitality industry, it's between hotels and online travel agencies (OTAs). On one hand, OTAs extract sizable commissions, which understandably grate on the hotels that must pay them. On the other, they also produce an enormous amount of bookings, which hotels covet".

Reasonably there is a main question what hoteliers face nowadays and what is the main question of this study. How to manage online distribution channels together? How to create balance mix of direct and non-direct distribution channels and do not allow occurring the shift to non-direct channels?

There are many articles and studies were made during last years. Below are presented opinions and extracts from some of them.

Caliskan (2013) noticed that hotels are expecting from OTAs to improve the profitability "by reducing various operational costs and enhancing their customer base, reach and sales". Hoteliers believe that the main contribution of working with OTAs is increasing of sales paired with raising competitive power and developing brand awareness.

Povah (2013) underlined that there are some advantages for hotels to work with OTAs. The main one in her point of view is increasing the exposure – OTAs provide to hotels access to international market.

Otten (2011) mentioned about "The Billboard Effect". In 2009 Cornell University issued the paper "The Billboard Effect". In this study they stated that sales of particular hotel via branded web site were increased in range of 7.5 % to 26% during the period when property were listed on the first pages of OTAs.

On the other hand Starkov (2011) about this effect has different opinion. According to Starkov there are many surveys "show that people are shopping around on a number of hotel and travel websites before narrowing down their search". Most probably people will start with search of hotel in Google (65% market share), after OTA websites, then TripAdvisor, and in the end - the hotel's own website. Below is presented approximately thoughts and actions of potential customer by Starkov:

- Step 1: "I always search on Google first where I identify a property I like"
- Step 2: "I go to Expedia, Booking.com, Agoda.com and see what the rate for this property is"
 - Step 3: "I visit TripAdvisor to read my peer reviews for this hotel"
- Step 4: "I visit the hotel website and book if I like the location, rate and what I have read and seen about this hotel".

And Starkov created theory that "jumping from an OTA website to a hotel branded website and vice versa is at least partially due to particular travel research patterns unique to the users and not due to the so-called billboard effect".

Hotels should use the OTA channels carefully and only during certain periods as weekends, group cancelations, low season, etc. OTAs should not be a replacement for or an alternative to the direct online channel. Sales and promotions that hotels make with OTAs should be used only as a last resource and should be equally promoted through own hotel's website and supported with marketing initiatives (SEM, email, mobile, social) (Starkov, 2013).

In previous research Starkov (2011) stated that OTA distribution for hoteliers is the "lazy man's approach" to hotel distribution. Hoteliers must to make investment to developing their direct online channels.

2.9 Future of developing internet distribution channels in hospitality

O'Meara (2012) noticed that "rapid technological advancement over the past several years has led to a dramatic shift in the way that consumers engage with businesses". With these changes there is appeared a new category of technology has emerged – customer engagement technology (CET), what includes a wide variety of mobile, social, digital and location based applications. Customer engagement makes

significant contribution for getting success in hospitality industry. And hotels should take this revolution in consumer empowerment into careful consideration.

Thakran (2013) made chronological sequence for developing of digital eras in travel industry, what presented on the figure below. According to her now travel industry is facing the 4th eras – Hybrid era, "where the customers are increasingly depending on online search". For accomplishing search travelers use multiple screens in any time of the day to get information about suppliers they are interested in. In average, they are visiting more than twenty websites before making final decision for purchase.



Figure 2.5 Digital Eras in Travel in Tourism Industry.

Source: Thakran, 2013: online

According to this theory all these latest inventions like social media, metasearch engine sites, mobile application are already became "the yesterday". And they belonged to era called SoLoMo what was from 2000-2012.

Therefore what can be the future of developing internet distribution channels in hospitality?

Thakran (2013) made conclusions and assumptions according this question that the key trends that have occurred recent time and are expected to grow in future are as follows:

- 1. Understanding HTML: Online search is the most important way to find direct customers and investing into search engine and web site are the main prerogatives for hoteliers;
- 2. Liquid websites: Customers for searching hotels rooms are using different devises, therefore hoteliers should customize their web site for any screen;
- 3. Social is search, or search is social: to continue or to start presence on main social web sites, what creates the general awareness for potential customers;
- 4. New tech world: to be ready for new inventions and react as quickly as possible, for example Google will launch soon its Google glasses Google Goggles.

Urpelainen (2013) made an assumption that "Google like a major online actor and therefore Google Hotel Finder can be a significant threat or an important opportunity for hotel room online distribution".

For a while Google was not interested in travel industry and was only like connector between OTAs, meta engines sites and hotels. But in 2011 Google has launched its own tool with information about hotels, rates, reviews. Google Hotel Finder is specialized interconnection of Google Maps with Google+ Local what allows to travelers to search of accommodation facilities. While many analysts don't think Google is a big threat to online travel agencies in the immediate future.

Puorto (2013) stated that "Google Hotel Finder isn't a threat to OTAs at all; it is a new advertising channel for them as the rates shown are derived from OTAs to which the hotel is affiliated", but on the other hand The Times of India (2014) published that "recent partnerships by Google with hotel chains have raised concern among others in the travel industry that the search giant is trying to grab more advertising dollars".

As a leader in search digital industry Google now tries to enter to other industries. The main advantage of Google is the huge database of information. Moreover all other meta-search engines sites and OTAs use Google map for defining the location of hotels. If Google limits the rights for using this tool and leaves it only for exclusive using by itself – that can create the dramatic changes in all internet distribution environment. Taking into consideration all written above it cannot be done any forecast or predictions about the future of developing internet distribution channels in hospitality without the influence of digital giant – Google.

What about the geographical component about the future for hotel industry – Povah (2011) mentioned that the biggest internet growth, including the travel industry, will come from India, Brazil, Russia, Indonesia and China.

To summarize it can be said in the future internet distribution channels will continuously develop and use the current tools like a web-site, social, mobile applications. Google will increase its influence on all stakeholders of hospitality and travel industries. And the significant step in developing will be done in the biggest by territory and population countries.



CHAPTER 3

RESEARCH METHODOLOGY

In this chapter is disclosed information about how research was done, what methodology was applied and how population and sampling were chosen.

3.1 Type of the research

Research methodology is the way to systematically solve research problem. It may be understood as a science of studying how research is done scientifically. There are two main approaches to conducting research presented in almost any book on the subject; qualitative and quantitative research. For conducting this thesis was used qualitative approach.

Merriam (2002) described qualitative research as being based on the idea that reality is constructed by individuals interacting with their social worlds and the aim is to describe how different components interact to create a whole. The research is concentrated on process, meaning and understanding leading to a final product that is very descriptive in its nature.

Hancock (2002) mentioned that qualitative research concerned with developing explanations of social phenomena, with the opinions, experiences and feelings of individuals producing subjective data.

Mack (2005) stated that qualitative research consists of an investigation that seeks answers to a questions How? Why? In what way? and etc. Qualitative research is systematically uses a predefined set of procedures to answer to questions; it is produces findings that were not determined in advance and are applicable beyond the immediate boundaries of the study. Moreover, qualitative research helps to understand a given research topic from the perspectives of the local population it involves, itis "especially effective in obtaining culturally specific information about the values, opinions, behaviors, and social contexts of particular populations".

3.2 Population and sampling

3.2.1 Population

Population according to Zikmund (2013) is any complete group of entities that share some common set of characteristics.

According to statistic from National Statistical Office for 2012 there are 683 hotels and guests houses and 80 077 rooms in Bangkok. More than 43% of all hotels/guests houses are small hotels with quantity of rooms less than 60 rooms. About 30% - medium size hotels with quantity of rooms between 60-149 rooms. And about 27% of all hotels/guest houses in Bangkok are big hotels with quantity of rooms more than 150 rooms. About 64% of all rooms are available in Bangkok – 51 174 rooms are coming from big hotels.

