THE HOTELS NETWORK

Q2 vs Q1 2021

BenchDirect Insights Report

Global hotel direct channel performance

02

Benchmarking Your Hotel's Direct Channel Performance

There is no question about the importance of direct bookings for an effective online distribution strategy, but are you comparing your brand's direct channel performance to the market? Benchmarking should be an essential part of every hotel's direct growth strategy.

Traditional hotel benchmarking tends to be based on occupancy and rates only, giving no visibility on how the end result came to be. At THN, we thought you needed more, that's why we built BenchDirect: the first benchmarking platform for your direct channel.

With the aim of sharing the insights and trends we have observed when analyzing BenchDirect data, we have published the first ever BenchDirect Insights Report. Focusing purely on direct bookings, it compares the direct channel performance of hotels by region in Q2 versus Q1 2021.

Anonymized data from hotels worldwide

THN recognizes user behavior independently of how a website is built or what technology it uses. Data is taken from THN's global network of hotel clients. The analysis covers the main metrics related to an effective direct channel strategy:

Website traffic	Conversion rates	Disparities	Visitor profile

For the report, the period analyzed is the second quarter of 2021 compared to the first quarter of the year. These dates are based on Browsing Dates (the dates on which a user visited the hotel website, made a search or booked a room), not stay dates at the property.

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The Split by Region

Location refers to the hotel's location, not the visitor's country of origin.

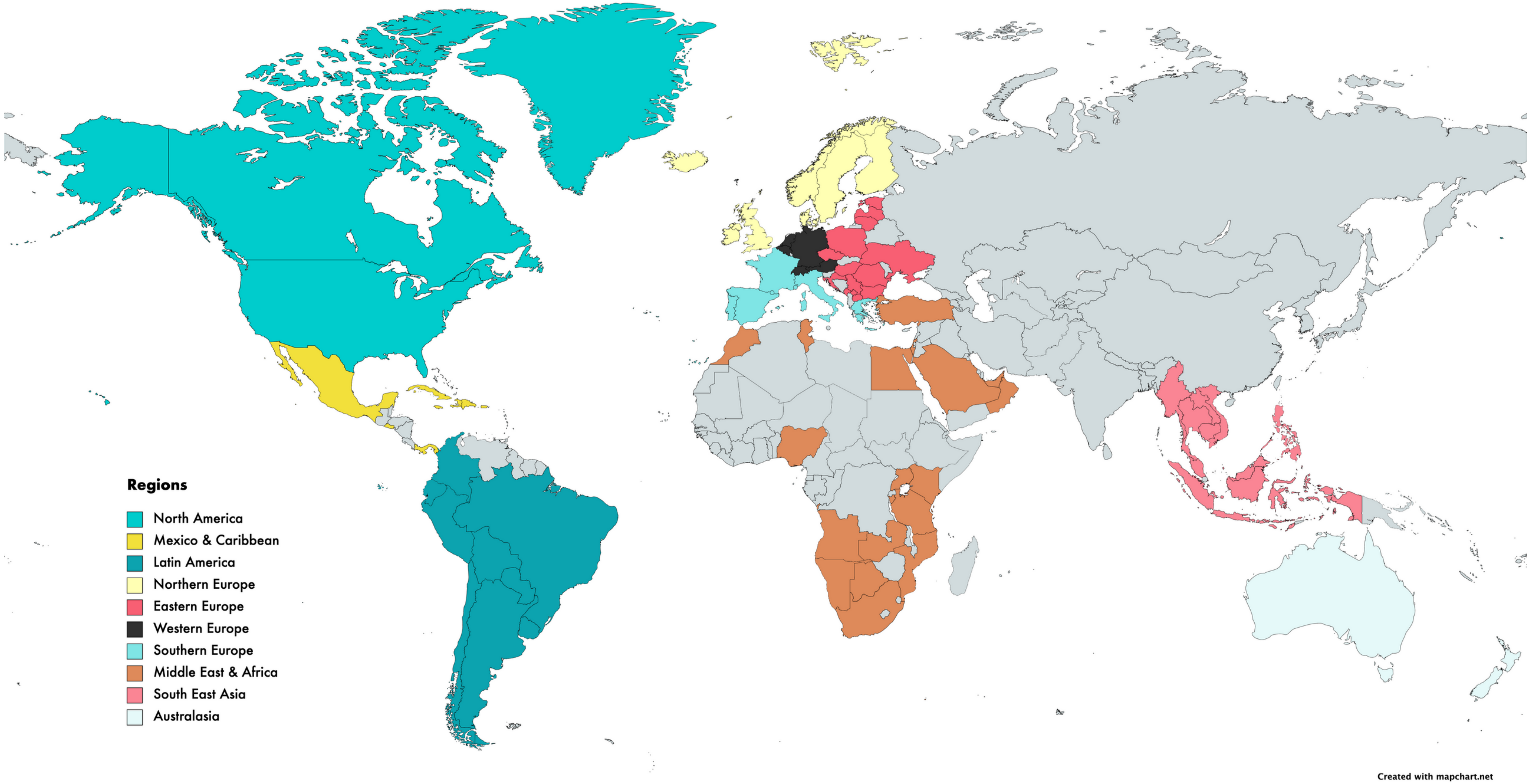
America
North America
Mexico & Caribbean
Latin America

Europe
Eastern Europe
Northern Europe
Western Europe
Southern Europe

Middle East & Africa

Asia
Southeast Asia

Oceania
Australasia



Data highlights

The volume of unique visitors increased in Q2 versus Q1 across all regions, apart from Latin America and Southeast Asia

North America: highest volume of website traffic per hotel room in both periods and highest conversion from visitors to searchers in Q2 2021

Average hotel website conversion rate is around 3%.
Southeast Asia: highest drop in conversion rate in Q2 (-29% vs Q1)

Middle East and Africa: highest disparities frequency (30.4%) and second highest disparities amount (11.8%) in Q2 2021

OTAs with lowest disparity levels: Agoda in terms of disparities amount and Booking.com regarding disparities frequency

International website traffic began rising again in Q2 2021, except in Southern Europe and Middle East & Africa

Mobile: still the top device when it comes to traffic acquisition.
Desktop: preferred device to complete the booking process

Search still the lead source for traffic acquisition
Mexico & Caribbean: best performance on Social media

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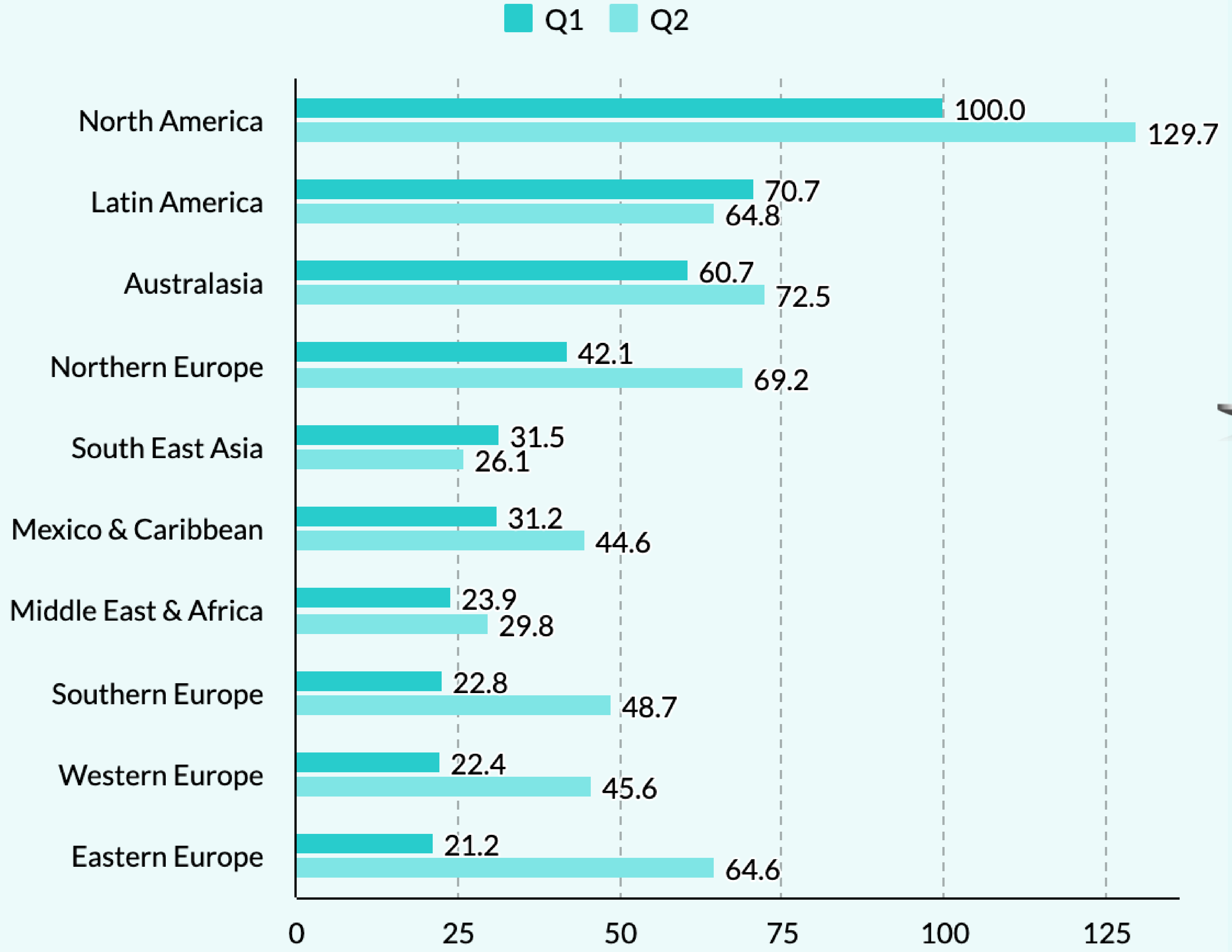
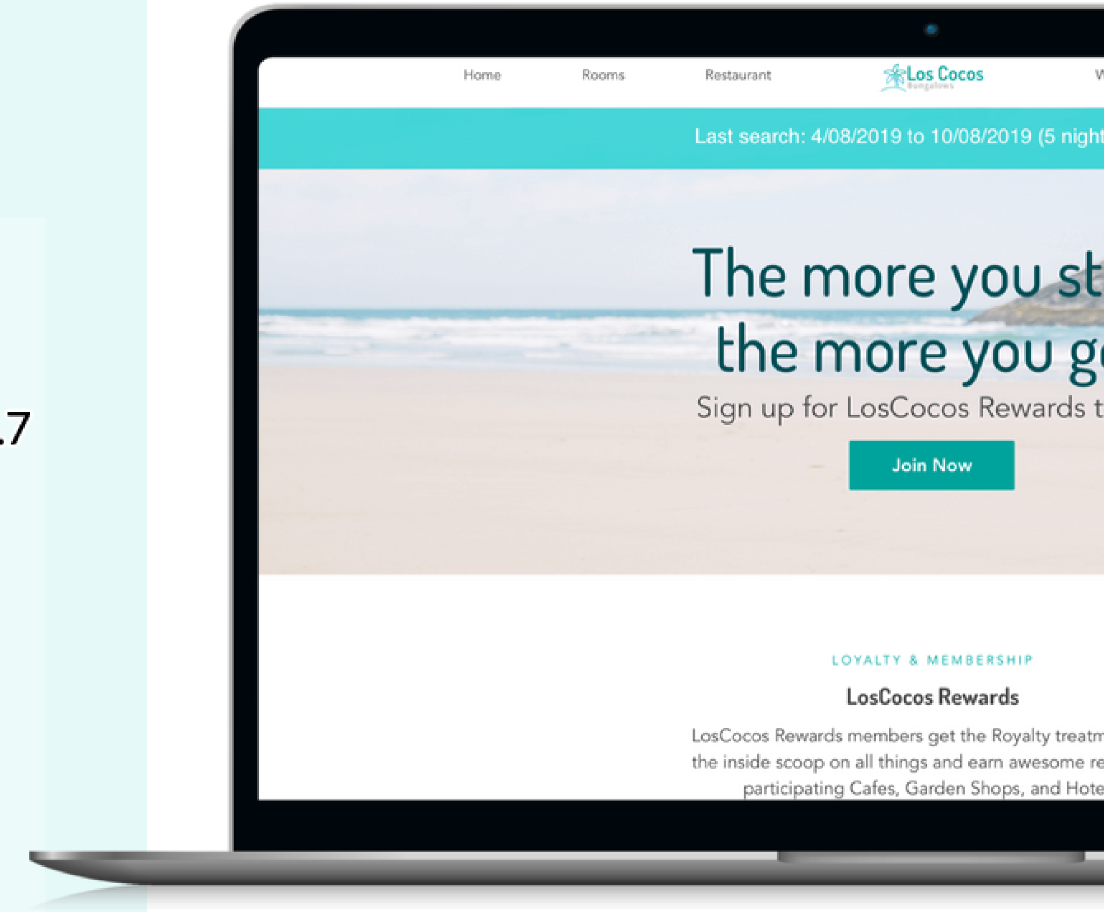
Website Traffic

Graph description
Indexed graph comparing the median number of unique visitors per hotel room landing on hotel websites in Q1 versus Q2 2021.

North America Q1 index is set at 100, with the other regions indexed to that figure.





- To allow a fair comparison and remove the impact of factors such as high number of rooms per property, the analysis compares the median number of unique visitors per hotel room, indexed.
- The results vary greatly from region to region and also from Q1 to Q2.
- North America had the highest volume of unique visitors per room in both quarters.
- The volume of unique visitors increased in Q2 vs Q1 across all regions, apart from Latin America and Southeast Asia.

