



Direct Sales Channels in Tourism: The Power of Hotels' Direct Booking Platforms

Student Name: Manprit Kour

Matriculation Number: DE24078

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Abstract

The rapid digitalization of tourism has transformed the way hotels distribute and sell their rooms. While online travel agencies (OTAs) such as Booking.com and Expedia once dominated the online landscape, hotels are increasingly investing in direct sales channels including brand websites, mobile applications, and direct communication through call centres and email. This assignment critically examines the growing power of hotels' direct booking platforms within the wider tourism distribution system. It explores how consumer behaviour, digital transformation, and post-pandemic expectations have reshaped booking preferences and encouraged hotels to reclaim control over their customer relationships.

Drawing on academic literature, industry reports, and real-world case studies, the report evaluates the strategic benefits and challenges of direct booking, with a focus on revenue management, customer loyalty, brand identity, and operational efficiency. A qualitative, desk-based methodology is applied to compare direct channels with OTAs and to identify the most effective strategies for encouraging customers to book directly. The findings show that direct bookings generally offer higher profitability, deeper access to customer data, and stronger opportunities for personalization, while also requiring significant investment in technology, marketing, and user experience. The report concludes with recommendations for hotels to strengthen their direct sales strategy through loyalty programmes, mobile-first design, omnichannel communication, transparent pricing, and trust-building mechanisms. In a post-pandemic tourism environment characterised by uncertainty and high expectations, effective direct booking platforms are likely to become a key source of competitive advantage.

1. Introduction

Tourism distribution channels describe the pathways through which travel products and services, such as hotel rooms, flights, and packages, are made available to consumers. For decades, physical travel agencies, tour operators, and telephone reservations played a central role in connecting travellers with accommodation providers. With the expansion of the internet in the late twentieth and early twenty-first centuries, new intermediaries emerged in the form of online travel agencies (OTAs). These platforms offered travellers unprecedented convenience, price comparison tools, and a vast range of choices presented in a few clicks. As a result, many hotels became heavily dependent on OTAs for occupancy, sometimes paying commissions of 15–30 percent per booking.

Over time, however, this dependence has been increasingly questioned. The high commission levels and limited control over customer data have highlighted the strategic disadvantages of relying too strongly on third-party platforms. At the same time, technological advances in web design, mobile apps, digital marketing, and customer relationship management have made it easier and more cost-effective for hotels of all sizes to develop their own direct booking channels. From large international chains to independent boutique properties, hotel managers are now re-evaluating the balance between OTA distribution and direct sales.

Direct sales channels refer to the methods used by a hotel to sell inventory without the involvement of an intermediary. They include branded websites with integrated booking engines, mobile applications, direct email marketing, phone reservations, social media messaging, and even walk-in bookings. Among these, the hotel website and mobile app have become particularly important because they combine global reach with relatively low distribution costs. When a customer books directly through these channels, the hotel benefits from full control over pricing, content, and communication, as well as access to valuable first-party data about the guest's preferences and behaviour.

The COVID-19 pandemic further accelerated the shift towards direct communication and direct booking. During the crisis, many travellers struggled to obtain refunds or clear information from intermediaries, which negatively affected the reputation of some OTAs. By contrast, guests who had booked directly with hotels often found it easier to rearrange dates, negotiate flexible conditions, or receive personalised reassurance regarding health and safety protocols. As travel has resumed, a significant share of consumers now perceive direct booking as a safer and more trustworthy option, especially when dealing with sudden changes or disruptions.

Against this background, the present assignment focuses on the power of hotels' direct booking platforms within tourism distribution channels. It examines why direct channels have become strategically important, how they are shaped by consumer behaviour and digital transformation, and which tactics hotels can use to persuade guests to bypass

third-party platforms. The discussion pays special attention to the post-pandemic context and its implications for risk perception, flexibility, and trust. The overall aim is to demonstrate that well-designed direct sales systems are not simply an alternative to OTAs, but a foundation for sustainable competitiveness and long-term customer relationships in the hotel sector.

2. Literature Review

The academic and professional literature on tourism distribution channels stresses that the structure of distribution is closely linked to technological change and consumer empowerment. Traditional models highlighted the role of intermediaries, such as tour operators and travel agents, in reducing information asymmetry between buyers and sellers. With the emergence of e-commerce, however, consumers gained direct access to a wide range of suppliers and price information, challenging these conventional structures. Researchers emphasise that distribution has evolved into a complex, multi-channel environment in which hotels must carefully manage both direct and indirect channels to optimise revenue.