Table 3.1 Number and percentage of hotels and guests houses by size of establishment in Bangkok, 2012

	Hotels/guests houses		Rooms		
	number	%	number	%	
Less than 60 rooms	296	43%	10 403	13%	
60-149 rooms	200	29%	18 500	23%	
More than 150 rooms	187	27%	51 174	64%	
Bangkok	683	100	80 077	100	

Source: National Statistical Office of Thailand, 2012

More than 47 % of hotels located in Bangkok have period of operation more than 20 years. Less 5 operating periods have 18 % of hotels. According to this data it is possible to make assumption that hotels market in Bangkok is already established, but new players are still appearing and mostly in the segment of small hotels (less 60 rooms).

Table 3.2 Number and percentage of hotels by period of operations in Bangkok, 2012

	Period of operation									
	Total		Less 5 years		5-9 years		9-19 years		More 20 years	
	number	%	number	%	number	%	number	%	number	%
Less than 60	296	43%	68	23%	55	19%	56	19%	117	40%
rooms 60-149 rooms	200	29%	33	17%	37	19%	30	15%	100	50%
More than 150 rooms	187	27%	21	11%	13	7%	47	25%	106	57%
Total	683	100%	122	18%	105	15%	133	19%	323	47%

Source: National Statistical Office of Thailand, 2012

Total revenue of hotels and guests houses in Bangkok for 2012 was 33 147 366.3 thousands baht. The main share about 63 % is coming from selling accommodations and rooms, the rest – from selling other services (restaurants, entertainments, spa services and etc.).

The lion share of revenue to all industry brings big hotels – about 75 % in total revenue and 69 % in revenue from selling rooms.

Table 3.3 Receipts of hotels and guest houses in 2011 by size of establishment

(thousands baht)

	Total revenue	Room revenue	
		Sum	%
Less than 60 rooms	2 701 273	2 133 987	79%
60-149 rooms	5 655 253	4 391 317	78%
More than 150	24 790 841	14 287 233	58%
rooms			
Bangkok	33 147 366	20 812 536	63%

Source: National Statistical Office of Thailand, 2011

According to the search in Booking.com there are 1005 properties available in Bangkok.45 % from available hotels in Bangkok are 3-star hotels, 22 % - 4 star hotels, 16 % - 2-star hotels, and only 9 % - 5-star hotels.

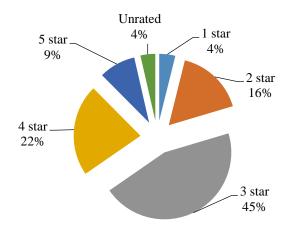


Figure 3.1 Hotels in Bangkok divided by star rating. **Source:** Booking.com, 2014

According Colliers international research for 4 quarter 2010 the highest number of rooms in Bangkok are located in Northern CBD area representing 27 %. Riverside with 24 % still remains the popular location among tourists.

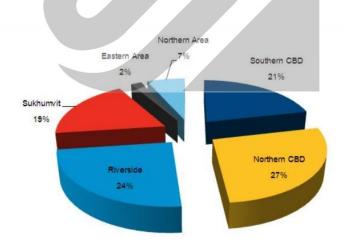


Figure 3.2 Location of hotels in Bangkok.

Source: Colliers international report, 2010: online

Summarizing information from all resources it can be said that Hospitality market in Bangkok is well developed, represented by different kind of hotels and guest houses from budget till luxury properties, with high level of competition.

International Hotel Chains in Bangkok

The purpose of this study is describing the phenomena of revenue management policy regarding to internet distribution channels in 5-star international hotel chains. Researcher found out that previous studies highlighted these phenomena in independent or budget hotels. The influence of developing internet distribution channels on luxury sector of hospitality industry was not studied before. By this reason the population of this study is chosen the wealthiest worldwide hotel chains.

By the results of activities for 2011 International Hotels chains were ranked as follows:

- 1 place Intercontinental Hotel Group 20.20 billion USD;
- 2 place Marriott International 12.3 billion USD;
- 3 place Hilton Worldwide − 8.0 billion USD;
- 4 place Accor 7.9 billion USD;
- 5 Place Starwood Hotels and Resort 5.6 billion USD

According the World Wide Web http://www.therichest.com/business/the-top-10-best-luxury-hotel-chains/

Table 3.4 Quantity of properties and rooms by Top 5 International Chains 5-star Hotels in Bangkok, 2014

	Group	Quantity of properties	Quantity of rooms	%
1	Intercontinental Hotel	2	624	9%
	Group			
2	Marriott International	3	1 059	15%
3	Hilton Worldwide	4	1 391	19%
4	Accor	5	1 380	19%
5	Starwood Hotels & Resorts	7	2 795	39%
	Total top-5	21	7 249	100%
	Total in Bangkok	683	80 077	
	% in total Bangkok	3%	9%	

Source: Booking.com, 2014

By Booking.com searching engine in Bangkok there are 89 five-star hotels. From this number 21 properties belong to represented above top 5 international

chains. Total they have 7 249 rooms. The biggest number of rooms has Starwood group – 2795 rooms. This top 5 hotel chains play significant role in whole hospitality industry in Bangkok, by taking only 3 % from total quantity of properties they have more than 9 % of total quantity of rooms. Full list of properties (Appendix 3)

3.2.2 Sampling

Population for this research is 5-star hotels of top 5 International Chains located in Bangkok. As it was mentioned above it is 21 hotels. Sampling is a subset or some part of larger population. The purpose of sampling is to estimate an unknown characteristic of population (Zikmund, 2013).

Silverman (1993) stated that when choosing samples, it is unlikely that they are chosen randomly, often they are chosen according to where access is allowed. "Accessibility is a decisive factor when choosing respondents, since gaining access and the willingness to participate were crucial issues to overcome".

From population according accessibility were chosen 7 hotels (1-2 from each international chain – IHG, Marriott, Hilton, Accor and Starwood). Even each international group has different quantity of properties in Bangkok in this research it was used non-proportion sampling allocation, because the aim of this study is to examine the common features of revenue management policy in international hotels.

Interviews were conducted with revenue managers of these hotels in the frame of schedule

3.3 Data collection methods

For conducting qualitative research of this study was used interviewing method. According to Silverman (1993) interviews are a good source of data giving access to how people view their reality. Further, Silverman stated that an "interactionist view of interviewing produces an authentic insight into people's experiences"; it gives to researcher the opportunity to see how respondents define the world in their own unique way.

Since the aim of this study is not only showing simple objective facts, but as well describing the practice within the industry according to interviewees' beliefs and

perceptions, the type of open question interview was chosen as the most appropriate to use. Conducting in-depth interviews with revenue managers, which have an overall view of the current situation, is the best suited method for this study. A depth interview is one-on-one interview between a researcher and a research respondent (Zikmund, 2013).

Interviews can be particularly useful for getting the story about respondent's experiences. The interviewer can receive in-depth information around the topic. Interviews may be useful tool and may help to researchers to investigate their responses further (McNamara, 1999). The main constrain of this research that hotel can refuse to provide full information because this information can be treated like commercial information. The list of open questions for interview is presented in Appendix 1.

3.4 Validity and reliability test

Golafshani (2003) mentioned that for qualitative research is used naturalistic approach that seeks to understand phenomena in context-specific settings, such as "real world setting, where the researcher does not attempt to manipulate the phenomenon of interest" (Patton, 2001). Qualitative researchers seek illumination, understanding, and extrapolation to similar situations, while quantitative researchers seek causal determination, prediction, and generalization of findings.