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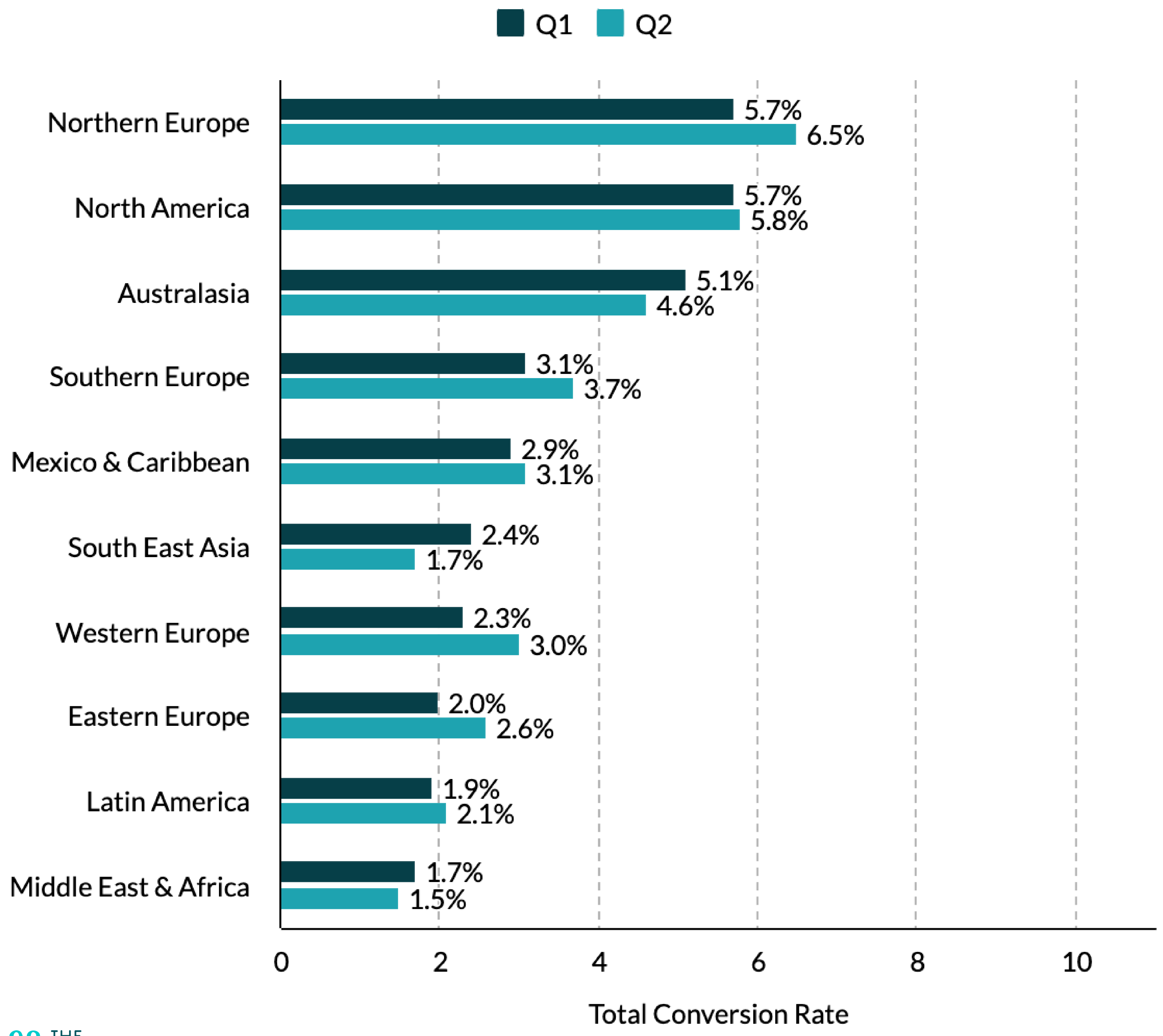

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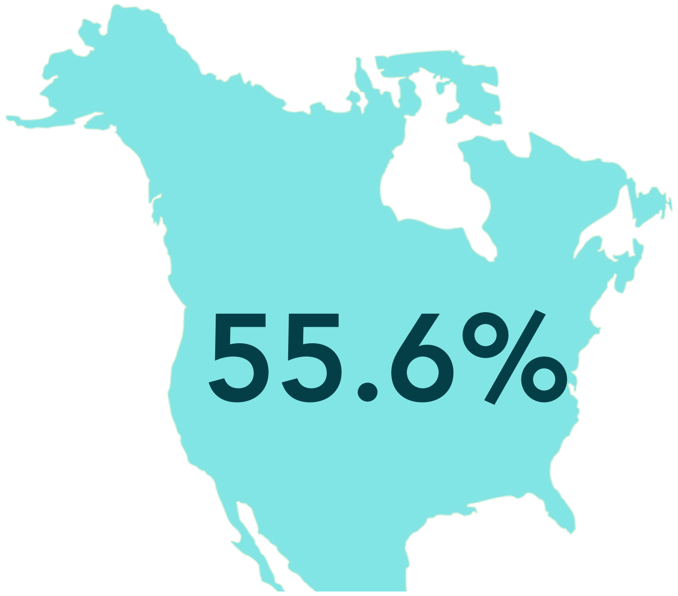
Conversion Rate

- Website conversion rate increased in Q2 vs Q1 in the majority of regions, with the exception of Australasia, Middle East & Africa and Southeast Asia.
- Northern Europe retained the highest conversion rate and the ranking order of the other regions did not change apart from Southeast Asia.
- With some of the lowest conversion rates in Q1, Eastern and Western Europe showed the highest uplift in Q2 (+31% and 28% respectively).

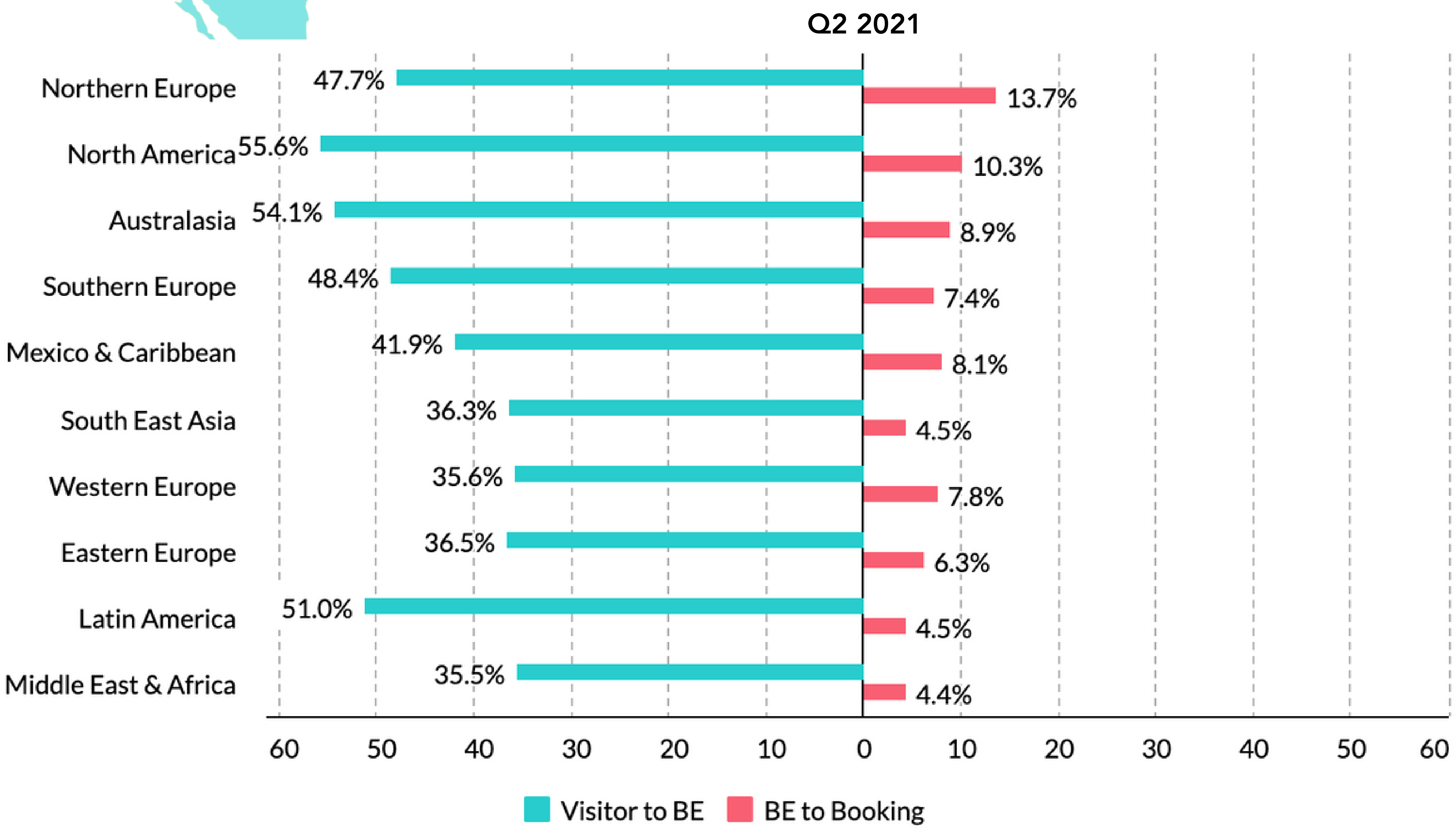
Graph description
Comparison of the average total website conversion rate during Q1 versus Q2 2021.

Total Conversion rate is the percentage of total unique website visitors who made a booking.

South East Asia: biggest decrease in conversion from Q1 to Q2



North America: the highest Visitor to Booking Engine conversion rate in Q2 2021



%Change Q2 vs Q1	
Visitor to BE	BE to Booking
14.7%	1.6%
8.5%	-7.6%
-2.5%	-6.8%
6.3%	12.6%
1.4%	3.6%
-6.8%	-20.5%
16.3%	16.8%
17.2%	0.6%
-5.6%	20.1%
4.9%	-13.5%

Graph description

Comparison of two types of website conversion rate during Q2 2021 and the percentage change versus Q1 2021, analyzing the full booking funnel.

Visitor to Booking Engine conversion is the % of unique visitors who made a search on the Booking Engine, while Booking Engine to Booking conversion is the % of those visitors who made a search on the Booking Engine who ended up booking.

Funnel Conversion Rate

- Breaking down the conversion rates within the funnel to look at Visitors to Searchers as well as Booking Engine conversion rate, the results vary quite widely but most regions see some improvement in Q2.
- North America had the highest Visitor to Booking Engine conversion rate in Q2 but was less effective at converting those searches into bookings (-7.6% versus Q1).
- Despite a slight increase in Visitor to Booking Engine conversion rate, Middle East & Africa still had the lowest conversion rate at both parts of the funnel.
- In Q2, Latin America had one of the highest Visitor to Booking Engine conversion rates. The region's Booking Engine to Booking conversion was one of the lowest but saw the highest uplift versus Q1 (+20.1%).

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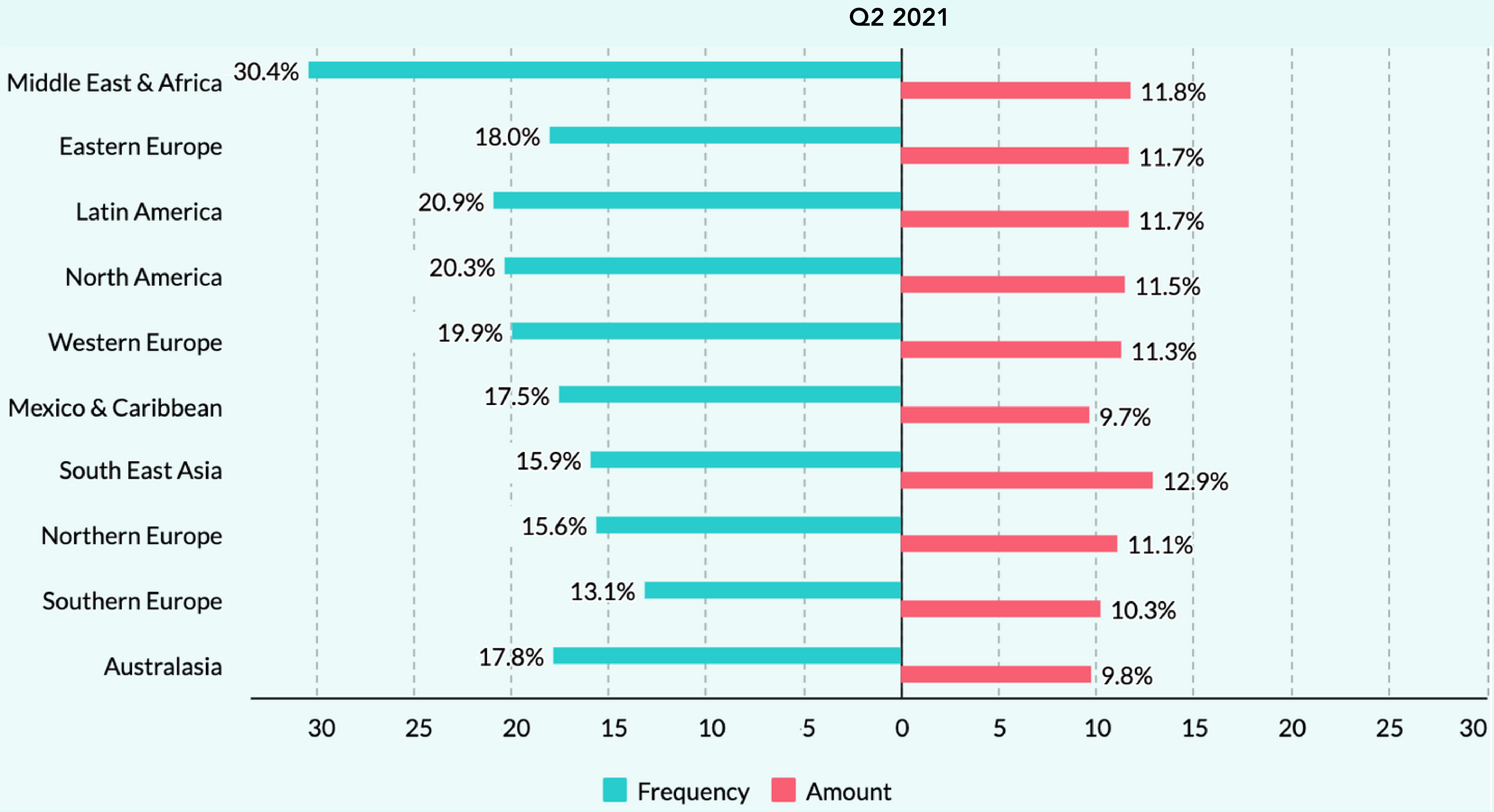
OTA Disparities

Graph description
Average price disparities triggered by searches made on hotel websites in Q2 and the percentage change versus Q1 2021 by region.

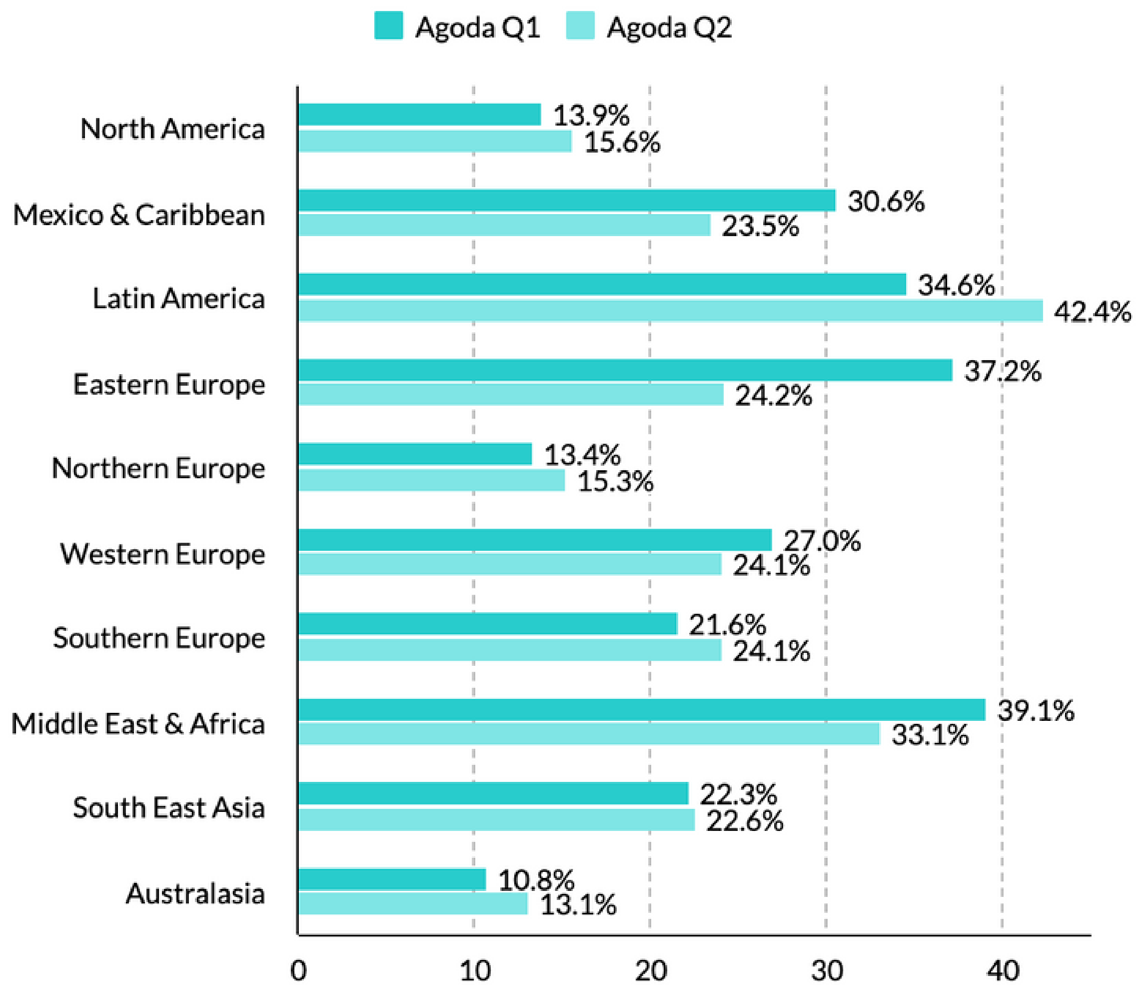
Frequency is the % of times the OTA's rate was cheaper than the hotel's rate
Amount is the % of price difference between the hotel's rate and the OTA rate.

