

10 DIRECT CHANNEL KPIs

EVERY HOTELIER NEEDS TO KNOW





Introduction

Today, direct bookings are paramount for hotel brands to succeed but the performance management of this channel is often not sufficient. Data analytics can help you better understand your direct channel results but the real value comes from being able to see how your brand compares to the market so you can identify opportunities for growth.

With hotel benchmarking, hoteliers are able to use valuable competitive insights to make better-informed decisions and take action where it matters most. However, it can sometimes be difficult to know which metrics you should be paying attention to.

In this guide, you will learn about a brand-new KPI framework which explains the top 10 metrics to focus on when measuring your hotel brand's direct channel performance.





10 Direct Channel KPIs

Contents

1. Total Website Conversion
2. Visitor to BE
3. BE to Booking
4. Average Daily Revenue
5. Direct Occupancy Rate
6. RevDirect
7. Disparities Frequency
8. Disparities Amount
9. Demand
10. DBI (Direct Booking Index)



Total Website Conversion

What is Total Website Conversion?

Total website conversion is defined as the percentage of the amount of bookings received compared to the number of visits to your hotel website.

$$\text{Total Website Conversion} = \frac{\text{Direct bookings}}{\text{Total visitors}} \times 100$$



1.1

Total Website Conversion

Why is Total Website Conversion important?

Focusing on optimizing your hotel's total website conversion rate will allow you to increase the volume of visitors who complete a booking, and therefore increase your revenue, without having to increase your marketing budget.

What is a good Total Website Conversion?

The average total website conversion is around 2% for hotels. This represents a huge opportunity as it indicates that approximately 98% of visitors leave the website without booking.

To boost total website conversion rate, hotels can enhance the user experience and move visitors down the booking funnel using techniques such as website personalization.



Visitor to BE

What is Visitor to Booking Engine?

Visitor to BE is defined as the average conversion rate from those users who landed in your website to those who made a search on your booking engine.

$$\text{Visitor to BE} = \frac{\text{Number of searchers}}{\text{Number of visitors}} \times 100$$



2.1

Visitor to BE

Why is Visitor to BE important?

This conversion rate is important because to generate more direct revenue, you need to reduce bounce rate and move more users down the booking funnel from the homepage to the BE. By monitoring the evolution of this metric, you can see if the changes you are making on your homepage are working or not.

What is a good Visitor to BE?

For hotels, Visitor to BE conversion rates typically range between 35% to 55%.

An effective way to improve these numbers is by showcasing relevant and personalised content on your homepage to reassure visitors that your hotel is the right fit for their stay. Include a clear CTA in messages to drive more visitors to your booking engine.



BE to Booking

What is Booking Engine to Booking?

BE to Booking is defined as the average conversion rate taking into account only those users who made a search on your booking engine and ended up booking a stay at your hotel.

$$\text{BE to Booking} = \frac{\text{Direct bookings}}{\text{Number of searchers (BE visitors)}} \times 100$$



3.1

BE to Booking

Why is BE to Booking important?

By measuring your BE to Booking rate, you'll be able to determine how many of your BE visitors actually completed a reservation. It is critical to understand your performance at this key step of the booking funnel because it directly impacts the number of confirmed direct bookings.

What is a good BE to Booking?

Often ranging from 5% to 15%, conversion rates at this stage of the booking funnel tend to be lower than those for Visitor to BE.

To help convince more visitors in the BE to make a reservation, hotels can display personalized messages and exclusive offers within the BE. For example, using THN's tools, hotels can trigger an Exit Intent message to persuade abandoning users to stay on their website and book.



Average Daily Revenue

What is the Average Daily Revenue?

Average Daily Revenue is defined as the average revenue generated per room night reserved on the hotel website for the selected period of time.

$$\text{Average Daily Revenue} = \frac{\text{Direct revenue}}{\text{Number of direct booked room nights}}$$



4.1

Average Daily Revenue

Why is Average Daily Revenue important?

Measuring Average Daily Revenue is useful because it indicates the average price that guests pay for booking a room night on your website, which obviously has a direct impact on the revenue of your hotel.

What is a good Average Daily Revenue?

It is impossible to say since this metric varies enormously depending on hotel type, location and time of the year. What is interesting, is to benchmark your performance to your compsets.

To increase your Average Daily Revenue, you can implement a variety of revenue management best practices. One effective tactic is to display messages and offers on your website that encourage users to upgrade to higher room categories.



Direct Occupancy Rate

What is Direct Occupancy Rate?

Direct Occupancy Rate is defined as the average occupancy of your hotel based on the total rooms booked on your website compared to the total available rooms during the selected period.

$$\text{Direct Occupancy Rate} = \frac{\text{Direct booked rooms}}{\text{Available rooms}} \times 100$$



5.1

Direct Occupancy Rate

Why is Direct Occupancy Rate important?