Unlike the credibility in quantitative research depends on instrument construction, in qualitative research, "the researcher is the instrument" (Patton, 2001). Therefore, it means when quantitative researchers talk about research validity and reliability, they are usually referring to a research that is credible, while the credibility of a qualitative research depends on the ability and effort of the researcher. Although reliability and validity in quantitative studies are treated separately, but in qualitative researches these terms are not viewed separately. "Instead, terminology that encompasses both, such as credibility, transferability, and trustworthiness is used" (Golafshani, 2003).

In addition, some qualitative researchers have argued that the term "validity" does not apply to qualitative research, but at the same time, they realized the need for

some kind of test or measure for their research. Therefore, the quality of research is the result of generalization and thus to test and improve the validity and the reliability of research. In this sense triangulation methods are used in qualitative research (Holtzhausen, 2001).

Triangulation - is the using of different sources for data in purpose to find the truth. In purpose of this study researcher used three different sources of data – data from interviews, data from theory and existing researches and expert's opinion (advisor).

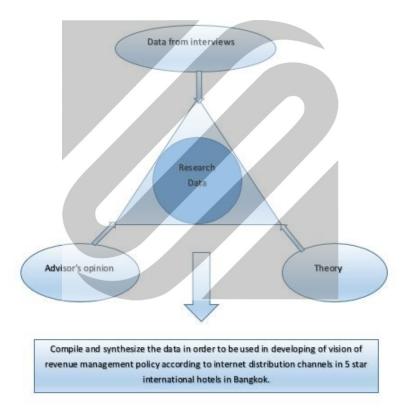


Figure 3.3 Triangulation of qualitative research

3.5 Data analysis methods

For purpose of this study was chosen the qualitative content analysis. The concept of analysis entails ordering data and organizing it into patterns, categories, and basic descriptive units (Patton, 1990).

As one of today's most extensively employed analytical tools, content analysis has been used fruitfully in a wide variety of research applications in information and library science (Zhang&Wildemuth, 2009, Allen &Reser, 1990). It was first used as a method for analyzing hymns, newspaper and magazine articles, advertisements and political speeches in the 19th century (Elo&Kyngas, 2008, Harwood & Garry, 2003).

Zhang&Wildemuth (2009) described qualitative content analysis as an integrated view of speech/texts and specific contexts. Qualitative content analysis goes beyond simply counting words or extracting objective content of the texts for the study of values, themes and templates, which can be open or hidden in a particular text. This allows researchers to understand the social reality in the subjective sense, but on a scientific basis.

Elo&Kääriäinen (2014) stated that qualitative content analysis is a popular method for analyzing written material. This means that results spanning a wide range of qualities have been obtained using the method. In many studies, content analysis has been used to analyze answers to open-ended questions in questionnaires.

Qualitative content analysis includes a process for the condensation of the original data in the category or theme based on credible findings and interpretations. "This process uses inductive reasoning, by which themes and categories emerge from the data as a result of a careful study of the researcher and the constant comparison" (Zhang&Wildemuth, 2009).

The process of qualitative content analysis often begins during the early stages of data collection. The aim of using content analysis is to build a model to describe the phenomenon in a conceptual form. The process is represented by three main phases: preparation, organizing and reporting. Content analysis is a method of analyzing written, verbal or visual communication messages (Elo&Kyngas, 2008).

According to Westbrook (1994) qualitative content analysis is based on the premise that the many words from interviews and observations can be

summarized to categories in which words share the same meaning or connotation. Krippendorff (2003) defined content analysis as a research technique for making replicable and valid inferences from text to the context of their use. "Content analysis is useful whenever the problems require precise and replicable methods for analyzing those aspects of symbolic behavior which can escape casual scrutiny" (Holsti, 1969).

Process of analysis.

There are no basic rules for data analysis; the key feature of content analysis is that many of the words of the text are divided into much smaller content categories.

Franzosi (2007) recommended being rigorous (in sampling input documents, in designing coding scheme, in testing hypotheses). An honest approach to austerity is better than fast and sloppy job and, of course, is better than a cheap approach to research investigation.

Zhang&Wildemuth (2009) offered 8 step approach of making content analysis:

- Step 1: Data preparation. Qualitative content analysis can be used to analyze various types of data, but generally the data need to be transformed into written text before analysis can start, therefore all interviews should be transformed to written notes;
- Step 2: Unit of Analysis defining. The preparation phase starts with choosing the unit of analysis; it can be a word or topic (Elo&Kyngas, 2008, Cavanagh, 1997).

Qualitative content analysis usually uses individual themes as the unit for analysis. When theme or topic is used as the coding unit that means that researcher is looking for the expressions of an idea.

- Step 3: Categories and a Coding Scheme developing. Categories and coding scheme can be prepared from various sources: previous relevant researches and existing theories.
- Step 4: Coding Scheme on a Sample of Text testing. Weber (1990) stated that this step should be "an iterative process and should continue until sufficient coding consistency is achieved".

- Step 5: All Data coding and categorization matrix drawing. The next step is to code the data according to the categories and to create a categorization matrix.
- Step 6: Coding Consistency accessing. After a categorization matrix has been developed, all the data are reviewed for content and coded for correspondence with or exemplification of the identified categories.
- Step 7: Conclusions from the Coded Data drawing. This step involves understanding of selected topics or categories and their properties. At this stage, researcher should submit conclusions obtained from the data. This is a very crucial step in the analysis process, and its success depends entirely on researcher's reasoning abilities.
- Step 8: Findings reporting. Qualitative content analysis does not produce counts and statistical significance; instead, it uncovers patterns, themes, and categories important to a social reality. Presenting research findings from qualitative content analysis is challenging (Zhang&Wildemuth, 2009).

Content analysis does not proceed in a linear fashion and is more complex and difficult than quantitative analysis because it is less standardized and formulaic. There are no simple guidelines for data analysis: each inquiry is distinctive, and the results depend on the skills, insights, analytic abilities and style of the investigator (Elo&Kynga's, 2007).

CHAPTER 4

FINDINGS AND ANALISYS

In this chapter is shown how interview were conducted and what findings were discovered during research. All findings are represented in matrix (tables with answers Appendix 4, 5). Coding is shown in Appendix 3.

4.1 Preparation and conducting interviews

Preparation of the Interviews

At this point the issue of whether the hotels and respondents should be anonymous was discussed. Treating all answers and data collected confidentially increased the probability of receiving truthful and fully exhilarating answers. Moreover, the aim of this study is not to describe any particular hotel or person but to try creating more general description of tendencies within the industry; confidentiality would not pose a problem.

Contacts with the field started with establishing contact with the hotels and interviewees. To all hotels were sent letters with explanation of aim of research. Some information was found in LinkedIn and contacts with Revenue managers were established there. In few cases were used personal connections to get contacts of Revenue managers.

Conducting the Interviews

All interviews were conducted at the different hotels the respondents represented. Before day of interview the list of open questions was sent to interviewees, to give them time to be familiar with all questions.

Once at the location it was up to the respondent to decide upon an appropriate place to sit and all interviews were held either in an office or at a quiet location at the hotel. All interviewees didn't allow making audio-record of interview, therefore written notes were done on computer.

Hotels Presentations.

The description of revenue management practice is based on material collected from seven hotels operating in Bangkok, Thailand. All properties are located in the central area of Bangkok, with good connection of public transportation (BTS and MRT). All hotels are belonged or managed by International chains.

4.2 Profile of interviewees

Seven in-depth interviews were conducted for this research. Summarizing the background information of interviewees it can said the following.

Qualitative data were collected from Revenue managers who work in 5-star international chains hotels. They have working experiences in Hotel industry in Revenue management department from 4 to 15 years. Interviewees ranged in age from 28 to 40. Educational background ranged from Bachelor to Master's degree. Most of them have degree in Hotel Management.

There are representatives from Thai nationality and foreigners (from Europe and South Korea). There is as well gender diversification: from 7 interviewees -2 women, 5 men.