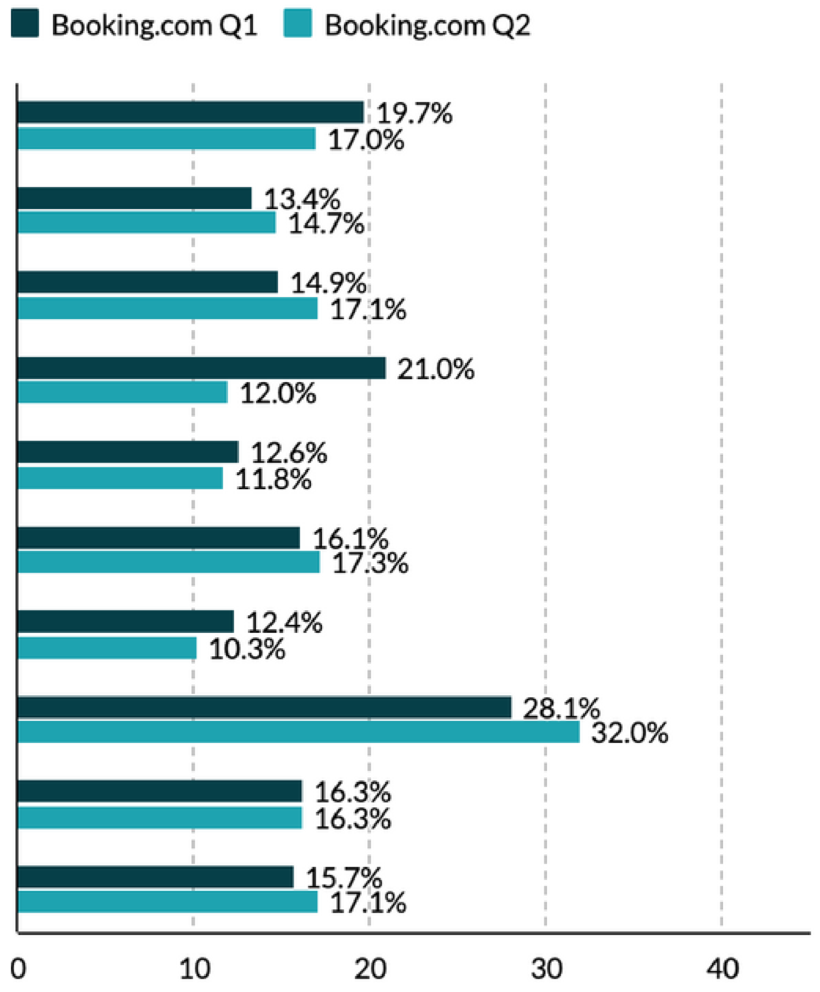
- In terms of Frequency of price disparities occurring, the results vary widely, from 13.1% in Southern Europe to 30.4% in Middle East & Africa.
- The variance in terms of Amount (the difference in rates detected) is much lower, ranging from 9.7% to 12.9%.
- Although Southeast Asia maintained the highest disparities Amount, this is not so significant as the Frequency in this region is one of the lowest.
- Hotels in Middle East & Africa have the biggest issue with price disparities, performing worst in terms of Frequency (30.4%) and second worst in Amount (11.8%).
- Australasia experienced the highest jump in Frequency of disparities, going from the lowest rate in Q1 to 17.8% in Q2 (+63%).

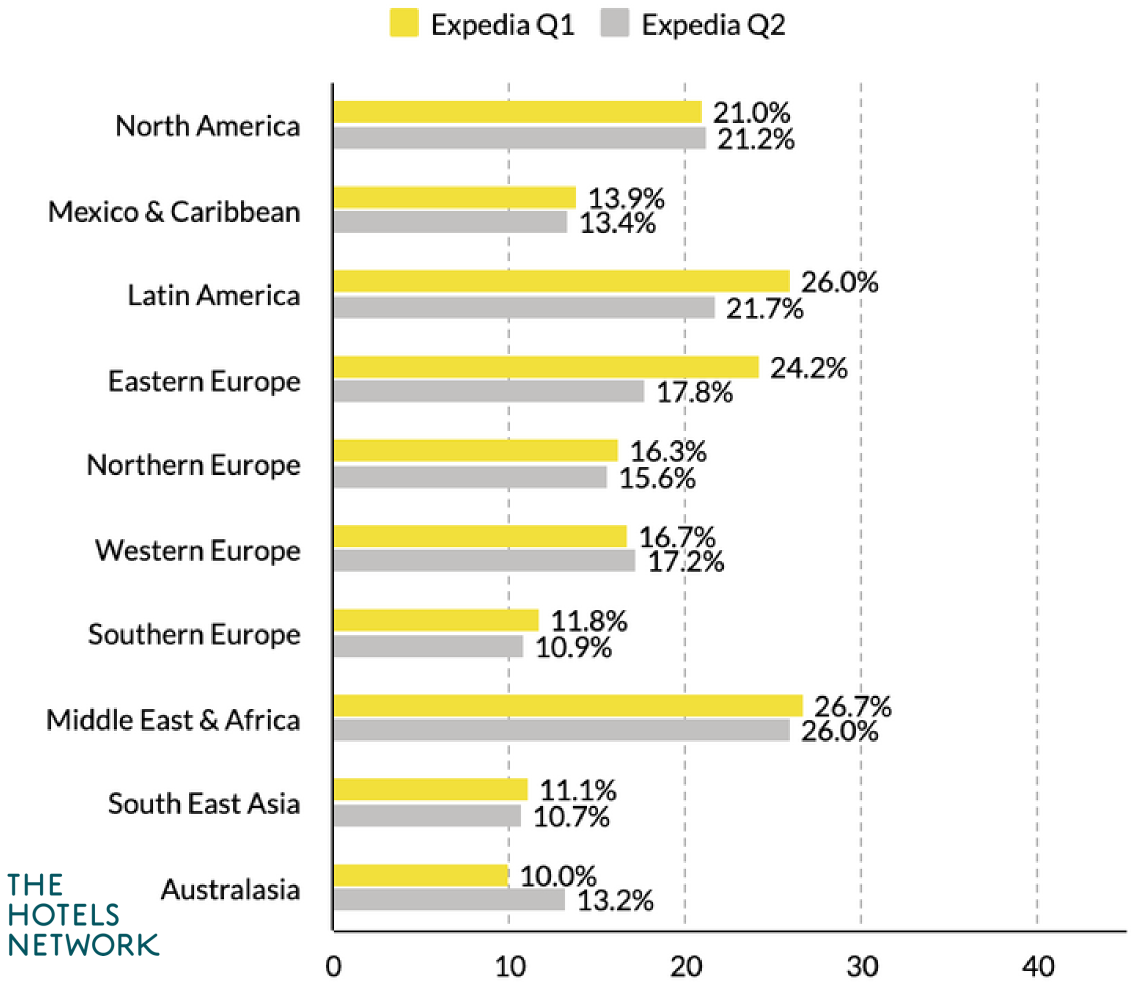


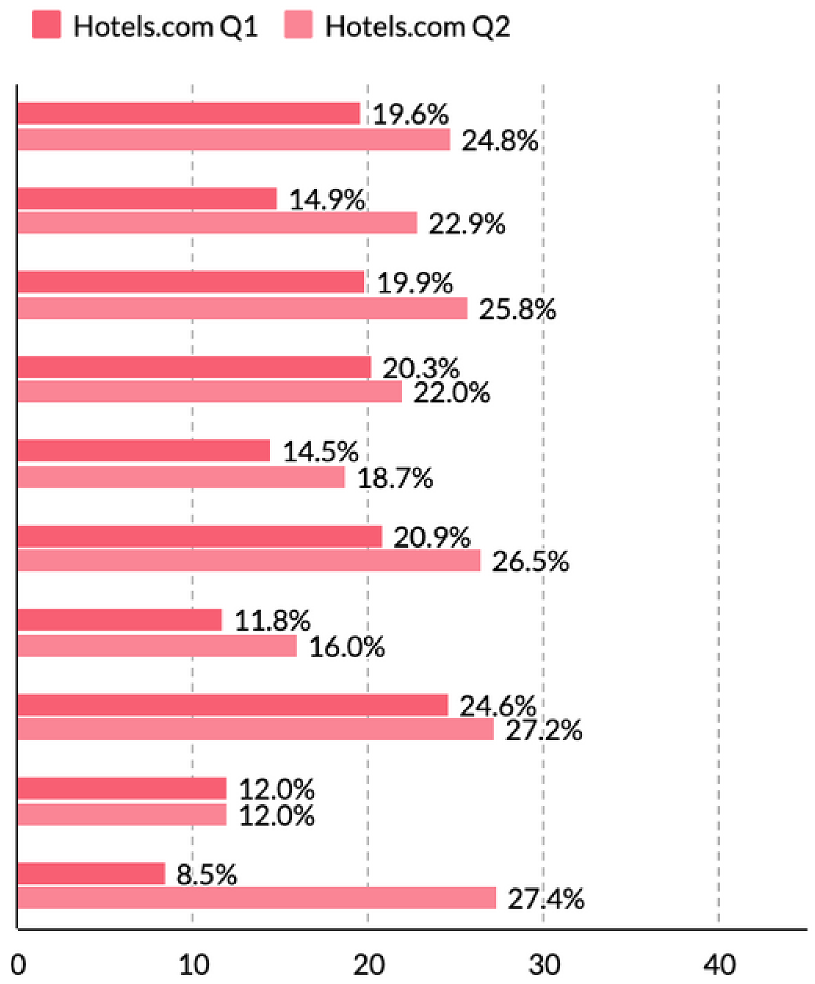
%Change Q2 vs Q1	
Frequency	Amount
7.9%	6.8%
-19.4%	10.9%
6.8%	5.0%
4.7%	-4.2%
13.8%	7.5%
14.7%	9.2%
5.6%	-1.4%
8.4%	-0.9%
3.9%	4.3%
63.0%	-11.2%

Main OTAs generating Disparities (Frequency)









- The frequency of price disparities varies not only by region but by OTA.
- In general, the Frequency is relatively low on Booking.com, with the OTA showing disparities less often across at least 4 regions in both periods.
- Apart from a few regional exceptions, in both Q1 and Q2 Agoda tends to undercut hotel rates more often than the other OTAs.
- Hotels.com was the only OTA where the disparities Frequency increased across all 10 regions in Q2 versus Q1.
- In Q1 Australasia had the lowest frequency of disparities across 3 OTAs but showed the highest increase from Q1 to Q2 (+63%) in the Hotels.com platform.

Graph description

Breakdown by region of the average Disparity Frequency for some of the most relevant OTAs across all regions: Agoda, Booking.com, Expedia and Hotels.com. The data looks at the % of times the OTA rate was cheaper than the hotel's rate for searches made on the hotel's website during Q1 versus Q2 2021.