Your Direct Occupancy Rate is useful as it indicates how much of your room inventory has been sold on your hotel website in any given period. In other words, it reflects how well you sold your rooms through your direct channel.

What is a good Direct Occupancy Rate?

Again, this is extremely difficult to define as there are so many variables but of course, the higher the rate the better!

To improve performance in this area, hotels should explore ways to entice guests to confirm a reservation on their website. Two key tactics are to ensure that guests know they will always get the best rate when booking directly and to clearly communicate on the hotel website their exclusive direct booking rewards.



RevDirect

What is RevDirect?

RevDirect is defined as the revenue per available room for your direct channel only, during a certain period of time.

$$\text{RevDirect} = \frac{\text{Direct room revenue}}{\text{Available room nights}}$$

$$\text{RevDirect} = \text{ADR} \times \text{Direct occupancy rate (\%)}$$



6.1

RevDirect

Why is RevDirect important?

Concentrating on growing RevDirect will allow you to increase the revenue per available room specifically for your direct channel. Taking into account stay dates, it helps hoteliers measure the overall success of their website.

What is a good RevDirect?

You perform well in terms of RevDirect when you find a good balance between your Average Daily Revenue and your Direct Occupancy Rate. Your overall direct booking goal is to encourage more of your website visitors to stay at your hotel while spending more.



Disparities Frequency

What is Disparities Frequency?

Disparities Frequency is defined as the average percentage of times the OTA's rate was cheaper than the hotel's rate when a search was made on a hotel website during the selected period.

$$\text{Disparities Frequency} = \frac{\text{Total number of times a disparity was found}}{\text{Total number of searches made on the BE for the period selected}}$$



7.1

Disparities Frequency

Why is Disparities Frequency important?

Tracking Disparities Frequency lets you know how often the OTA's rate was cheaper than the rate on your hotel website. It is critical to be able to reduce the frequency of price disparities because we know that if guests can find a cheaper rate elsewhere, this will significantly lower hotel website conversions.

What is a good Disparities Frequency?

Disparities Frequency varies by market and by OTA but we often see an average range of between 10% to 30%. Given that disparities negatively impact direct booking volumes, hotel brands can boost conversion rates by closely monitoring disparities, reassuring users they have the best available rate and offering a price match when rates are undercut.



Disparities Amount

What is the Disparities Amount?

Disparities Amount is defined as the average percentage of price difference between the hotel's rate and the OTA's rate for searches in the selected period of time.

$$\text{Disparities Amount} = \frac{\text{Sum of \% of price differences}}{\text{Total number of disparities found during the period selected}}$$



8.1

Disparities Amount

Why is Disparities Amount important?

Disparities Amount is an important metric because it tells you on average, how much lower the OTA rates are compared to the rates on your own hotel website. It is critical to monitor the evolution of this KPI so you can identify problem areas and take relevant action to combat price disparities.

What is a good Disparities Amount?

You obviously should try to keep Disparities Amount as low as possible. To have a lower Disparities Amount, you need to closely monitor and control the price of your rooms on external sites in order to guarantee your guests that you are offering the best available rate on your website at all times.