4.3 Findings of research

Question 3. In what way does your current role involve distribution channels and revenue management?

All interviewees mentioned that managing distribution channels is the main activity of revenue management; especially what is concerning about internet distribution channels.

In every way revenue management and distribution channel are two subjects that linked to each other and go hand-in-hand. Without proper and effective revenue management there is no successful distribution and control of rates and strategy.

One revenue manager underlined that for some hotels working with online distribution channels sometimes is only way to get customers, that this is the main way of selling room nowadays especially for independent hotels who doesn't have support from head companies.

Combining right revenue policy and proper work with distribution channels can give the best results to achieve all goals, what include controlling room rates, price fluctuation, using strategy of best pricing. Not the last question is the room allocation. Revenue managers should always know for each distribution channel how many rooms they can make allotments.

Question 4. Do you make reports to General Manager or to DOSM? What kind of reports?

Making reports is the main duty of every Revenue manager. All of them make different kinds of report, what depend from different request of every hotel chain. But in general it can be said that all hotels make forecasting and pick up report.

Pick up report shows how many new bookings were made during the period or future one-sixth months. According to this report Revenue manager can analyze and understand the trend, tendency, seasonality of booking made exactly for this property what can help him/her in the future to make more detailed forecast.

Comparison of competitor's rate is as well very important report, what can help management to understand where their property is on pricing scene in comparison with the main competitors. Having clear idea about rates on the market gives opportunity to change pricing policy if the property is on the advantageous position.

Forecasting is the next report. Usually they do forecasting for period from 1 month till 1 year.

All reports are sending to Sales& Marketing department, CEO and other management people.

Question 5. Where would you say distribution fits into the overall revenue management landscape? Why does distribution matter?

As was mentioned before distribution channels help to diversify sources of getting income. The main opinion of all interviewees was that distribution plays a critical role in a hotel's ability to achieve its revenue and profitability goals, by other words there are no distribution channels – no revenues. And the main goal of revenue manager is to find the right way to deal with all distribution channels.

One revenue manager underlined that Distribution and Revenue management they are closely linked and unless they talk to each other hotel will not be having a successful business model. However this is also property specific so it's not the case of "One size fits all". That means that every hotel developing their own policy of working with distribution channels and it depends on many factors (property itself, location, economic situation and etc.).

Question 6. Please describe distribution channels mix in your hotel. What is the perfect distribution channels mix by your opinion?

All properties have different mix of distribution channels. Online distribution channels are from 40 till 55 % from all revenue and all interviews mentioned that year by year during last 5 years this indicator is increasing dramatically. Sales through own web site and OTAs in all hotels are almost the same, about 20-25 %. All hotels what were interviewed belong to big international hotel with strong brand. In average all hotels have almost the same distribution marketing mix from online channels, what is represented by brand.com website and OTAs. Offline part includes corporate and wholesalers.

Some hotels still rely on offline wholesalers and sales through them can be till 45 % of all revenue. That means that internet distribution channels are not so strong developed yet, but all revenue managers highlighted that in few years' perspectives the picture can change dramatically for offline wholesalers.

About the perfect channels mix the main point in all answers was not to become dependent on third party intermediates. All of them want to increase sales through their own web site, what can be easily understood why – web site sales costs are minimum.

The second point was to keep distribution mix more variable, but not to go too far, hotels should determine their target audience and through which channels they can reach them. On the other hand over-reliance on one segment is bad business practice so it is a must to spread the business across several areas to minimize any adverse impacts.

One opinion was the OTAs can be very useful tool to fulfill gaps by last minutes deals, as we know that hotels rooms are non-persistent inventory, and what was not sold today can't be sell tomorrow, that is why sometimes is better to sell rooms by any prices what is different from zero.

Like a conclusion it can be said that the perfect channels mix is the balanced channel mix with minimum cost and maximum output.

Question 7. How do you manage the Revenue-to-cost ratios for internet distribution channel in your hotel?

From the answers of interviewees it can be said following that mainly hotels keep very strict policy with working with OTAs, they determine the maximum level of commission, usually not more than 20%.

Hotels rely on historical data to base future strategies on and everything that they do is linked to ROI. They calculate what they call "cost of doing businesses" and if that ratio is over a set threshold they react and bring it into line. However if not possible than look at redirecting to more cost-effective distribution providing it will get them to achieve out set budgeted targets.

Question 8. What is the smartest action hotel (yours or someone else's) has made related to internet distribution?

For this question researcher received variables answers. But there can be found something in common, for example offering add-value packages for customers who make booking through Brand.com. The other opinion was to that the smart action is every action that hotel can make for direct connection with end consumer, to avoid any kind of intermediaries

One revenue manager has opinion that there is no smart or smarter action as all actions are linked to and with each other. It is all ONE strategy. Something is wrong then the whole strategy doesn't work.

Some of hotels create on their web page virtual tours what allow to guests to see what rooms and environment they are choosing during the booking. It makes booking process clearer for customers.

Another smart action that was mentioned is creating Loyalty programs for pull of hotels to confront with policy of OTAs. It can help to reduce commission cost paid to OTAs, what will positively influence on REVPAR (revenue per available room), GOPPAR (gross operating profit per available room).

Question 9. What is the biggest misstep you have witnessed (in your hotel or others) in the last two years?

According to the opinions of interviewees hotels sometimes make mistakes in developing internet distribution channels. Below will be represented some of them. For example, one revenue manager supposed to think that not following to rate parity principles can be the reason of losing customers and partners, not controlling availability of rooms – the main reason of overbooking.

Very important issue, and almost all interviewees underlined it – that some hotels do not pay attention and do not reply to comments left by guest in internet, for example in TripAdvisor. Nowadays guest comments and reviews are the powerful tool and usually guests before making booking read comments and reviews in independent sources.

Flash sales and uncontrolled promotions as well can be caused of losing profitability. It has been claimed that relying only on OTAs and becoming depending on them, not to developing their own brand.com web site are the negative symptoms what can be follows by big troubles for hotels in the future.

Not looking at the whole picture and far enough in advances. Many businesses tend to concentrate on current month and 2-3 months out. Also as soon as monthly required budget is achieved focus is turned away to something else. However after that point everything else is incremental business which is very often ignored and if

somebody keeps on knocking on door wanting to give us business we should definitely listen to them and consider it.

Question 10. What is the next thing that you predict will disappear or gradually fade away that is currently a part of the distribution landscape?

Revenue managers didn't have for this question clear answer. They made assumptions that it can be:

- Global distribution system (GDS)
- Central voice distribution systems
- Call center reservation
- Wholesaler

But anyway all of them underlined that maybe this distribution channels will not disappeared at all, they just reduce its influence on sales.

Hospitality industry is all about trends and nothing ever goes away. Better put can be said that certain things go out of fashion and it works on a cycle. Something may not be favorable right now but in few years' time it will be at the forefront once again so hotels should never discard it and more importantly embrace its comeback in its re-invented look. And hotels have to be prepared for this and aware of the impact it can have to their business.

They are sure that hotels should be considered towards internet distribution channels, but anyway traditional channels take their place mostly for other types of hotel revenues (Restaurants, MICE - Meetings, incentives, conferencing and exhibitions). Sometimes room revenue is 60-80% of all hotels revenue. The rest 20-40 % are coming from Food and beverage and other services, what usually are sold offline.

Question 11. What are the top 3 current issues that will have the biggest impact on hotel distribution in the nearest future?

Summarizing all answers it can be done conclusion that the top 3 current issues are:

- Mobile and tablet applications;
- Social media;

- Search engines.

It's more about the consumer behavior and preferences than distribution here. Established and traditional markets, like Europe will be more technology savvy so we have to play their game. However for emerging markets such as BRIC countries they are few years behind so for them technology or Social Media will have less impact. But this distinguish only for elder generation. Customers from younger generation from any country are addicted to online shopping and any kind of social media. Therefore we have to understand our customer and evolve with their demands and needs. Whether that is through personal face-to-face contact or interactive means.