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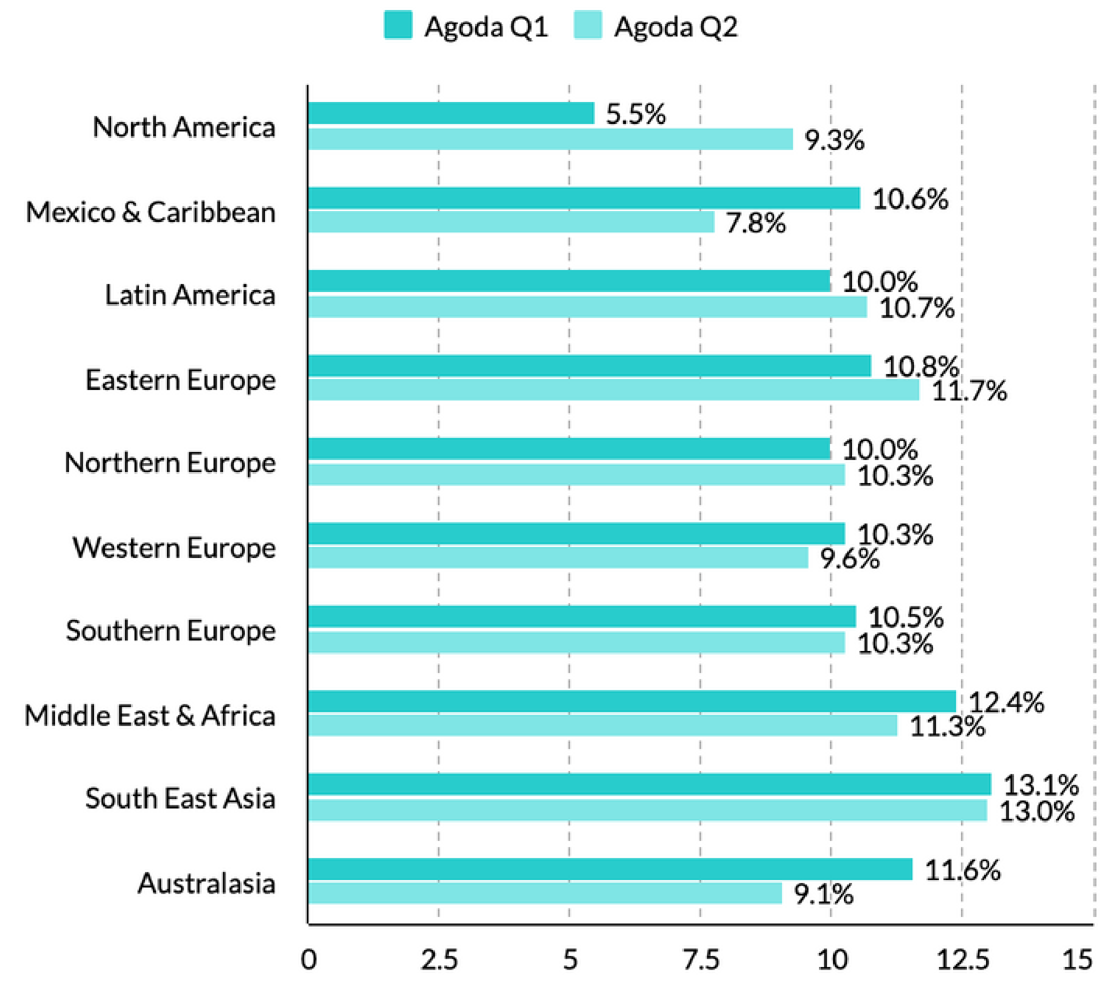
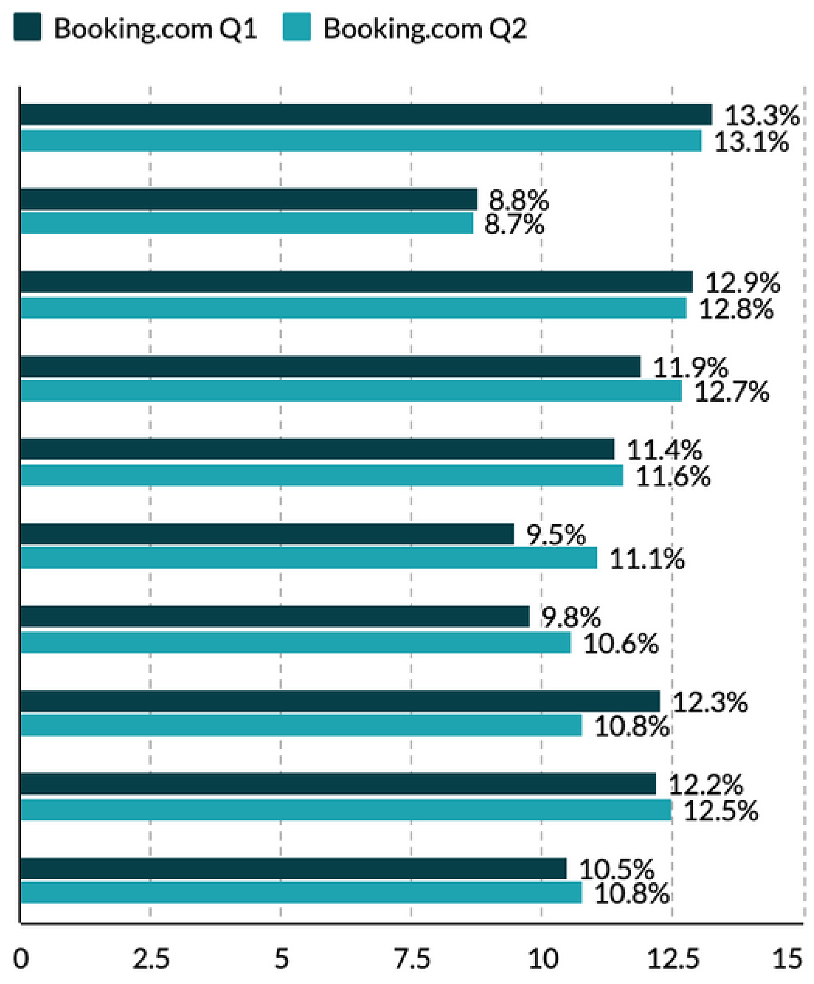
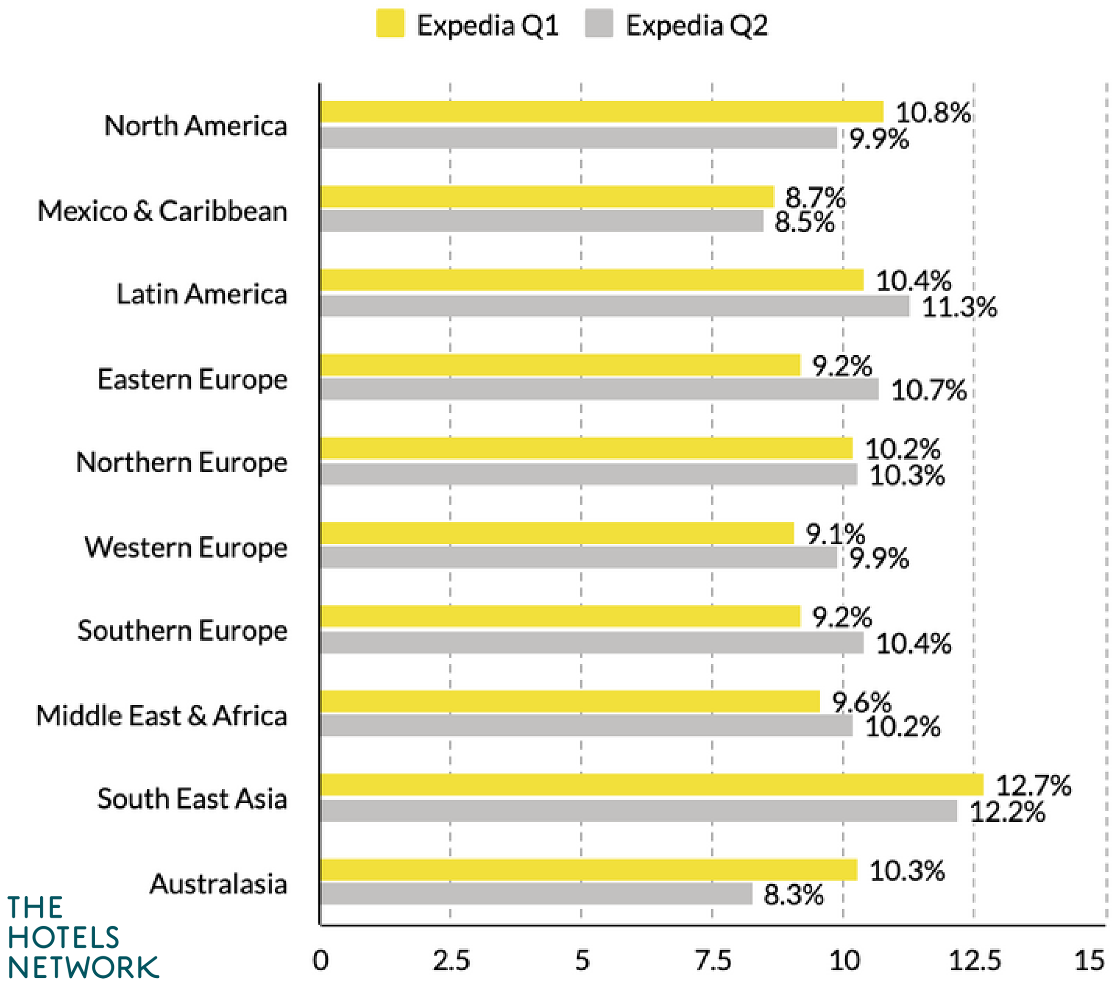
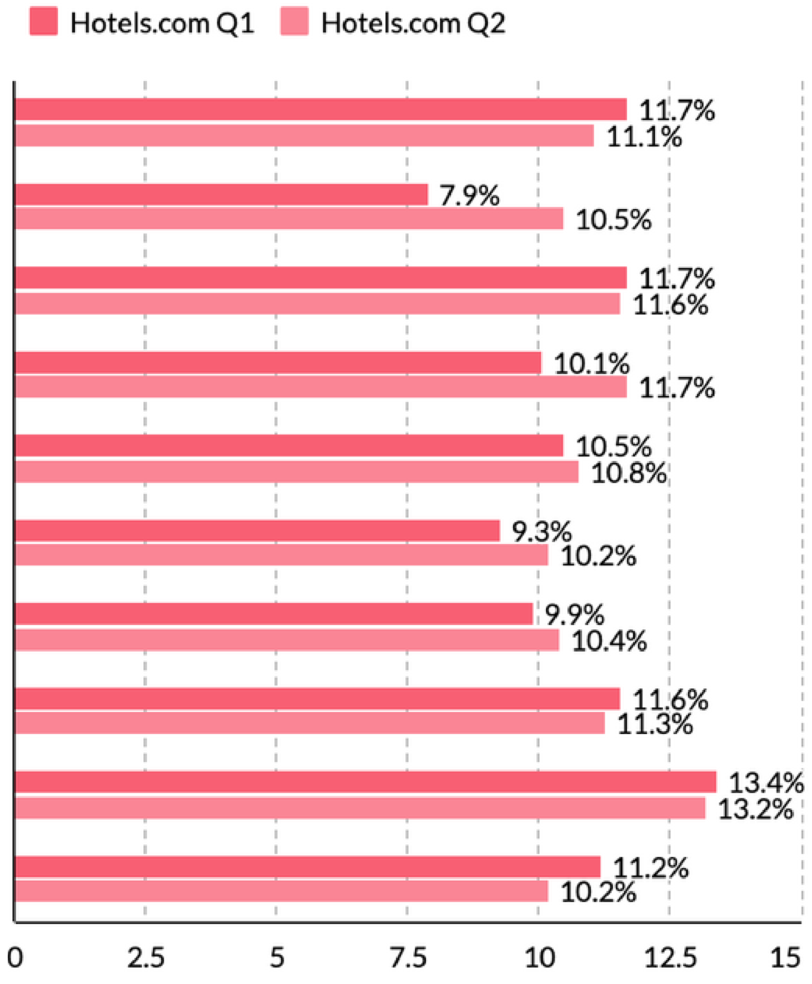
Main OTAs generating Disparities (Amount)









- The difference in rates tends to be slightly less on Expedia. In Q1 Expedia had the lowest level of disparities Amount across 5 regions but Agoda overtook its position in Q2 showing the lowest levels across 6 regions.
- The previous slide shows that Booking.com tended to undercut rates less frequently but in terms of disparities Amount, it was the OTA with highest rate differences across 4 regions in Q1 and 7 regions in Q2.
- In general, hotels in Mexico & Caribbean appeared to have better control over disparities Amount, apart from Agoda in Q1 and Hotels.com in Q2.
- Apart from on Booking.com, hotels in Southeast Asia had the biggest issue with disparities Amount on these OTAs.

Graph description

Breakdown by region of the average Disparity Amount for some of the most relevant OTAs across all regions: Agoda, Booking.com, Expedia and Hotels.com. The data looks at the % of price difference between the hotel's rate and the OTA rate for searches made on the hotel’s website during Q1 versus Q2 2021.

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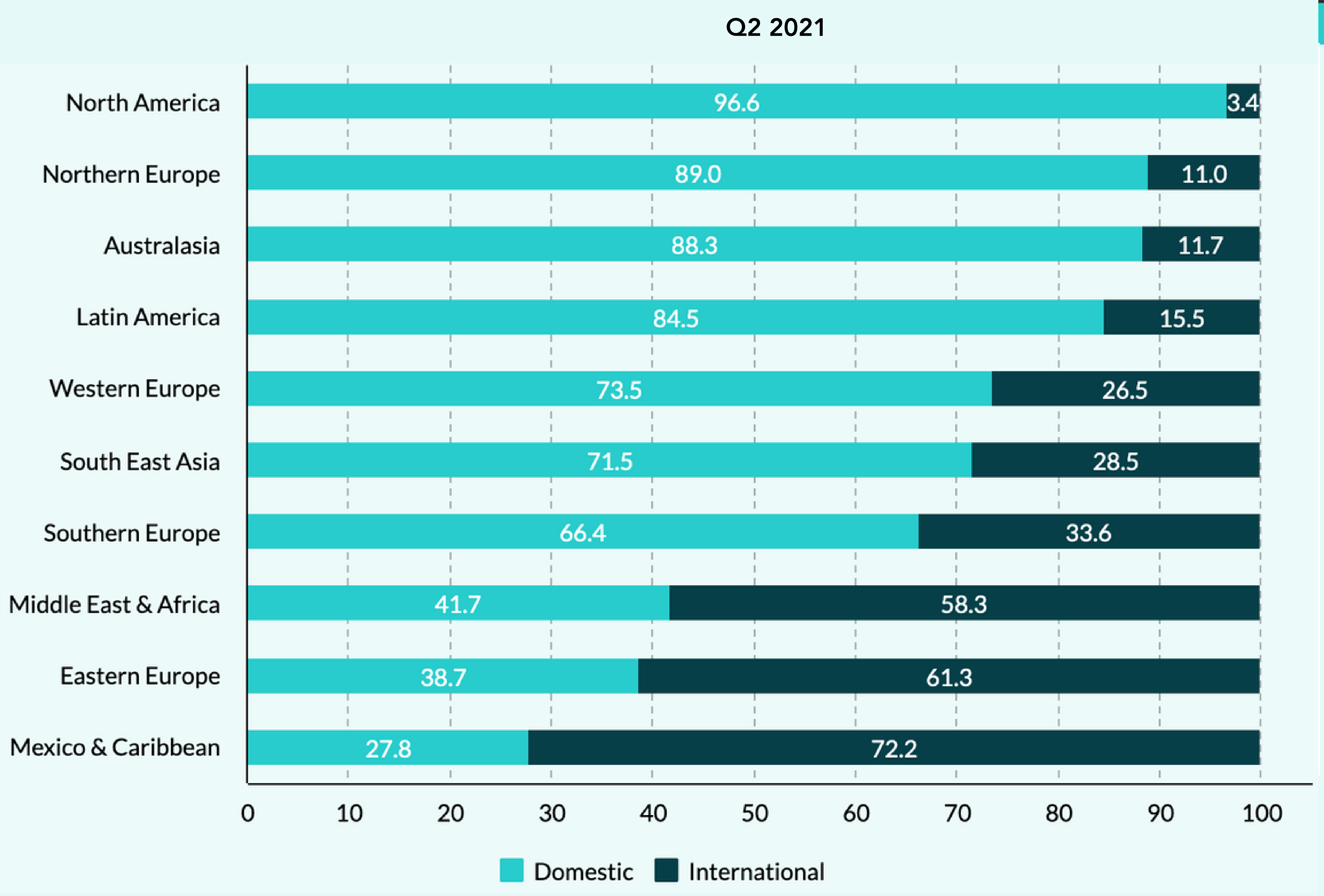
Domestic vs International Traffic

- Throughout the pandemic international travel has been severely restricted, which is reflected in these results.
- In general, the percentage of international traffic to hotel websites was extremely low apart from in Middle East & Africa, Eastern Europe and Mexico & Caribbean.
- In Q2, thanks to the relaxing of travel restrictions, the number of international website visitors began to increase again, except for hotels in Southern Europe, Middle East & Africa and Mexico & Caribbean.



%Change Q2 vs Q1	
Domestic	International
-0.4%	12.6%
-2.0%	19.8%
-2.7%	26.5%
-2.7%	17.7%
-2.5%	7.7%
-5.2%	16.0%
4.7%	-8.1%
11.9%	-7.1%
-16.1%	13.7%
3.1%	-1.2%

Graph description
Comparison of the % of domestic versus international website traffic by region during Q2 2021, and the percentage change compared to Q1.

Domestic visitors being those coming from the same country as the hotel's country, while International refers to visitors coming from countries outside the hotel's country.

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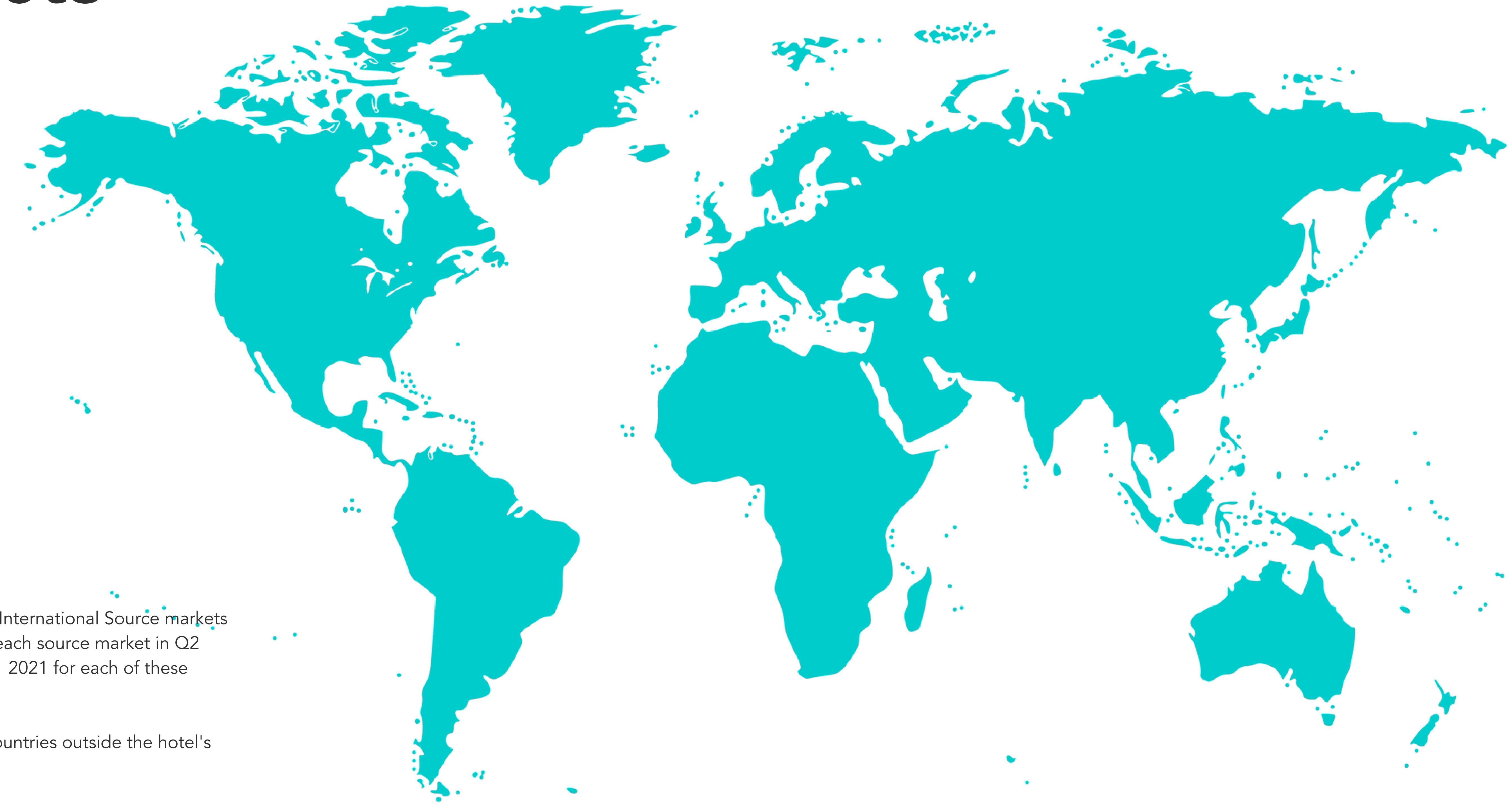
TOP 10 International Source Markets