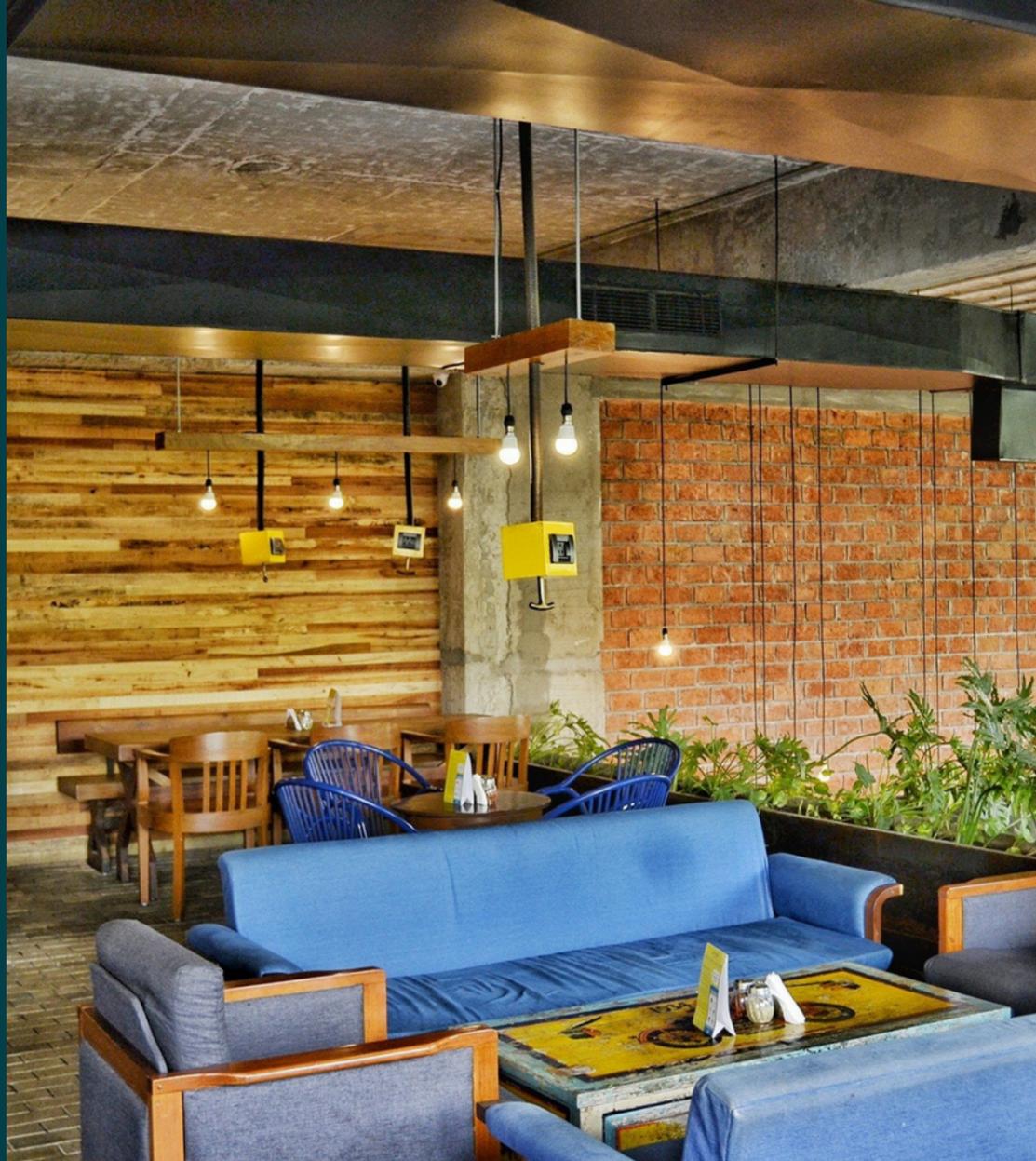


Demand

What is Demand ?

Demand can be defined in two different ways. By Searches, looking at all the searches made on your website during the selected period regardless of the number of unique visitors. By Visitors who searched, looking at the number of unique visitors who made a search on your website, regardless of the number of searches they may have made.

Demand = Sum of all searches OR all visitors who make a search during the period selected



9.1

Demand

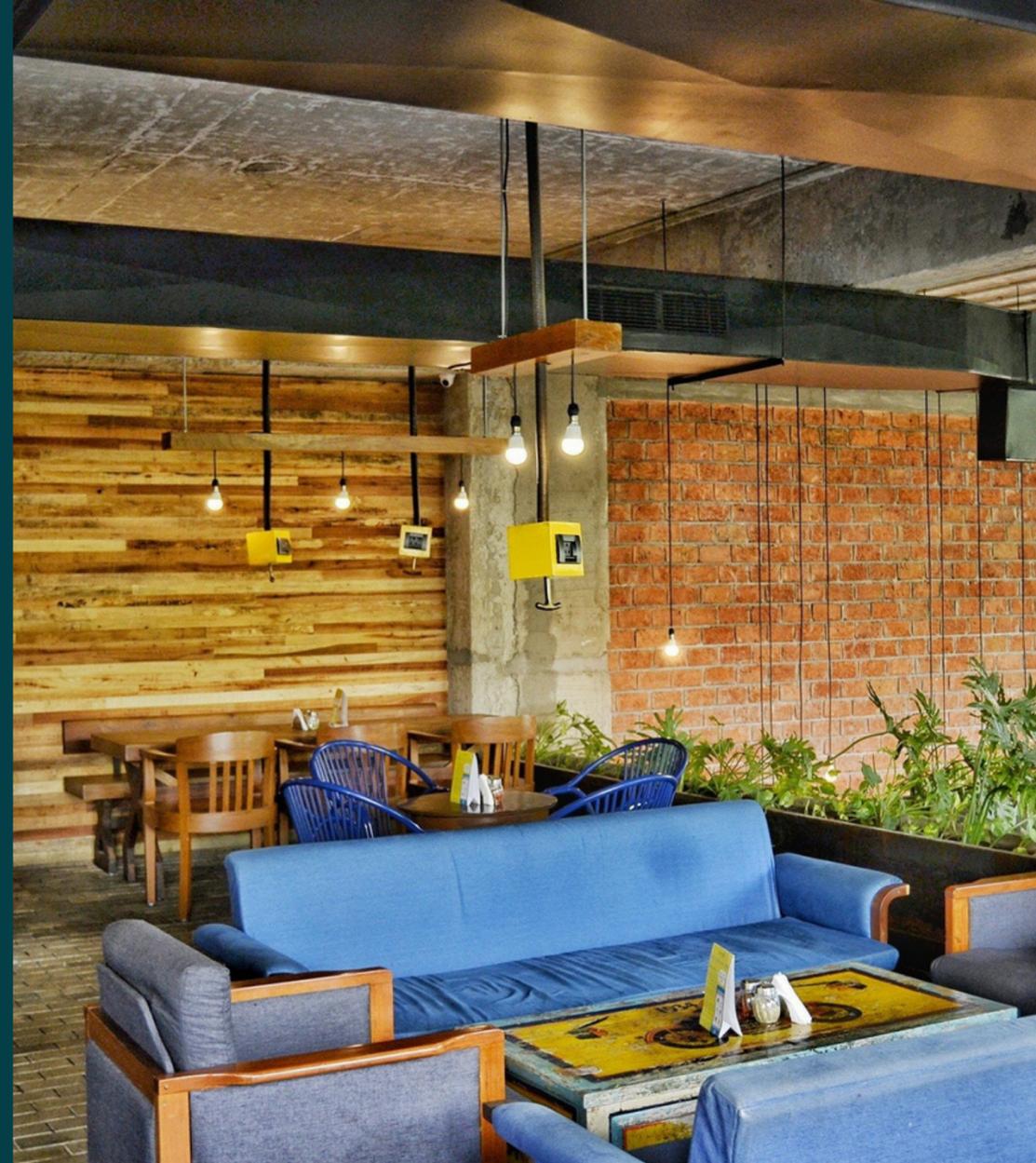
Why is Demand important?