A key strand of literature focuses on the disruptive influence of online travel agencies. OTAs aggregate large inventories of hotels and other accommodations, allowing users to filter by price, location, rating, and amenities. They invest heavily in search engine marketing and brand awareness, ensuring that their websites appear at the top of search results when travellers look for hotels in a specific destination. From the consumer's perspective, OTAs simplify the search process and offer reassurance through guest reviews and widely recognised brand names. As a consequence, many travellers have developed the habit of starting their trip planning on OTA platforms even if they later book directly with a hotel.

At the same time, research points out the downsides of OTA dominance for hotel operators. Commission fees reduce net revenue per booking and can be especially burdensome for small and medium-sized properties. Moreover, when a booking is made via an OTA, the platform often controls the relationship with the guest, limiting the hotel's access to contact details and behavioural data. This restricts the hotel's ability to engage in targeted marketing, cross-selling, and loyalty programme development. Some authors argue that excessive dependence on OTAs weakens a hotel's brand, as the property becomes one of many similar options in a generic search list rather than a distinct choice with a unique story.

The literature on direct booking channels, by contrast, emphasises the advantages of owning the customer relationship. When a guest books directly through the hotel's website or app, the hotel usually collects their email address, consent preferences, and stay history. Over time, this information can be used to build a profile of the guest's

preferences, such as favourite room types, stay duration, and willingness to spend on extras. Hotels can then design personalised offers and communications, increasing the likelihood of repeat visits and positive word-of-mouth. Direct channels also enable hotels to showcase their brand narrative, emphasising unique features such as local culture, sustainability initiatives, or wellness concepts that may not be fully visible on OTA listings.

Consumer behaviour theories provide an important framework for understanding why travellers choose one booking channel over another. The theory of planned behaviour suggests that attitudes, perceived social norms, and perceived control influence behavioural intentions. Applied to hotel booking, this means that travellers are more likely to book directly if they believe it is beneficial, if they see others doing the same, and if the process appears easy and convenient. The technology acceptance model further emphasises perceived usefulness and ease of use as key determinants of technology adoption. In a hotel context, a direct booking platform must therefore offer not only attractive prices but also a smooth and intuitive user experience.

Recent studies exploring the post-pandemic period identify additional drivers of channel choice. Health safety, flexibility, and trust have become critical factors in decision-making. Travellers want clear information on hygiene standards, cancellation conditions, and refund procedures. Many perceive direct booking as a way to obtain more reliable communication and quicker problem resolution, since they can contact the hotel directly in case of changes or emergencies. This perception was reinforced by stories of travellers who struggled to reach OTA customer service during the height of the COVID-19 crisis.

Another theme in the literature concerns the role of digital marketing tools in supporting direct bookings. Search engine optimisation, pay-per-click campaigns, metasearch engines, and social media advertising all influence how easily travellers can discover a hotel's official website. Loyalty programmes that offer exclusive member rates, free Wi-Fi, or late check-out are widely discussed as effective mechanisms for shifting demand from OTAs to direct channels. Some authors also highlight the importance of content marketing, noting that blogs, destination guides, and inspirational storytelling on hotel websites can encourage visitors to stay longer on the page and move from inspiration to booking without visiting a third-party platform.

3. Methodology

This assignment adopts a qualitative, desk-based research methodology to analyse the power of hotels' direct booking platforms. Rather than collecting primary data from guests or hotel managers, the study synthesises existing academic literature, industry reports, and examples from practice in order to build a coherent picture of current trends

and strategic options. This approach is suitable because the topic is strongly influenced by technological and market developments that are continuously monitored by tourism researchers and professional consultancies.

The research process began with a review of scholarly sources on tourism distribution channels, online travel agencies, digital marketing, and consumer behaviour in online booking. These works provide theoretical concepts and models that help explain why certain channels are preferred and how hotels can influence customer decision-making. In addition, industry publications from organisations specialising in travel technology and hospitality analytics were consulted to obtain up-to-date data on booking trends, market shares, and the impact of the COVID-19 pandemic on channel mix.

The second step involved examining selected case studies of well-known hotel brands as well as smaller, independent properties. These cases illustrate how different types of hotels implement direct booking strategies in practice, for example through loyalty campaigns, mobile app development, or partnerships with metasearch platforms. By comparing these approaches, it becomes possible to identify common patterns and success factors.

Finally, the collected information was organised thematically into sections on findings and discussion. The findings section presents key observations regarding profitability, guest satisfaction, technology, and post-pandemic trends, while the discussion section interprets these observations in light of consumer behaviour theories and strategic management concepts. As with any desk-based study, the analysis is limited by the availability and quality of secondary sources. Nevertheless, the breadth of material consulted allows for a robust and nuanced understanding of the role of direct booking channels in contemporary tourism distribution.