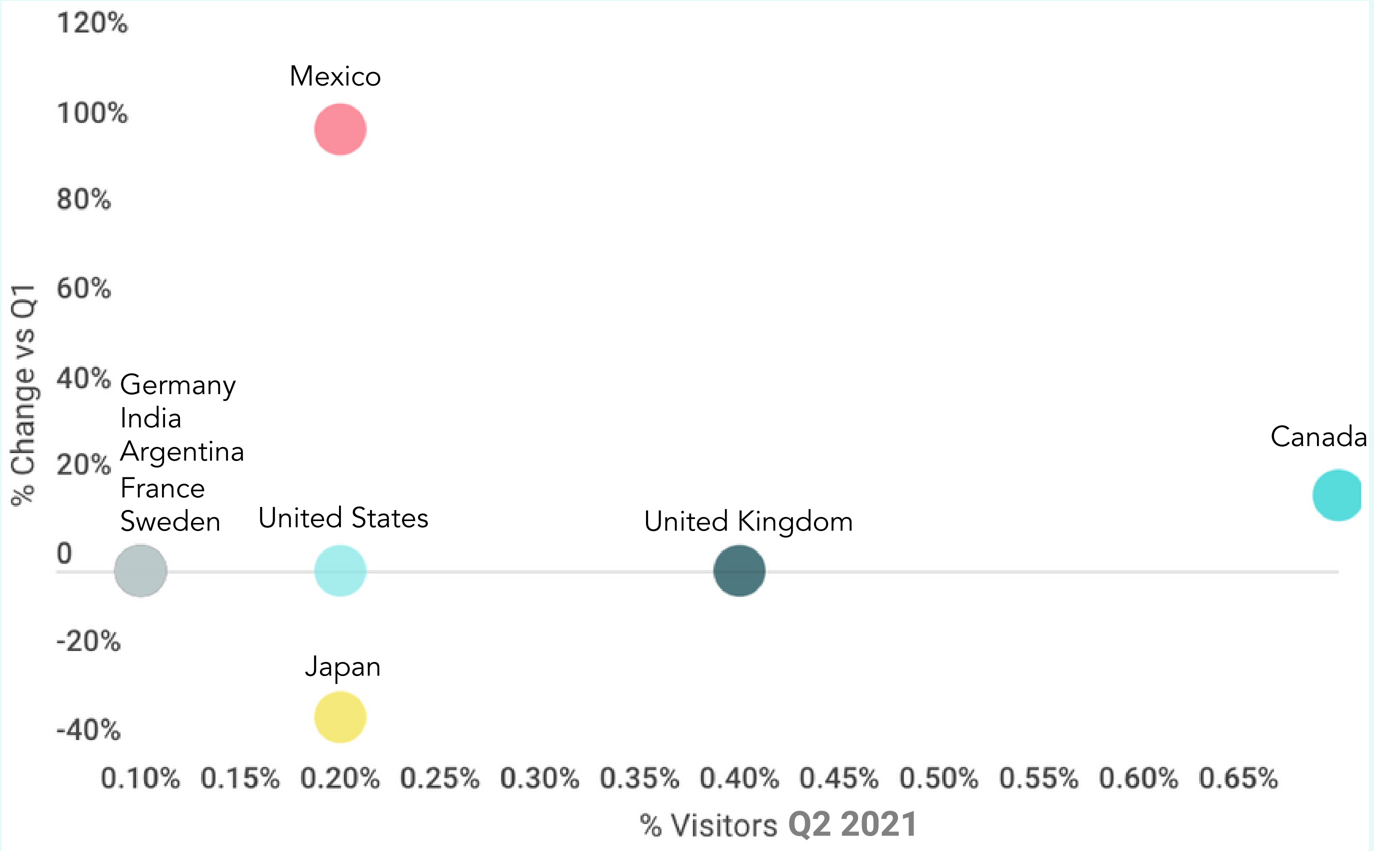
Graph description

The graphs on the following slides show the Top 10 International Source markets for each region. The X axis is the % of visitors from each source market in Q2 2021. The Y axis is the percentage change versus Q1 2021 for each of these markets.

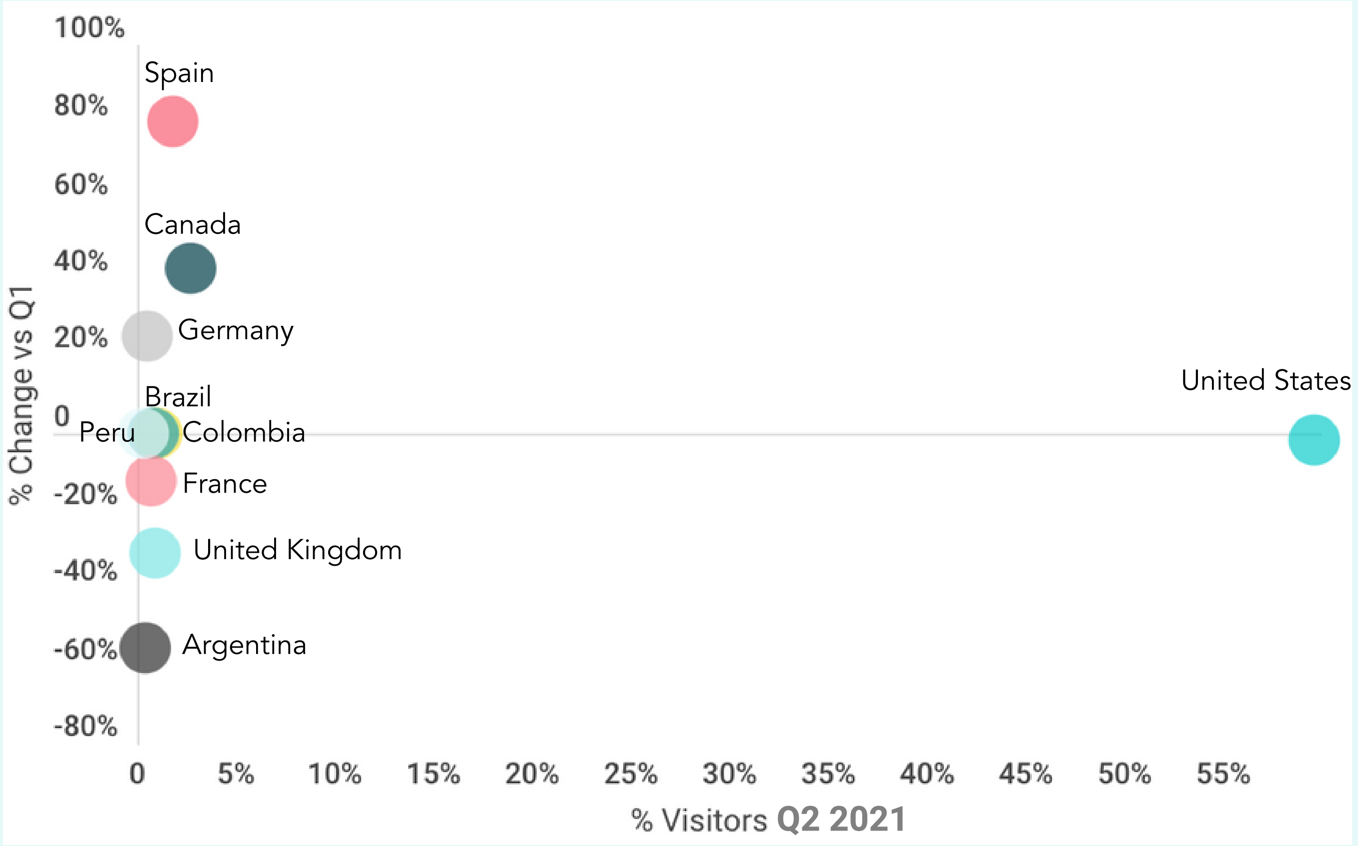
International market refers to visitors coming from countries outside the hotel's country location.

NOTE: The scale is different for each graph depending on the ratio of international visitors versus domestic visitors in each region.