Question 12. What advice can you tell a hotel revenue manager?

There are many recommendations from experienced revenue managers to those who just in the beginning of their revenue manager carrier or have less experience.

- To keep rate parity. It will help you to work with all intermediates on the fair bias.
 - To keep eyes and react on guest comments and reviews in internet
 - To use all available distribution channels;
 - To pay attention to new technologies
 - To keep eyes on competitors to try to be ahead of them.
 - To control revenue-cost ratio of every distribution channel;
 - Be smart about managing direct and non-direct cost;
 - To be in line between profit and demand;
 - To update information according current situation;
 - To be adaptive and react for environment changes

Revenue person has to be a commercial person; he/she should understand the fine line between profit and demand.

Question 13. Do you see threat from OTAs to declining net profit of your organization because of high commissions? Why yes? Or not?

Almost all respondents mentioned that OTAs are not threat for their hotels still, because they have quite strong brand name and sales through their web site are competitive in comparison with OTAs. According to them OTAs can be threat for independents hotels, who performs without support of head offices,

And there is as well opinion that in opposite they can see that cooperation with OTAs can be mutual beneficially. They can't say that they depend on OTAs because OTAs want to have their hotel in list, even with low commission, again because of the strong brand name, but they understand that need to be concerned about this and keep eyes on them, because situation can changed every day.

One RM expressed different opinion that OTAs can be useful tool to save sales&marketing costs – kind of outsourcing. And in future he believed that Hotels will reduce their own sales staff and they will use mostly OTAs.

The another one was set up aggressively towards OTAs, he believes that they stole room night that should be booked through their direct channels and OTAs do it with high cost of booking.

Summarizing the general opinion it can be said that there always is a place for OTA in any hotel organization. However those who will benefit the most are the ones that can manage the volume of business that is given to OTA. As it was pointed out in many instances cost of doing business with them is very high. However by establishing demand it is possible to control commission levels and benefit from their wide reach that in short periods of time can generate more business than any other distribution channel.

Question 14. How can hotel management promote sales through own website?

Increasing sales through own web site was the main goal of all revenue managers that gave interview. Why? Because this channels has the maximum Revenue-to cost ratio. And RMs gave advice according their own experience how to promote sales through brand.com.

- First of all it is necessary to make web site accessible to translate your brand.com into your key feeder market languages;
- Use good images and plenty of them on your brand.com and in your booking engine;

- Keep your brand.com up-to-date;
- Use an effective booking engine;
- Use Google Analytics or another analyzing tool to understand customers browsing habits

Main reason why anyone would book direct instead through OTA is down to receiving something in return – special packages and promotion. And for this reason hotels believe that through strong and meaningful Loyalty Program that delivers recognition by booking direct they can drive more direct customers to come to them first before looking to book through a 3rd party.

Question 15. Can you make a prediction what new technologies will have the greatest effect on the distribution scene in the next two to three years?

The future of hospitality industry seems to all respondents connected to developing of high technologies like mobile booking and social media. Some of them see future in interactive connection with potential customers through social media platforms.

Deal sites, search engines, OTAs will increase their power in hotel booking scene.

Most of the booking will be made through mobile or tablet applications.

Summarizing the general idea it can be noticed that over the past few years there were great technological improvements and systems. However most of these only work very well on their own and next challenge will be to bring them all closer and to get them to talk to each other so that we can become more pro-active instead of being reactive.

CHAPTER 5

CONCLUSION, DISCUSSION AND RECOMMENDATIONS

In this chapter there is presented the analysis an interpretation of the findings and overview of the main findings. In the end of chapter are written the recommendations and implications for practitioners and future research and limitations of research.

5.1 Conclusion and discussion.

The objectives of this research was to examine the impact of developing internet distribution channels on revenue management policy in 5-star International Chains of Hotels in Bangkok by understanding the current situation in hotel industry, discovering what hoteliers are doing to manage main internet distribution channels: OTAs and web site, bringing to light how they see the nearest future and compare it with best practices.

Seven revenue managers (from 5-star international branded hotels located in Bangkok) were interviewed for this research. Summarizing all findings of this research it can be answered to research questions what were stated in Chapter 1 and the conclusions are following:

1. What are the current tendencies in distribution channels in hotel industry?

Researcher found out that revenue of 5-star international hotels located in Bangkok depends on internet distribution channels, in some hotels about 50 % of all revenue are coming from online channels (OTAs and Brand.com). And this trend is going to increase in future. In comparison with US market where according to statistic what is available for 2013 internet distribution channels (OTAs and brand.com) together gave about 85 % of all revenue (Gourdie, 2013). Therefore it can be claimed that Bangkok hospitality market is still under developing and the same situation US market faced 3-4 years ago and it can be made an assumption that everything what happened there during last 3-4 years can happened in Bangkok hospitality market in near future.

2. How Revenue manager should manage all distribution channels and create balanced mix of distribution channels?

Work of revenue manager is directly related with managing of all distribution channels. Nowadays internet distribution channels (OTAs and brand.com) are increasing their influence on revenue of every hotel. And according to this hotels develop their policy in relation on each distribution channel. The main issue here is to manage the Revenue-to-cost ratio (Gourdie, 2013). Usually they rely on historical data to base future strategies on and everything is linked to ROI. Hotels calculate 'cost of doing business' - the Revenue-to-cost ratio and if that ratio is over a set threshold they react and bring it into line. Moreover Revenue manager should create balanced mix of distribution channels. Over-reliance on one segment is bad business practice so it is a must to spread the business across several areas to minimize any adverse impacts. The best solution to work with several distribution channels, do not rely only on some of them.

3. How can Hotels promote Sales through their own website?

According to answers from interviewees and latest worldwide practices researcher came to the following conclusion:

First of all hoteliers should be considering to keep rate parity, it means that online rates on hotel's web site should not be higher—than on OTAs' websites. Nowadays there is a new trend consumer's behavior; before making booking they compare online rates(Starkov, 2013)—and if on hotel web site the rates are the same they prefer to make booking directly with property, because they understand that only direct booking can give them opportunity to ask from hotels some additional benefits (upgrade, view, bed preference, floor, etc.). And keeping rate parity will allow to hotels to compete with OTAs (Landman, 2010). Moreover offering some additional benefits (airport transfer, spa procedure, dinner, etc.) with discount and creating "packages" as well can give to hotels advantage in front of OTAs, what cannot be so flexible with offering additional services.

The next point is the content and technical condition of website itself. It can be additional pluses to add to website virtual tours, videos, live chat, forums, travelers'

reviews and other tools. Information on the web site should be updated continuously. Web site should be available for all type of screen (desktop, mobile, table) to suit all users' needs (Mechoso Safer, 2013). And the last hotels should have budget to promote website with Google or other search systems. The main advantages of OTAs, that they spend enormous amount of money to be on the first lines in search engines. Of course hotels can't beat them in this competition, bur at least to be on the first page.

4. OTAs - are opportunities or threats for hotels?

Researcher came to conclusion that 5-star international hotels do not feel themselves depending on OTAs and they do not treat them like a threat, in opposite they use them like tool during low seasons. The reason of this is the strong support from head office with worldwide known brand.com. This is related with what was written above in literature review. In US in July 2013 sales via Brand.com exceeded sales via OTAs almost 4times (Gourdie, 2013).In Bangkok hotels nowadays these 2 channels perform almost the same and take about 20-25% of all revenue each. Therefore it is depends on hoteliers how to change the situation and not to allow OTAs to win hotels should consider about promoting sales through own website.