Demand is useful as it provides a good indication of the level of interest in your hotel from two different perspectives, either based on the number of searches or visitors. You can also calculate the average number of searches made by a visitor to better understand user behaviour on your website.

What is a good Demand?

It's not possible to provide a figure that is relevant for every hotel. However, you should not only invest in traffic acquisition but also try to grow demand organically through SEO and by engaging more effectively with your audience on social media.

Demand becomes even more relevant when you relate it to stay dates. By looking at the distribution of demand by stay date, you can see where the spikes in demand are occurring so you can get ahead by capitalizing on those hot spots.



DBI

What is Direct Booking index (DBI)?

DBI is defined as a metric developed by THN which assigns you a monthly percentile score that allows you to track the overall performance of your website by weighing algorithmically each section involved in your direct channel strategy.

$$\text{DBI} = \text{Made up of the \% of each section monthly percentile score.} \\
 \text{(This formula is our Coca-cola secret).}$$



DBI

Why is DBI important?

The DBI is important for tracking your global score and checking how effective your hotel's direct channel strategy is overtime. The figure will encourage your brand to give this much-needed focus to the direct channel and allocate the necessary attention to finding new ways to generate additional direct revenue.

What is a good DBI?

The higher your DBI, the better. We consider a strong DBI to be above 50%, which means that in terms of direct channel performance, you are in the upper half of the market.

To improve your DBI, you need to drill down on your direct channel benchmarking data to understand exactly where you are underperforming. This way, you can focus your efforts and look for ways to optimize your overall direct channel performance.





Conclusion

We hope this guide has helped you better understand the direct channel KPIs that every hotelier needs to know in order to provide maximum value to their businesses.

It's important to look for ways to improve your performance, but don't just tackle the metrics where your results are low. You should also spot where you are outperforming others to be able to exploit growth opportunities and look for new revenue-generating ideas.

But wait... are you looking for an easy way to use hotel benchmarking to grow your direct bookings?

At The Hotels Network, we launched the first benchmarking platform specifically for your hotel's direct channel - [BenchDirect](#). Allowing you to compare your performance to the market across more than 30 metrics, it's free for hoteliers to use, forever. [Request your free account today](#) to join the 14,000+ hotels worldwide who are already benchdirecting...



About The Hotels Network

The Hotels Network is an innovative technology company working with over 14,000 hotels around the globe. Boasting an international team of experts, the company offers clients a full-stack growth platform to power their direct channel. By leveraging a series of integrated tools and analytics, hotel brands can attract, engage and convert guests throughout the user journey.

In addition to price comparison, reviews summary and a full suite of personalization options, THN's Oraculo product harnesses machine learning techniques to predict user behavior and then automatically personalizes both the message and the offer for each user. The company's latest innovation, BenchDirect, is the first benchmarking product for the direct channel, providing hotels with never-before-seen competitive data that empowers smarter decision-making.

Our mission is to improve the online booking experience, grow direct bookings and strengthen the relationship between hotel brands and their guests.

[Contact us today](#) to find out more.





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