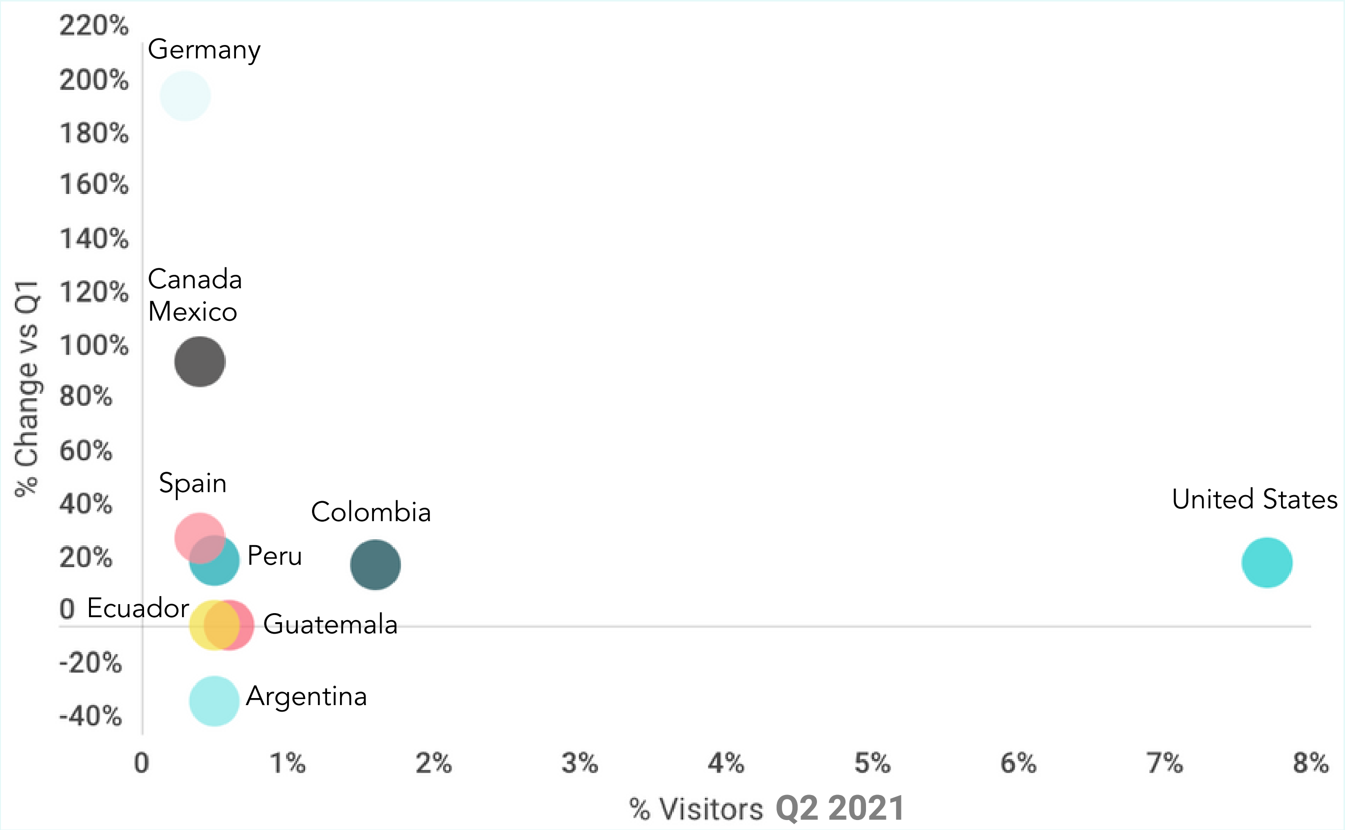
NORTH AMERICA



MEXICO & CARIBBEAN



LATIN AMERICA



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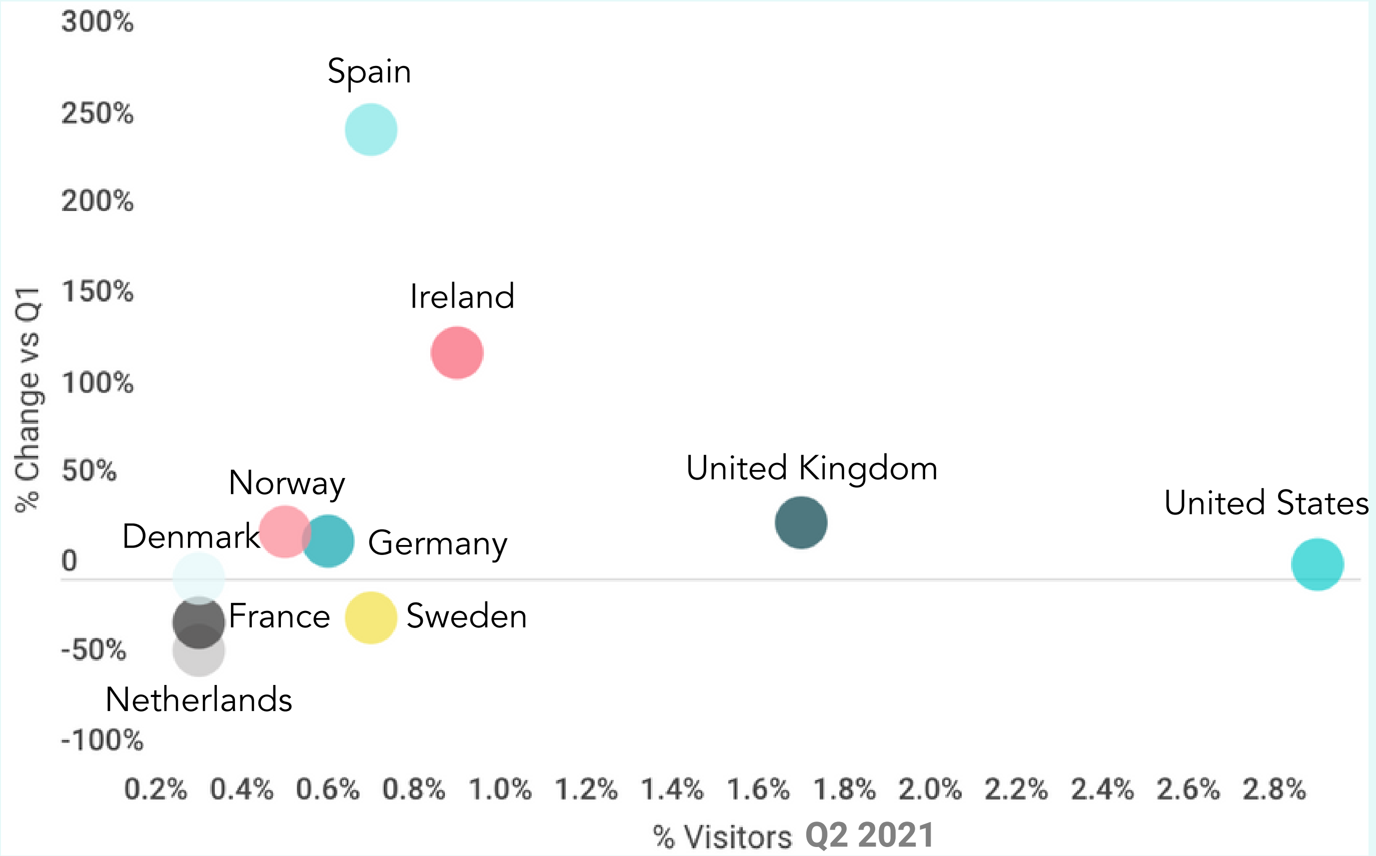
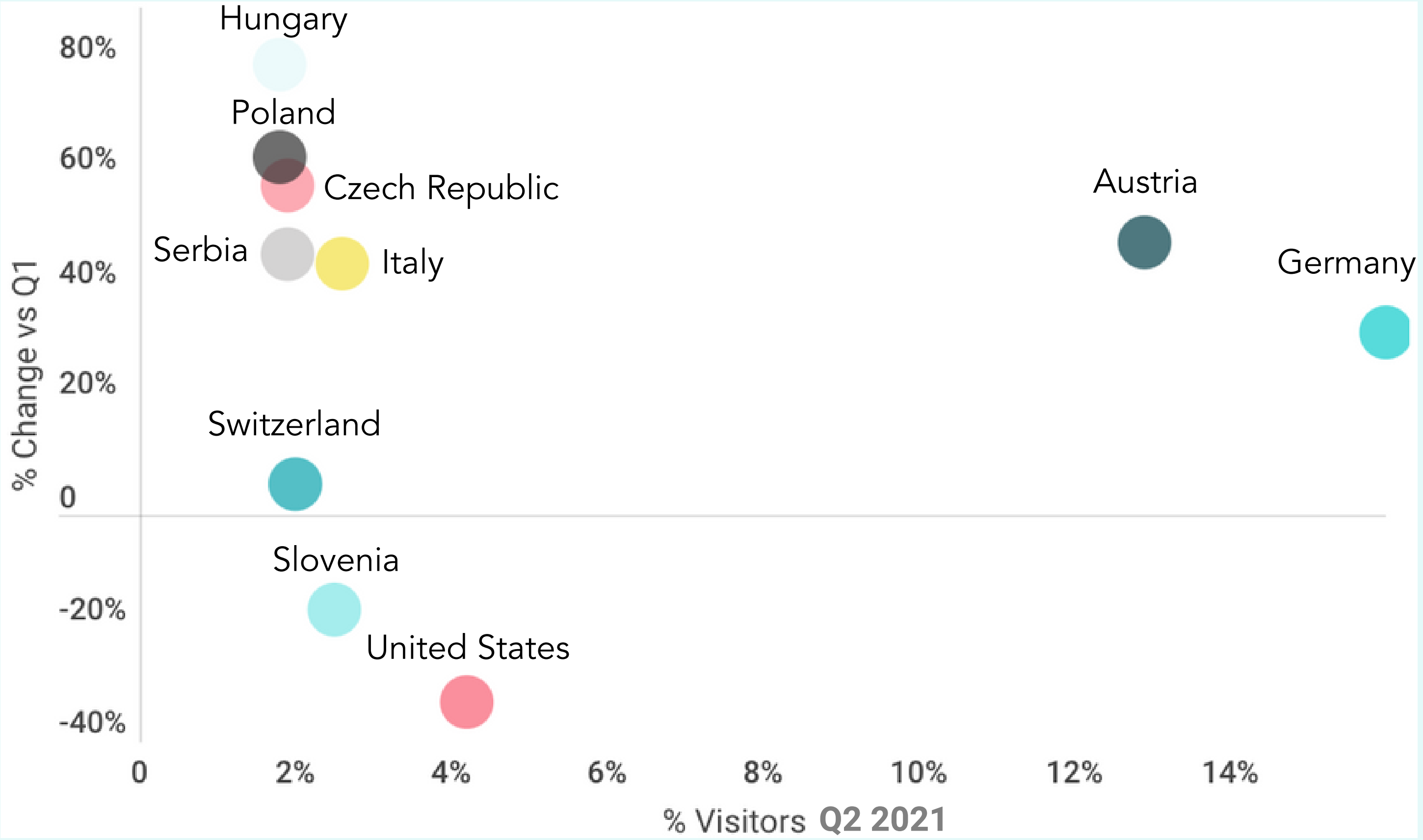
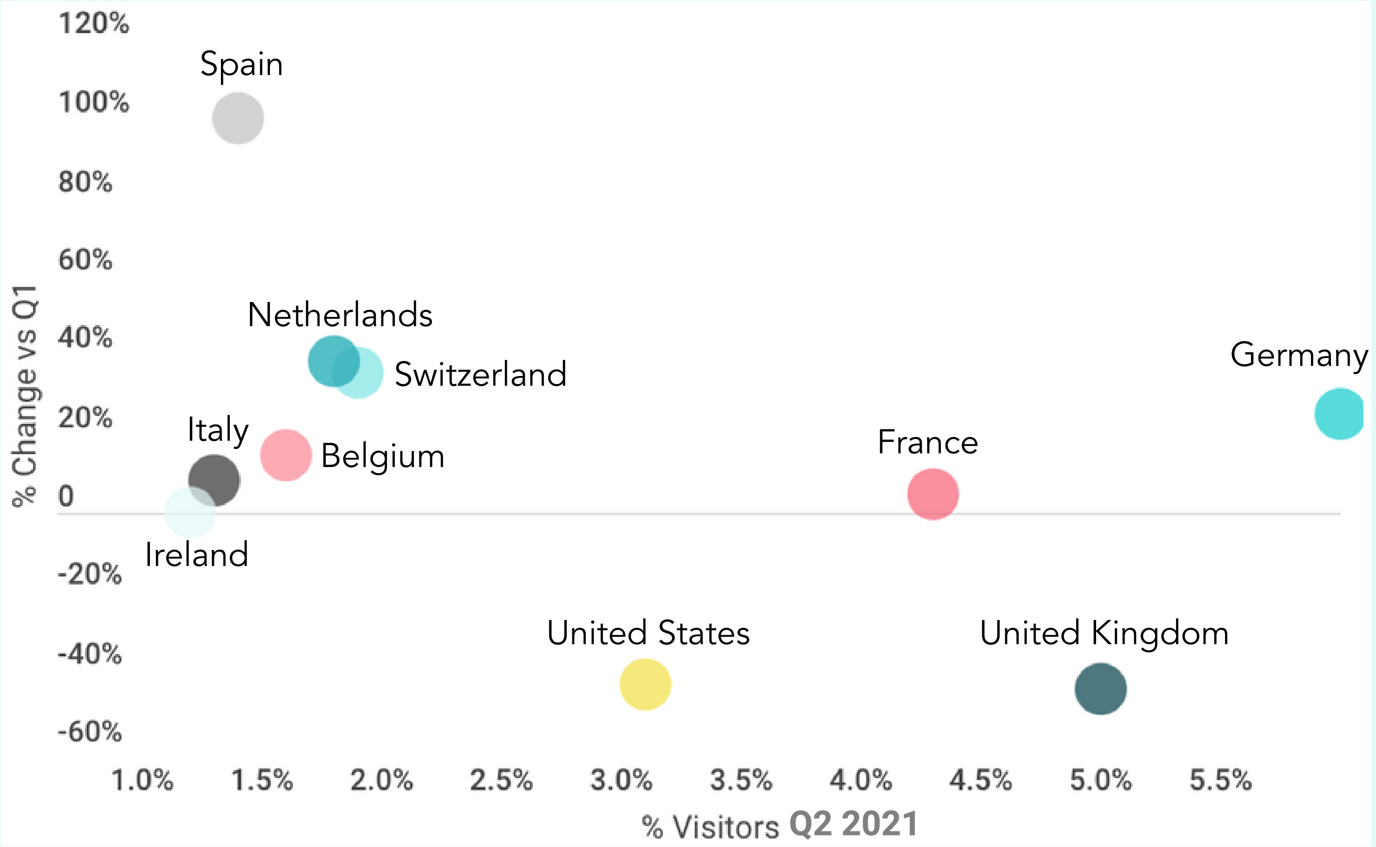
NORTHERN EUROPE