5. What is the future in distribution scene in hospitality? What prediction can be made by revenue managers?

Professionals from Bangkok have the same expectations as their colleagues in USA about the importance of using current technologies like social media, mobile applications and meta search engines sites for promoting sales via own web sites either OTAs. All of them realized the changes of consumers' behavior, as was mentioned above that now consumer before making booking compare rates from all available online sources, moreover that this search became multi-device search. But hoteliers in Bangkok didn't mention about big impact of Google activity in future. Researcher in this point agrees with Urpelainen's (2013) opinion that Google can

change the scene of hospitality industry in future and hoteliers in Bangkok should be more considering about it.

5.2 Implications and recommendations

Object of this research was to find out dependence of 5-star international hotels located in Bangkok on internet distribution channels. This trend is relatively new and hotels should be considered to be in line with new technologies and changing consumers' behavior.

First who faced these problems were independent hotels, who works without support head office and who does not have famous brand name. Maybe nowadays 5-star international hotels still do not feel the threat from the online third part intermediates (OTAs), but they should keep eyes on changing tendency.

Hospitality industry in Thailand still has almost half of its revenue coming from traditional offline channels. In comparison with more developed markets, for example in USA, where online booking through OTAs either through brand.com take the main part of all sales of hotels. Hotels already now should think about future changes and modify their revenue policy and turn more to online distribution channels.

5.3 Limitations of the research

Every research has limitations. Below are stated limitations of this research. One of the limitations is that some of requested information respondents treated like closed commercial information. And by the same reason they didn't allow to make audio records of interviews. And they didn't want to disclose some particular details sometimes just answered by general information. And researcher promised not to disclose names of interviewees and hotels.

Next limitation is that interviewer does not ask so called right questions and therefore the collected data is in too general level or the collected data is not useful. To prevent this researcher plans the interview schedule carefully and sent the list of question by email 1 day before interview, to let respondents to be familiar with topic and questions.

Time will be definitely one of the limitations. It was time consuming to make an appointment with right interviewees, from the limited number of hotels what were selected in Chapter.

Language barrier is also one of the limitations. There might be situations when interviewer and interviewee do not communicate well. This can be prevented by asking additional questions during interviews to clarify the answer.

5.4 Recommendations for future research

Researcher hopes that further research about this topic will be conducted by scientific way because this topic represents current situation in changing of consumer behavior in booking hotels from traditional way (offline travel agencies) to online (OTAs and web site).

Further researches can be done:

- 1. By changing the target city from Bangkok to some other city or even country;
- 2. It can be chosen other type of hotels, for examples resorts or not only international chains:
- 3. Future researches can study other international hotel chains;
- 4. Not only 5-star hotels can be the target of future researches.

This research investigated current trends on hospitality scenes, but with developing of new technologies everything is changing very fast, and new stakeholders can appear in hospitality industry within one year or less, therefore the main recommendation for researchers to keep eyes on new comers to industry and be updated.

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APPENDIX A

OPEN ENDED INTERVIEW FORM FOR DISCUSSION GUIDE

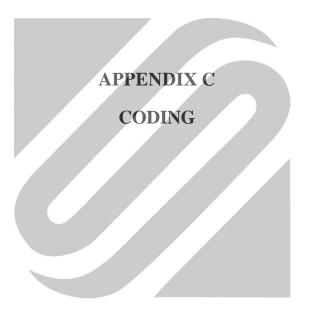
- 1. Background information of interviewee
- (E.g., age, gender, nationality, education, position in this hotel)
- 2. How long have you been in the hotel industry? How long do you work like a revenue management? In Thailand?
- 3. In which way does your current role involve distribution channels and revenue management?
- 4. Do you make reports to General Manager or to DOSM? What kind of reports?
- 5. Where would you say distribution fits into the overall revenue management landscape? Why does distribution matter?
- 6. Please describe distribution channels mix in your hotel. What is the perfect distribution channels mix by your opinion?
- 7. How do you manage the Revenue-to-cost ratios for internet distribution channel in your hotel?
- 8. What is the smartest action hotel (yours or someone else's) has made related to internet distribution?
- 9. What is the biggest misstep you have witnessed (in your hotel or others) in the last two years?
- 10. What is the next thing that you predict will disappear or gradually fade away that is currently a part of the distribution landscape?
- 11. What are the top 3 current issues that will have the biggest impact on hotel distribution in the nearest future?

- 12. What three advices can you tell a hotel revenue manager?
- 13. Do you see threat from OTAs to declining net profit of your organization because of high commissions? Why yes? Or not?
- 14. How can hotel management promote sales through own website?
- 15. Can you make a prediction what new technologies will have the greatest effect on the distribution scene in the next two to three years?

APPENDIX B

POPULATION- LIST OF HOTELS.

#	Group	Brand	Name of Hotel	Number of rooms
1	IHG	Intercontinental	Intercontinental	381
2	IHG	Crown Plaza	Crown Plaza Lumpini	243
			Renaissance Bangkok	
3	Marriott	Renaissance	Ratchaprasong	322
4	Marriott	JW Marriott	JW Marriott Hotel Bangkok	441
			Bangkok Marriott Hotel	
5	Marriott	Marriott	Sukhumvit,	296
6	Hilton	Hilton	Millenium Hilton	543
7	Hilton	Conrad	Conrad Bangkok	391
8	Hilton	Conrad Residence	Conrad Bangkok Residence	112
9	Hilton	Hilton	Hilton Sukhumvit Bangkok	280
			Double Tree by Hilton	
10	Hilton	Double Tree by Hilton	Sukhumvit	177
11	Accor	Sofitel	Sofitel Bangkok Sukhumvit	345
12	Accor	Sofitel	Sofitel So Bangkok	238
	Accor	Pullman	Pullman Bangkok Hotel G	469
		MGALLERY		
14	Accor	COLLECTION	VIE Hotel Bangkok	154
		MGALLERY	Hotel Muse Bangkok	
15	Accor	COLLECTION	Langsuan	174
			ROYAL ORCHID	
			SHERATON HOTEL &	
16	Starwood	Sheraton	TOWERS	726
	Starwood	Le Meridien	Le Méridien Bangkok	282
18	Starwood	The St Regis	The St. Regis Bangkok	227
	Starwood	W	WBANGKOK	403
			Plaza Athénée Bangkok, A	
20	Starwood	Le Meridien	Royal Méridien Hotel	374
			Sheraton Grande Sukhumvit.	
			a Luxury Collection Hotel,	
21	Starwood	Sheraton	Bangkok	420
			THE WESTIN GRANDE	,
			SUKHUMVIT,	
	۱ .	***	BANGKOK	363
22	Starwood	Westin	IBANGKOK	1 101



# of question	Question	Coding
Question 3.	In what way does your current role	Managing distribution
	involve distribution channels and	channels
	revenue management?	
Question 4.	Do you make reports to General	Pick up reports;
	Manager or to DOSM? What kind of	Forecast reports
	reports?	
Question 5.	Where would you say distribution fits	Achieving revenue and
	into the overall revenue management	profitability goals
	landscape? Why does distribution	
	matter?	
Question 6.	Please describe distribution channels	Being independent on OTAs;
	mix in your hotel. What is the perfect	Keeping variety of channels
	distribution channels mix by your	
	opinion?	
Question 7.	How do you manage the Revenue-to-	Fixed commission for OTAs
	cost ratios for internet distribution	
	channel in your hotel?	
Question 8.	What is the smartest action hotel	Offering add-value packages;
	(yours or someone else's) has made	Direct connection with end
	related to internet distribution?	consumer;
		Creating Loyalty programs
Question 9.	What is the biggest misstep you have	Not following to rate parity;
	witnessed (in your hotel or others) in	Not paying attention and not
	the last two years?	replying to customers
		reviews;
		Flash sales and uncontrolled
		promotions
Question 10.	What is the next thing that you predict	Global distribution system
	will disappear or gradually fade away	(GDS)
	that is currently a part of the	Central voice distribution

	distribution landscape?	systems
		Call center reservation
		Wholesaler
Question 11.	What are the top 3 current issues that	Mobile and tablet
	will have the biggest impact on hotel	applications;
	distribution in the nearest future?	Social media;
		Search engines.
Question 12.	What advice can you tell a hotel	Keeping rate parity;
	revenue manager?	Paying attention to new
		technologies;
		Controlling revenue-cost ratio
		of every distribution channel
Question 13.	Do you see threat from OTAs to	No
	declining net profit of your	Strong brand
	organization because of high	
	commissions? Why yes? Or not?	
Question 14.	How can hotel management promote	Accessibility of web site;
	sales through own website?	Keep your brand.com up-to-
		date;
		Use an effective booking
		engine;
		Use Google Analytics
Question 15.	Can you make a prediction what new	Mobile booking;
	technologies will have the greatest	Social media;
	effect on the distribution scene in the	Google Hotel finder
	next two to three years?	

APPENDIX D

MATRIX OF ANSWERS (PART I)

	Questions	Interviewee 1	Interviewee 2	Interviewee 3	Interviewee 4
1	Background	Male, 29 years old,	Female, 35 years old,	Male, 37 years old,	Female, 40 years old,
	information of	from South Korea.	from Thailand.	European,	Thai.
	interviewee	Director of Revenue	Director of Revenue	Revenue manager,	Director of revenue
	(E.g., age, gender,	management	management department	Bachelor degree	management
	nationality,	department	Bachelor degree in		department.
	education, position	Bachelor degree in	Revenue Management		Bachelor degree,
	in this hotel)	Finance and Revenue			MBA
		Management			
2	How long have you	6 years in general, 3,5	14 years in Hospitality,	Over 15 years in	18 years in Hospitality,
	been in the hotel	years in Thailand,	including 6 years in	Hospitality, Over ten years	9 years in Revenue
	industry? How long	including 3 years in	Revenue management.	in Revenue management, 8	management
	do you work like a	Bangkok	2 years in current hotel.	years in Thailand.	
	revenue				
	management? In				
	Thailand?				
3	In what way does	Controlling room rates,	Working closely with	This is the main way of	Conducting revenue
	your current role	price fluctuation,	distribution channels to	selling rooms nowadays.	management policy
	involve distribution	maximizing hotel	provide business	Pricing is made 100% by	with all distributions

	channels and	revenue, using strategy	insights regarding	revenue managers. Online	channels, online and
	revenue	of best pricing,	channel	generated booking are not	offline.
	Management?	capacity allocation,	trends/dynamics, assess	seldom 50% of all	
		overbooking,	strategic options and	bookings	
		forecasting.	measure performance		
4	Do you make	Forecast report for	Yes, many reports about	Reporting Line is mostly	Forecasting, production
	reports to General	every department,	forecasting, moreover	GM, but revenue manager	reports (number of
	Manager or to	savings costs, number	they have meetings by	have to communicate to all	nights and revenue for
	DOSM? What kind	of guests and etc	daily, weekly, monthly,	related departments	rooms)
	of reports?		quarterly bases.	Pick up reports, pace	
				report, forecasting	
5	Where would you	Contribution	Distribution plays a	Pricing policy, creating	Distribution channels
	say distribution fits	management	critical role in a hotel's	revenues, production	help to diversify
	into the overall	distribution channels	ability to achieve its	No distribution channels-	sources of getting
	revenue	costs	revenue and profitability	no revenues.	income.
	management		goals.		
	landscape? Why				
	does distribution				
	matter?				

6	Please describe	51 % - internet	Wholesaler – 45%;	Own brand.com, OTAs,	Corporate -10%
	distribution	distribution channels (Corporate – 15%;	Wholesalers with OTA	Wholesaler- 45%
	channels mix in	31 % - brand.com,	Online – 40 %	structure, TripAdvisor.	Brand.com-25%
	your hotel. What is	20% - OTAs);	(brand.com – 45%,	Important role - as in other	OTAs – 20%
	the perfect	49 % - contract group	OTAs- 55%).	hotels as well more and	
	distribution	segmentation	The perfect channel mix	more people book online	Perfect mix channels is
	channels mix by	(including 16% -	when you don't depend		the balance mix
	your opinion?	offline travel agencies).	on intermediates.		channels without
		Perfect will be if own			increasing influence of
		website sales increase			third parties.
		till 40%.			
7.	How do you	For OTAs they keep	To fix commission rate	Depends on the channel but	Depends on OTAs, with
	manage the	commission rate about	for OTAs – 10 %.	never more than 20%, they	some of them they can
	Revenue-to-cost	15-18%, never increase		are the chain hotel.	afford higher
	ratios for internet	more, direct cost about			commission. Because
	distribution channel	5 %.			they are sure that they
	in your hotel?				will provide us enough
					business to cover all

					expenses.
8	What is the	Offering add value	Smart actions are every	There is no smart or	Some of hotels create
	smartest action	packages for customers	action that hotel can	smarter move as all moves	on their web page
	hotel (yours or	who make booking	make for direct	are linked to and with each	virtual tours what allow
	someone else's) has	through Brand.com,	connection with end	other. It is all ONE	to guests to see what
	made related to	Membership cards	consumer, to avoid any	strategy. Something is	rooms and environment
	internet		kind of intermediaries.	wrong then the whole	they are choosing
	distribution?			strategy doesn't work.	during the booking. It
				The strategy the better the	makes booking process
				more market share you	more clear for
				gain, the higher your	customers.
				REVPAR, the better you	
				control your costs, the	
				better the GOPPAR	
				respectively	
9	What is the biggest	Not following to rate	Not to pay attention on	Flash sales and	Some hotels use third
	misstep you have	parity principles, not	guest reviews in	uncontrolled promotions	parties intermediate
	witnessed (in your	controlling availability	internet.		(OTAs) only during
	hotel or others) in	of rooms, overbooking.			peak-off time, it can

	the last two years?				cause lower ADR
					during peak time.
10	What is the next thing that you predict will disappear or gradually fade	Global distribution system (GDS)	Wholesaler maybe will not disappear at all, but their share in distribution channel mix will dramatically	Rate parity will disappear and revenue managers can control costs and channels themselves	Central voice distribution systems continue to degrease share and this volume will shift to online
	away that is currently a part of the distribution landscape?		decrease year by year.		booking
11	What are the top 3 current issues that will have the biggest impact on hotel distribution in the nearest future?	Mobile applications; Social Media; Life chatting with customer through Brand.com	Search engines; Social Media (they started project with opening page on FB); Mobile and tablets applications.	Online intermediaries Growth of bookings on mobile devices and tablets. Optimization of net revenue by understanding of consumer preferences and channel costs	Search engines; Mobile and tablet applications; Social Media
12	What advice can	To keep rate parity;	To turn to mobile	To keep eyes on	Be smart about

	you tell a hotel	To use all available	technologies;	competitors;	managing direct and
	revenuemanager?	distribution channels;	To have up to date	To control revenue-cost	non-direct cost;
		To pay attention to	information;	ratio of every distribution	To keep rate parity;
		new technologies	To keep eyes on guest's	channel;	Honor Best price
			reviews on OTAs sites.	To react on guest reviews	Guarantee
				in internet.	
13	Do you see threat	No, their hotel has	No, because they feel	No. They save you on the	Yes, if hotel doesn't
	from OTAs to	strong brand, and OTA	that their cooperation	other hand	have strong policy for
	declining net profit	should not be the only	with OTAs is mutual	sales&marketing costs	getting customers
	of your	one channel.	beneficially. They can't		through direct
	organization		say that they depend on		distribution channels it
	because of high		OTAs because OTAs		can be caused loses in
	commissions? Why		want to have their hotel		the future.
	yes? Or not?		in list, even with 10 %		
			commission.		
14	How can hotel	Membership cards;	Special packages and	-Work with landing pages;	Use good images and
	management	Loyalty program;	promotions, Best rate	-Translate your brand.com	plenty of them on your
	promote sales	Packages	guarantee.	into your key feeder market	brand.com and in your
	through own			languages;	booking engine;

	website?				Keep your brand.com
					up-to-date
15	Can you make a	Mobile booking in the	Combination of mobile	Deal sites, search engines,	Mobile applications,
	prediction what	future will become the	technologies and social	mobile applications	cloud computing
	new technologies	most useful	media applications.		
	will have the	distribution channel.			
	greatest effect on				
	the distribution				
	scene in the next				
	two to three years?				
	,				