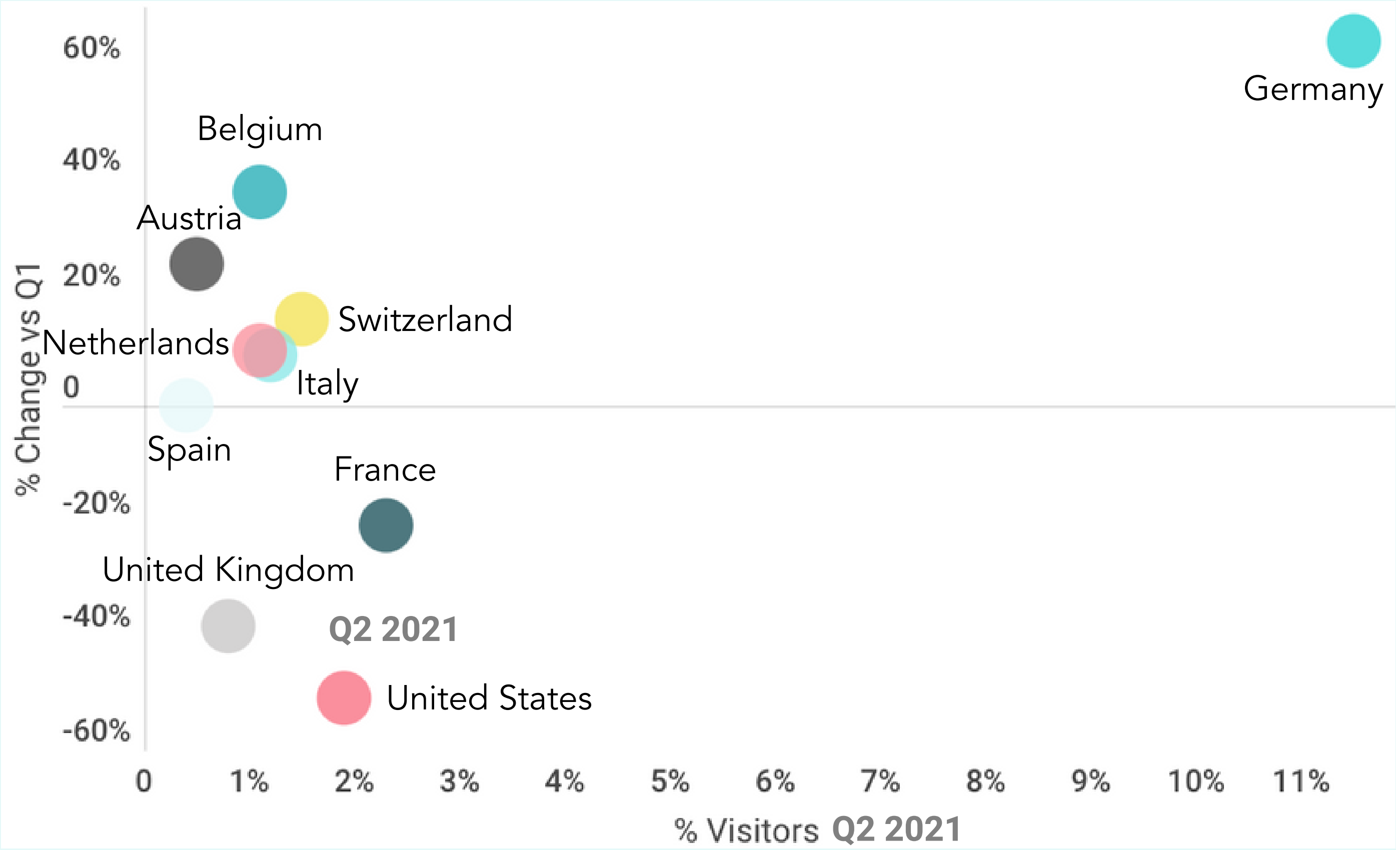
EASTERN EUROPE



SOUTHERN EUROPE



WESTERN EUROPE



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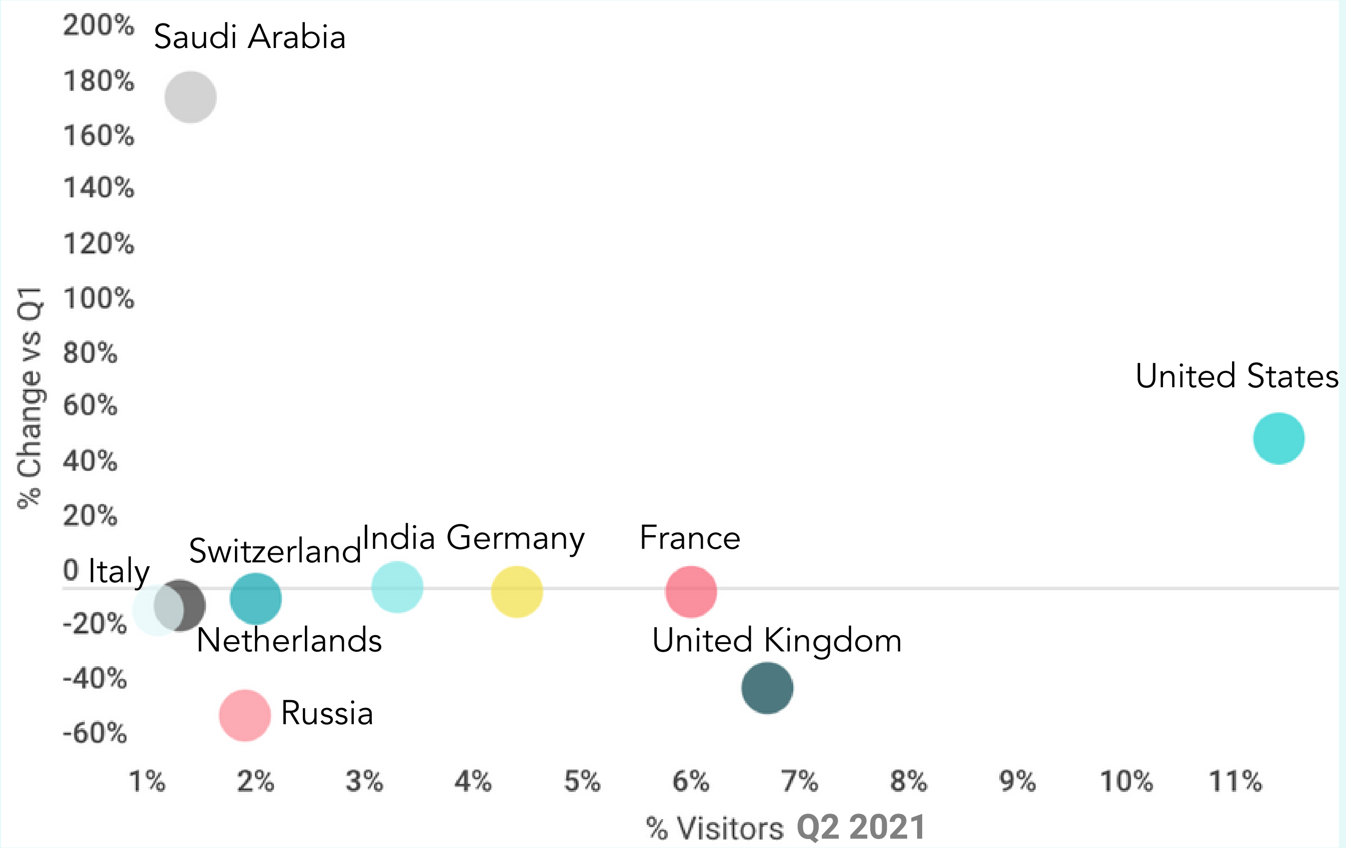
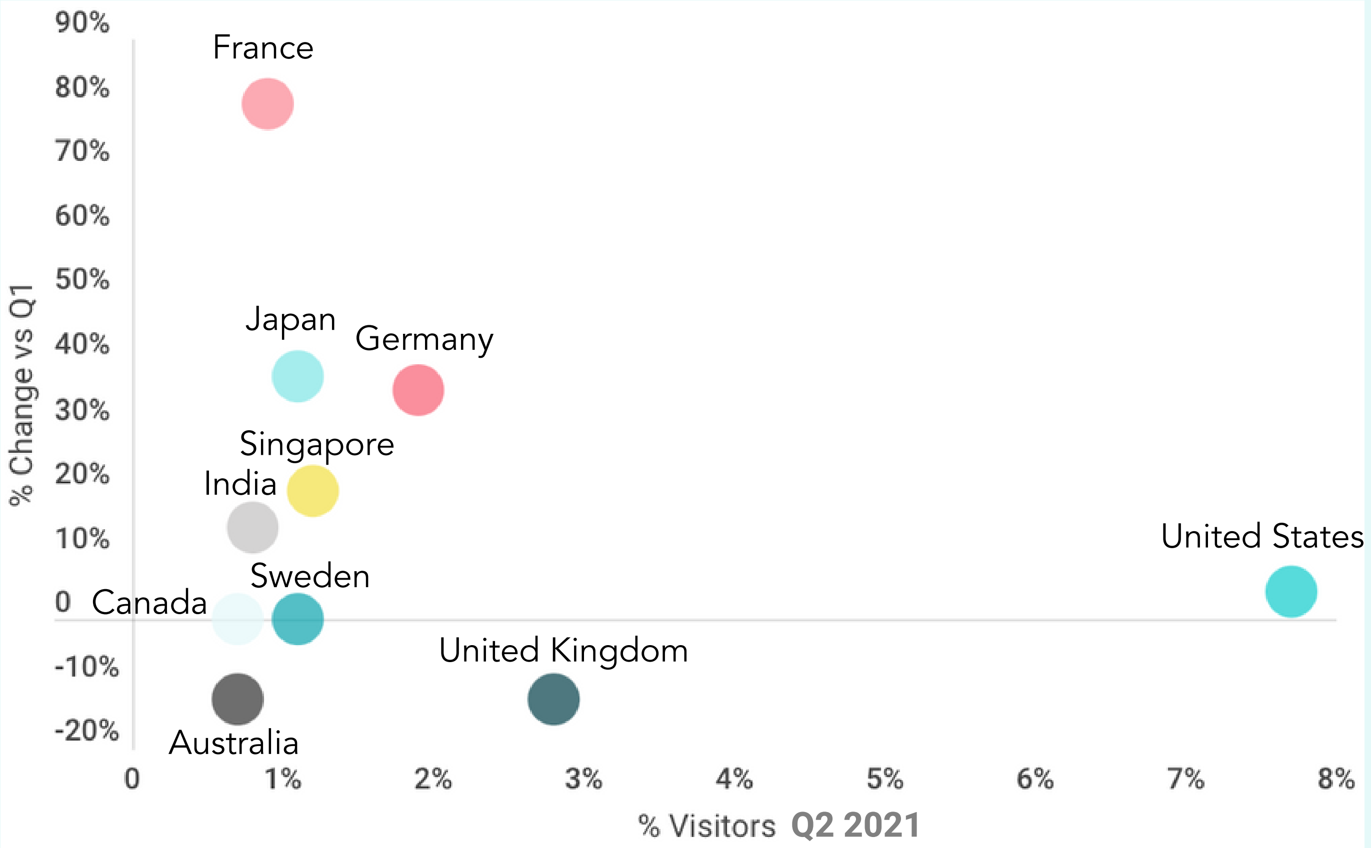
Top 10 International Source Markets

MIDDLE EAST & AFRICA



SOUTH EAST ASIA



AUSTRALASIA

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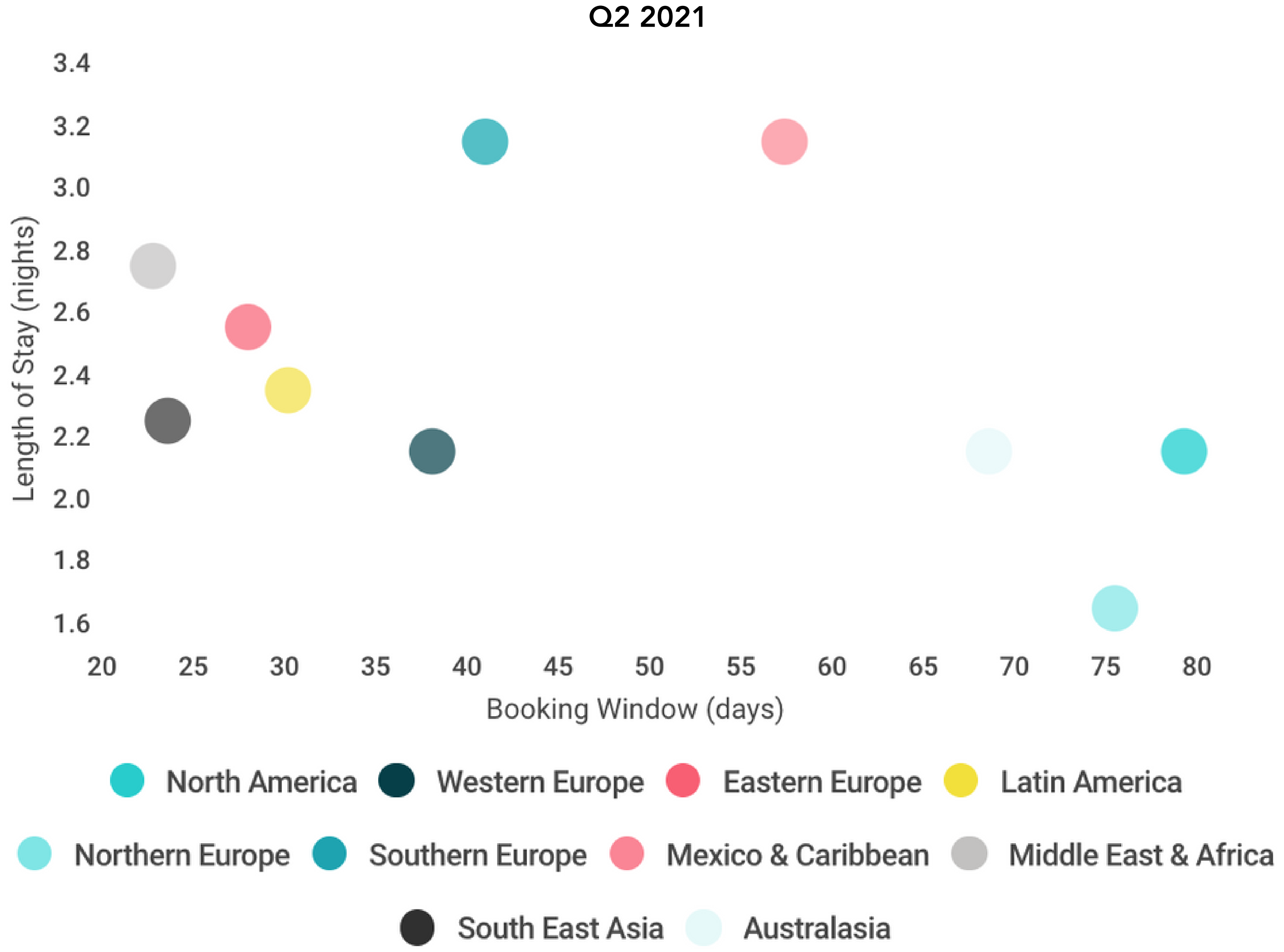
Visitor Profile: Booking Window, Length of Stay



	%Change Q2 vs Q1	
	Booking Window	Length of Stay
North America	-8.8%	8.3%
Mexico & Caribbean	9.1%	-6.4%
Latin America	-7.5%	1.1%
Eastern Europe	-28.5%	-5.7%
Northern Europe	-10.4%	7.0%
Western Europe	-28.7%	-1.8%
Southern Europe	-28.3%	7.0%
Middle East & Africa	10.0%	3.6%
South East Asia	-18.4%	5.5%
Australasia	-3.6%	4.7%

- Across the regions, there is no obvious correlation between Lead Time and Length of Stay.
- In Q2, guests were booking less in advance compared to Q1, with the Lead Time decreasing in all regions apart from Mexico & Caribbean and Middle East & Africa.
- Length of stay increased in all regions in Q2, with the exception of Mexico & Caribbean, Eastern and Western Europe.

Graph description

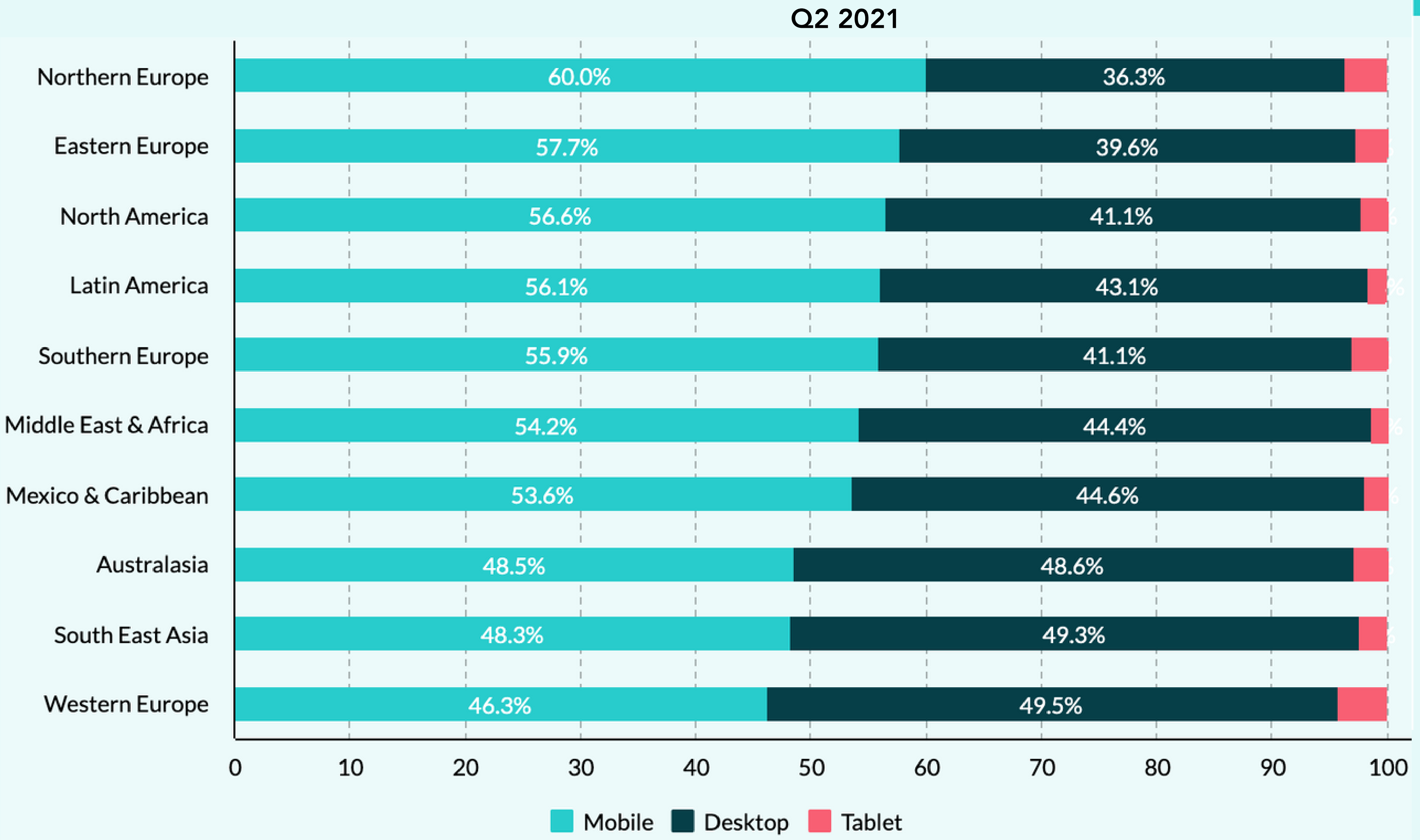
The graph compares two key direct booking metrics by region:

o Booking Window - the average number of days between the date of booking and the check-in date (lead time)

o Length of Stay - the average number of nights per booking made on the hotel website

The analysis takes into account all direct bookings confirmed on hotel websites during Q2 2021 for stay dates throughout the full 2021 calendar year. The table shows the percentage change versus Q1 2021.

Visitors by Device

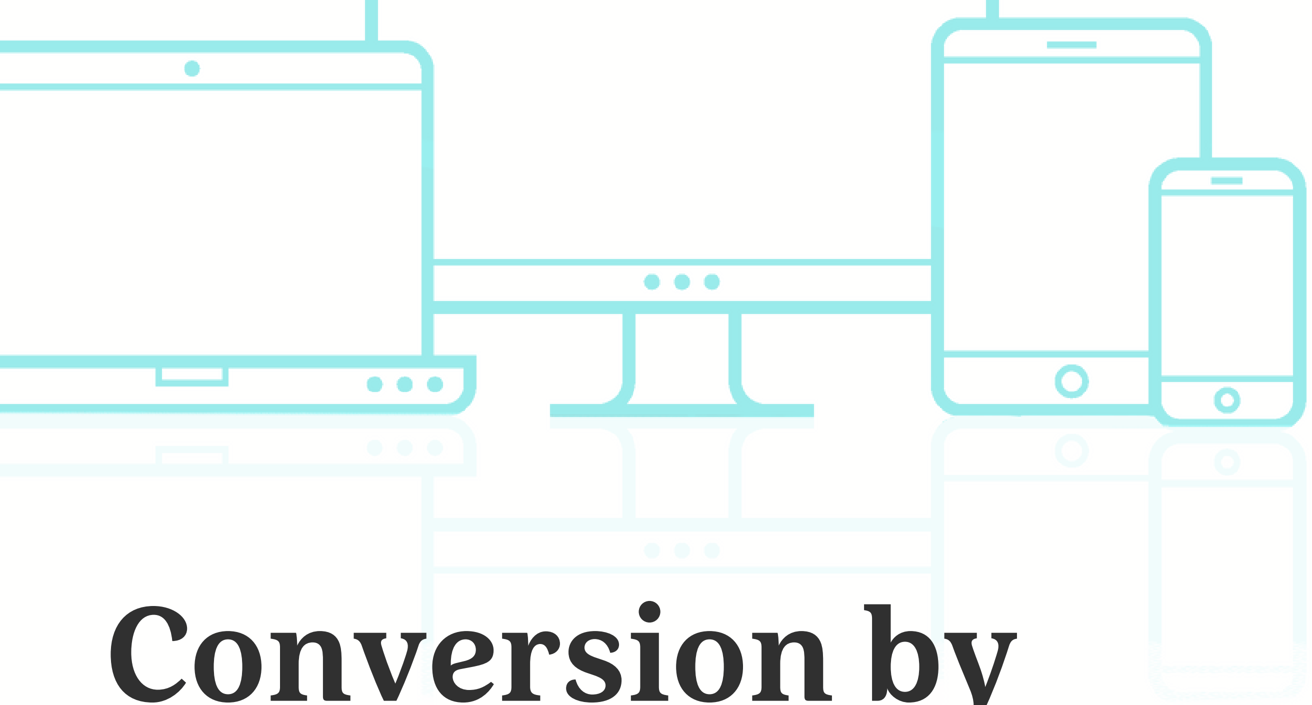


% Change Q2 vs Q1		
Mobile	Desktop	Tablet
1.3%	-2.5%	4.0%
5.5%	-7.9%	16.3%
-2.2%	2.9%	4.6%
-6.3%	9.6%	-1.8%
8.6%	-9.0%	-11.2%
0.1%	0.6%	-19.1%
0.0%	0.4%	-9.3%
-0.1%	0.6%	-7.3%
-8.2%	9.9%	-5.9%
5.3%	-4.7%	3.5%

- In line with global trends, we see mobile-first thinking prevalent for browsing hotel websites, with 7 out of 10 regions having the majority of their traffic coming from mobile.
- The percentage of traffic coming from a Tablet device is minimal, with the exception of Europe where the figures tend to be slightly higher.
- There is no clear pattern by region in terms of changes of devices used in Q2 versus Q1.
- Southern Europe saw the greatest increase in mobile traffic in Q2 whereas Southeast Asia experienced the greatest decrease.