APPENDIX E

MATRIX OF ANSWERS (PART II)

	Questions	Interviewee 5	Interviewee 6	Interviewee 7
1	Background	Male, 35 years old.	29 Years old	Male, 38 years old
	information of	European	Male	European
	interviewee	Revenue manager.	Thai	BA Tourism Management Director of
	(E.g., age, gender,	Bachelor degree in	Senior Revenue Manager	Revenue Management
	nationality, education,	marketing.	Bachelor Degree in	
	position in this hotel)	MBA in hotel	Hospitality Management	
		management.		
2	How long have you	12 years in hospitality, 8	6.5 years in Hospitality	In hotels for 5 ½ years.
	been in the hotel	years in Revenue	industry	In total for 13 years involved in revenue /
	industry? How long	management.	4 years as a Revenue Manager	pricing/ yield management.
	do you work like a	2 years with current hotel		In Thailand for 5 ½ years.
	revenue management?	in Bangkok		
	In Thailand?			
3	In what way does	To monitor the distribution	Revenue Manager are always	In every way as two subject and linked
	your current role	channels mix, if there is	of involve in distribution	and go hand-in-hand. Without proper and
	involve distribution	some misbalance to make	especially for online part	effective revenue management there is
	channels and revenue	an action to prevent it.		no successful distribution and control of
	management?			our rates and strategy.

4	Do you make reports	Daily pick up reports,	Weekly pick up, Weekly pick	He doesn't make these reports as his role
	to General Manager	forecasting for 6 months in	up by Market segment,	is to oversee the big picture and look at
	or to DOSM? What	advance	Competitors rate shopper,	the gaps and opportunities. However
	kind of reports?		Room availability,	reporting that he does is more group
			Competitors performance	wide and specific reports are something
			benchmark, Month End report,	that each property Revenue Manager will
			Top account production report,	handle.
			Revenue stream	
5	Where would you say	The main goal of revenue	Distribution is one of the	Two are closely linked and unless they
	distribution fits into	management is to find the	important part of revenue	talk to each other we will not be having a
	the overall revenue	proper way to deal with all	management, if our	successful business model. However this
	management	distribution channels	distribution channels are not	is also property specific so it's not the
	landscape? Why does		effective we may not be able	case of 'One size fits all'.
	distribution matter?		to grasp customer	
6	Please describe	Own web site (brand.com)	Own web site (brand.com) –	Own web site (brand.com) – 25%;
	distribution channels	-30%;	25%;	OTAs – 20%;
	mix in your hotel.	OTAs – 20%;	OTAs – 25%;	Corporate – 15%
	What is the perfect	Corporate – 15%	Corporate – 15%	Wholesalers (offline travel agencies) –
	distribution channels	Wholesalers (offline travel	Wholesalers (offline travel	40%

	mix by your opinion?	agencies) – 35%	agencies) – 35%	The perfect channels mix is the balanced
		More direct channels	To increase sales through own	channel mix with minimum cost and
			web site	maximum output.
7.	How do you manage	The only way to manage	Judge by ROI in profit of	Rely on historical data to base future
	the Revenue-to-cost	Revenue-to cost ratio for	each distribution channels	strategies on and everything that they do
	ratios for internet	internet channels is to fix	either offline or online as once	is linked to ROI. Calculating 'cost of
	distribution channel in	the highest commission	cost of each distribution are	doing businesses and if that ratio is over
	your hotel?	rate what you can pay to	different	a set threshold they react and bring it into
		OTAs. Usually not more		line.
		than 20%		
8	What is the smartest	Creating Loyalty programs	Change online marketing	Creating on web site virtual tours in
	action hotel (yours or	for pull of hotels to	vendor to TravelClick, even	hotels and rooms what helps to
	someone else's) has	confront with policy of	TravelClick cost much more	customers to see rooms and hotel before
	made related to	OTAs.	than previous vendor but it is	they arrived and help them to make a
	internet distribution?	It can help to reduce	really worth as we able to shift	decision.
		commission cost paid to	booking to our branded	
		OTAs, what will	website	
		positively influence on		
		REVPAR, GOPPAR.		

9	What is the biggest	To rely only on OTAs and	Too late to start Mobile web/	Not looking at the whole picture and far
	misstep you have	become very depending on	App	enough in advances. Many businesses
	witnessed (in your	them, not to develop their	Too late to start loyalty	tend to concentrate on current month and
	hotel or others) in the	own brand.com web site	redemption program	2-3 months out.
	last two years?		Marketing message went to	
			the wrong target of audience	
			both online or offline	
10	What is the next thing	Call center reservation,	Not that fade away but offline	Nothing will fade away, maybe some of
	that you predict will	people prefer to	marketing distribution will	distribution channels will increase their
	disappear or gradually	communicate by non-	become less and less important	influence, and others on the other hand
	fade away that is	voice channels – like	which will replace with Online	will decrease in sells volume.
	currently a part of the	email, web site and etc.	marketing distribution instead	
	distribution			
	landscape?			
11	What are the top 3	Social media;	Success on Online marketing	Cloud computing;
	current issues that will	Mobile applications;	Target audience data base are	More and more penetration of internet in
	have the biggest	Search engines	too small	everyday life of consumers;
	impact on hotel		Brand Loyalty	Search engines
	distribution in the			

	nearest future?			
12	What three advices	To react to changes in new	To be careful with guests	To be in line between profit and demand;
	can you tell a hotel	technologies;	reviews in internet	To update information according current
	revenue manager?	To pay attention to	(TripAdvisor);	situation;
		comments and reviews in	To keep information updating;	To be adaptive and react for environment
		internet;	To pay more attention on new	changes
		To keep eyes on	technologies.	
		competitors and to try to		
		be ahead of them.		
13	Do you see threat	No, for their hotel OTAs	Yes because they stole room	No, but hotel should be very careful in
	from OTAs to	are not threat, their own	night that should book through	working policy with OTAs, they need
	declining net profit of	website is very powerful	our direct channels with high	always to control level of commission to
	your organization	and they got mostly	cost of booking	pay.
	because of high	bookings from it. But it is		
	commissions? Why	necessary to keep eyes,		
	yes? Or not?	because situation can		
		change every day.		
14	How can hotel	Use an effective booking	Google ads	Loyalty program;
	management promote	engine;	QR code on Publication	Special packages;

	sales through own	Use Google Analytics or	Special promotion and	Google advertising
	website?	another analyzing tool to	packages	
		understand your customers		
		browsing habits		
15	Can you make a	Interactive connection	Mobile and portable device,	Connectivity.
	prediction what new	with potential customers	Social network, TripAdvisor	Over the past few years we have seen
	technologies will have	through social media and	will definitely impact future of	great technological improvements and
	the greatest effect on	mobile applications	hospitality	systems. However most of these only
	the distribution scene			work very well on their own and next
	in the next two to			challenge will be to bring them all closer
	three years?			and to get them to talk to each other so
				that we can become more pro-active
				instead of being reactive.

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