Graph description

Breakdown of hotel website traffic in Q2 2021 by region and by device (Mobile, Desktop and Tablet). Also showing the percentage change versus Q1 2021 for each region.

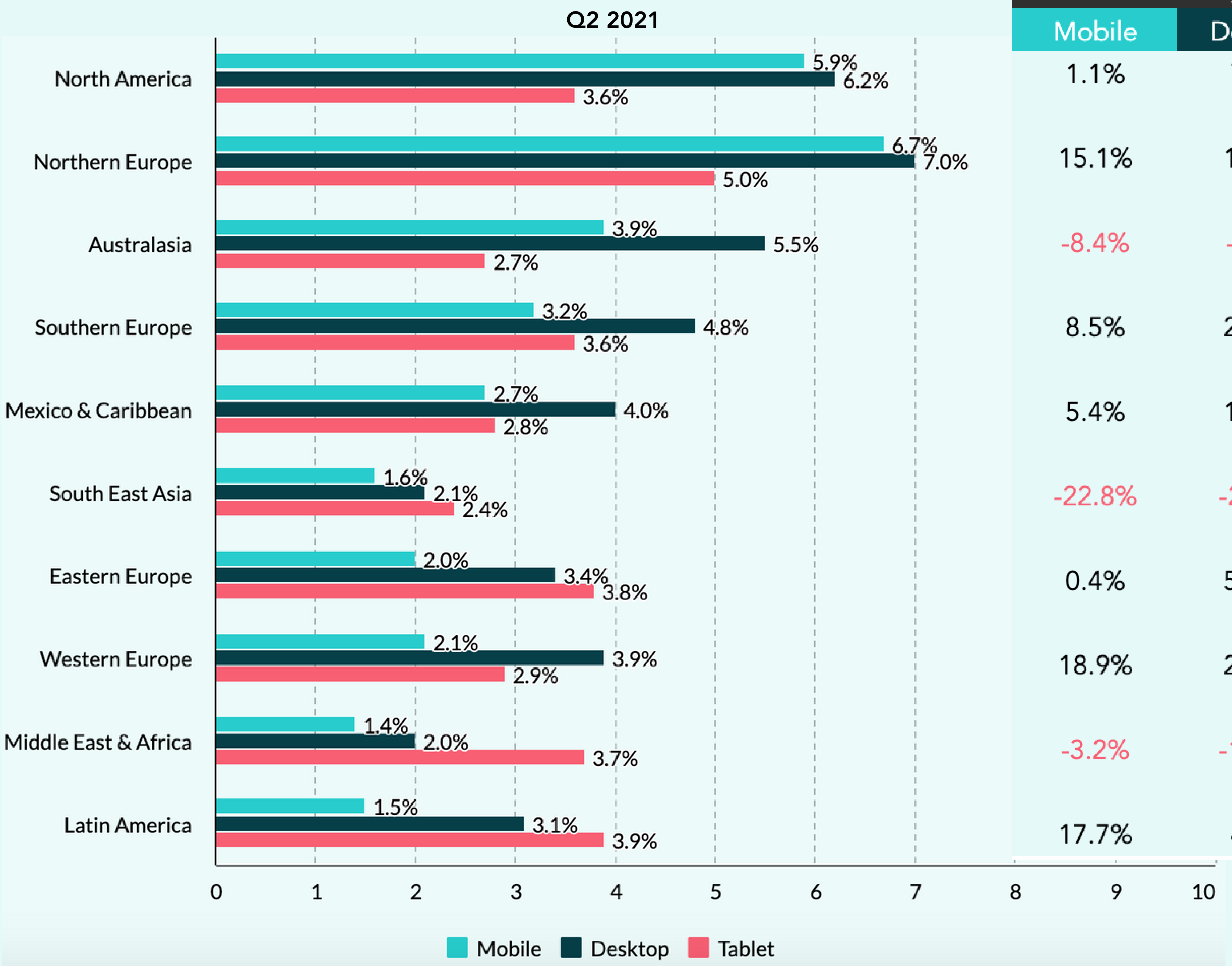


Conversion by Device

- In Q2, hotel website conversion rates on mobile and desktop increased almost everywhere apart from Australasia, Southeast Asia and Middle East & Africa.
- Conversion rates in Southeast Asia decreased the most in Q2, dropping by more than 20% on all devices.
- Consistent with global trends, conversion rates on desktop continue to be higher than on mobile in every single region. Given the high volume of mobile traffic, there is an opportunity for hotels to improve the mobile user experience and boost direct bookings.
- Even though tablets represent a very low volume of traffic, the conversion rate on this device is surprisingly high in some regions.

Graph description

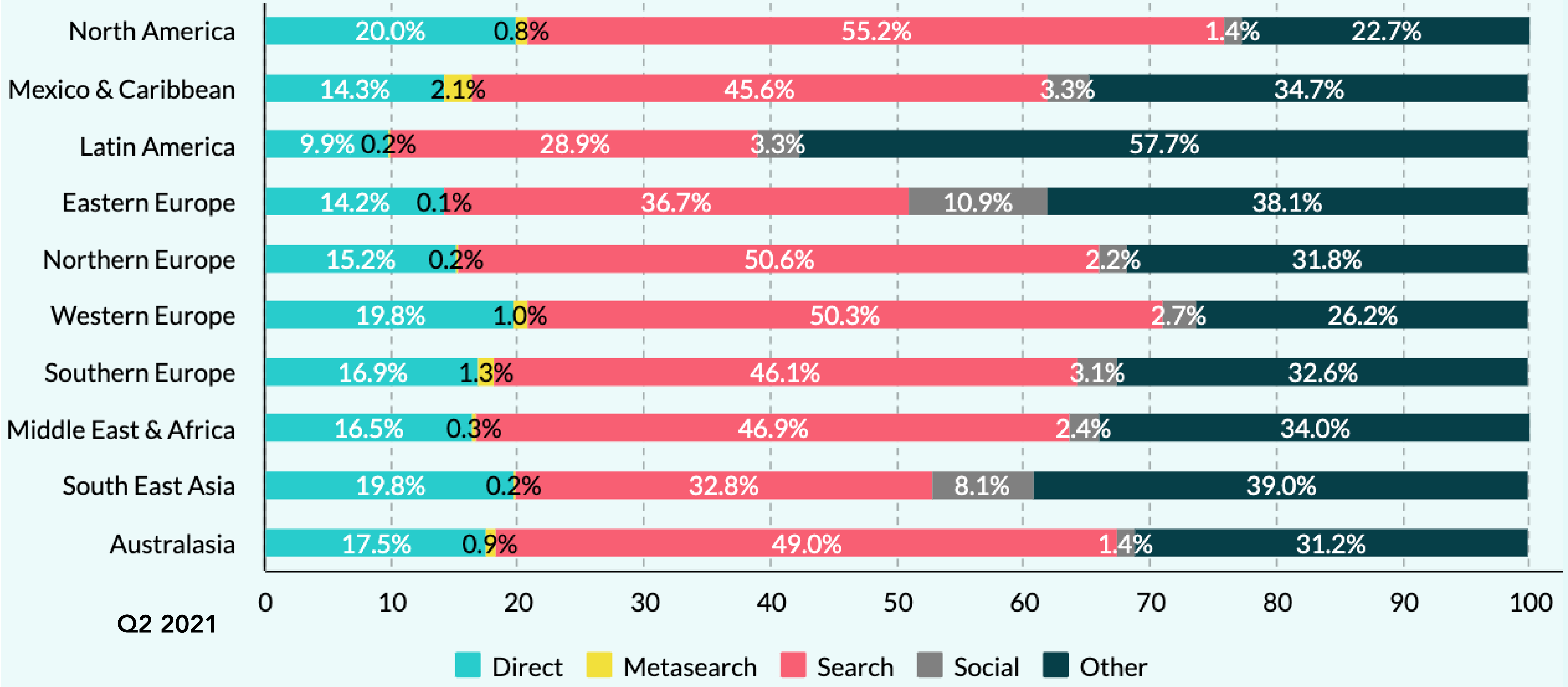
Comparison of the average hotel website conversion rate by device (Mobile, Desktop and Tablet) for each region. Based on the device on which the actual direct booking occurred and comparing Q1 versus Q2 2021.



% Change Q2 vs Q1		
Mobile	Desktop	Tablet
1.1%	7.8%	13.2%
15.1%	17.2%	9.1%
-8.4%	-7.9%	-7.4%
8.5%	25.1%	-7.9%
5.4%	14.2%	-9.8%
-22.8%	-29.8%	-21.3%
0.4%	52.0%	-3.3%
18.9%	29.0%	3.0%
-3.2%	-14.3%	7.8%
17.7%	4.2%	52.7%

Visitors by Source

% Change Q2 vs Q1	Direct	Metasearch	Search	Social	Other
North America	-0.8%	16.6%	-4.3%	-13.7%	13.8%
Mexico & Caribbean	-4.4%	-7.9%	0.8%	-20.0%	3.9%
Latin America	-0.7%	-46.7%	-1.7%	-47.0%	6.7%
Eastern Europe	-19.1%	-20.4%	-4.6%	-10.2%	20.1%
Northern Europe	-6.4%	123.2%	-8.7%	-46.4%	31.7%
Western Europe	-3.2%	61.5%	-10.3%	84.2%	22.6%
Southern Europe	-11.6%	24.4%	-2.5%	24.6%	8.3%
Middle East & Africa	4.2%	-20.3%	2.1%	-33.5%	-1.0%
South East Asia	12.9%	15.3%	-8.7%	-12.7%	5.4%
Australasia	5.4%	87.9%	-3.7%	-30.1%	4.0%



- Apart from Latin America, Eastern Europe and Southeast Asia, in Q2 Search still represented the highest volume of traffic for hotels in all regions, despite decreasing in weight almost everywhere versus Q1.
- Excluding "Other", Direct traffic is the second largest traffic source for hotels but this channel's weight decreased during Q2 in 7 of the 10 regions.
- In Q2, Social represented less than 3.3% of traffic in all regions apart from Eastern Europe and Southeast Asia.
- The percentage of traffic from Metasearch is even less than Social across all regions, only going above 1% in Southern Europe and Mexico & Caribbean.

Graph description

Breakdown of hotel website traffic in Q2 2021 by region and by source, as well as the percentage change versus Q1 2021.

The traffic source refers to the channel the user was browsing on before clicking to arrive on the hotel website.

NOTE: Search includes both organic and paid search.

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Conversion by Source

- In Search, conversion rates increased from Q1 to Q2 in all regions except Southeast Asia and Australasia. Southern Europe had the highest conversion rate (2.5%) in Search in Q2.
- Conversion rates from Direct traffic increased from Q1 to Q2 in 6 out of 10 regions, with Eastern Europe showing the highest conversion rate for this source (2.2%).
- Conversion rates for Social media tend to be relatively low with the exception of Mexico and Caribbean which reached 4.6% in Q2.

	Direct		Metasearch		Search		Social	
Region	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2
North America	0.8%	1.5%	1.7%	2.6%	1.5%	1.7%	1.1%	0.6%
Mexico & Caribbean	1.5%	1.5%	1.7%	1.7%	1.8%	2.0%	4.9%	4.6%
Latin America	0.9%	1.2%	1.3%	1.2%	1.1%	1.1%	0.2%	0.4%
Eastern Europe	1.4%	2.2%	0.0%	0.3%	1.2%	2.0%	0.7%	0.6%
Northern Europe	1.6%	1.5%	1.6%	2.8%	1.5%	2.3%	1.1%	2.3%
Western Europe	0.9%	1.3%	2.7%	3.0%	1.1%	2.0%	0.7%	0.7%
Southern Europe	1.6%	1.9%	1.6%	2.0%	1.8%	2.5%	1.0%	1.2%
Middle East & Africa	1.0%	0.8%	0.5%	0.4%	0.9%	1.0%	0.8%	0.3%
South East Asia	0.9%	0.6%	1.3%	2.7%	0.8%	0.6%	0.5%	0.3%
Australasia	1.0%	0.9%	4.6%	1.5%	1.1%	1.0%	1.2%	0.8%

Table description

Breakdown of hotel website conversion rates by source and by region.
Comparison between Q1 and Q2 2021.

Key takeaways

Looking at the evolution from Q1 to Q2 2021, there are some positive signs of recovery for the hotel industry

- In terms of website traffic, the volume of unique visitors per room increased in Q2 versus Q1 across all regions, apart from Latin America and Southeast Asia. North America had the highest volume of unique visitors per room in both quarters, predominantly domestic.
- Website conversion rates also increased in the majority of regions, with the exception of Australasia, Middle East & Africa and Southeast Asia.
- With less border restrictions, international traffic began rising again in Q2, except in Southern Europe and Middle East & Africa.
- Length of stay increased in all regions in Q2, with the exception of Mexico & Caribbean, Eastern and Western Europe.

The situation varies widely by region

- Northern Europe led the pack for total website conversion rate in both quarters, achieving a rate of 6.5% in Q2, while Middle East & Africa had the lowest rate in both quarters, and only 1.5% in Q2.
- Booking window varies from less than one month in Middle East & Africa to almost three months lead time in North America.

Price disparities continue to be an issue for hotel brands

- Disparities Frequency results were wide-ranging, from 13.1% in Southern Europe to 30.4% in Middle East & Africa. This region also had the second highest disparities Amount (11.8%).
- Disparities Amount variance was much lower, ranging from 9.7% to 12.9%. Southeast Asia had the highest Disparities Amount, but this is not so significant as its Frequency was one of the lowest.

Key takeaways

Mobile-first thinking is still predominant

- Mobile is still the top device in terms of hotel website traffic acquisition, with 7 out of 10 regions having the majority of their traffic coming from mobile.
- With higher conversion rates on desktop than in mobile in all regions, desktop is still the preferred device when completing the booking process.

Search is a key source of traffic for hotels

- In Q2 Search still represented the highest volume of traffic for hotels in 7 out of 10 regions, despite decreasing in weight almost everywhere versus Q1.
- Search conversion rates increased in Q2 across all regions except Southeast Asia and Australasia.

There are clear opportunities for hotel brands to boost their direct bookings:

- Website traffic increased in Q2 but with an average of 97% of visitors leaving the hotel website without booking, there is a huge opportunity for hotels to increase their direct bookings by focusing on improving conversion rates.
- The large variance of conversion rates at different steps of the funnel highlights the importance of understanding a hotel's performance along the funnel in order to achieve a higher overall conversion rate. Hotels can enhance the website experience and move users down the booking funnel using techniques such as website personalization.
- The lower conversion rates on mobile also indicate that it makes sense for hotels to focus more resources on optimizing the mobile user experience.
- Price disparities are an issue for the vast majority of hotels globally. Given that disparities negatively impact direct booking volumes, hotel brands can boost conversion rates by monitoring disparities, reassuring users they have the best available rate and offering a price match when rates are undercut.

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