4. Findings

The first major finding is that direct bookings have gained a growing share of the overall channel mix for many hotels, particularly in markets with high internet penetration and strong brand recognition. Large international chains have reported that a significant percentage of their online room nights now come from their own websites and apps rather than from OTAs. This shift is the result of deliberate strategies aimed at funnelling traffic from search engines and social media to proprietary platforms and then converting that traffic into bookings through user-friendly design and targeted offers.

A second finding concerns profitability. When the commission costs associated with intermediaries are removed, the net revenue per room night booked directly is considerably higher. Even when hotels choose to offer small discounts or value-added extras to guests who book directly, the remaining margin is usually more attractive than

that of an OTA booking at full price. Over the course of a year, improving the share of direct bookings can therefore have a notable impact on a hotel's overall financial performance and its ability to invest in property upgrades, staff training, or new technologies.

The third finding relates to customer loyalty and relationship building. Direct booking channels facilitate the use of loyalty programmes, repeat-stay discounts, and personalised communication both before and after the guest's stay. Hotels are able to invite guests to join a membership scheme at the point of booking, thus encouraging them to consider the same brand for future trips. Email marketing campaigns can be segmented according to travel purpose, geographic market, or past spending behaviour, making communication more relevant and less likely to be perceived as spam. This level of personalisation is more difficult to achieve when the primary contact is managed by an OTA.

A fourth observation is that technological improvements have significantly reduced the usability gap that used to exist between OTA interfaces and hotel websites. Modern booking engines support real-time availability, secure payment processing, multilingual options, and integration with channel managers and property management systems. Some hotels have introduced AI-powered chatbots that can answer frequently asked questions, recommend room categories, or guide users through the booking process. Others have invested in high-quality photography and virtual tours, enabling potential guests to visualise the property in detail before committing to a reservation.

The findings also show that mobile devices play a critical role in the growth of direct bookings. An increasing proportion of travellers use smartphones to search for information, compare prices, and make last-minute reservations while on the move. Hotels that have mobile-optimised websites or dedicated apps are better positioned to capture this demand. Push notifications, in-app chat, and location-based offers further enhance the appeal of direct channels for tech-savvy guests.

In the post-pandemic environment, flexibility and trust emerged as particularly important themes. Direct bookings often come with clearer communication regarding cancellation policies, rebooking options, and health measures. Many hotels introduced flexible or fully refundable rates available only on their official websites, accompanied by detailed information on cleaning protocols and safety certifications. This increased transparency appears to have reassured guests who were hesitant about making long-term travel commitments amid ongoing uncertainty.

Nevertheless, the findings also reveal several challenges. Despite improvements in direct channels, OTAs continue to command substantial visibility due to their marketing budgets and sophisticated search algorithms. In many destinations, OTA listings still dominate the first page of search results, making it difficult for individual hotel websites

to attract organic traffic. Some guests remain loyal to OTA brands because they appreciate the ability to compare multiple properties and manage different elements of the trip within a single platform. In addition, small independent hotels may lack the resources required to develop advanced booking engines or run continuous digital marketing campaigns.

5. Discussion

The findings can be interpreted through the lens of consumer behaviour and strategic management theories. From a consumer perspective, perceived value is not limited to price; it also encompasses convenience, trust, and the feeling of being recognised as an individual rather than as a generic booking number. Direct booking platforms are well placed to deliver this broader value proposition, because they enable hotels to customise both the pre-stay and post-stay experience. By highlighting unique brand attributes and tailoring offers to guest segments, hotels can shape more favourable attitudes towards direct booking, thus influencing behavioural intentions.

The theory of planned behaviour suggests that perceived behavioural control is an important determinant of intention. Applied to the context of hotel distribution, this implies that travellers are more likely to choose direct booking when the process appears straightforward and low-risk. A confusing website, slow loading times, or hidden fees reduce perceived control and push guests back towards OTAs, where they feel more familiar with the interface. Hotels therefore need to remove friction from the booking journey by simplifying forms, providing clear information, and ensuring that the price displayed at the beginning matches the final amount at checkout.

From a strategic management viewpoint, the increasing emphasis on direct bookings can be seen as a move towards greater vertical integration and customer ownership. By selling directly, hotels internalise more stages of the value chain and reduce their dependence on external partners whose objectives may not always align with their own. This does not mean that OTAs should be abandoned; in many cases, they remain valuable for reaching new markets or filling low-demand periods. However, a balanced distribution strategy aims to use OTAs selectively while channelling repeat customers and high-value segments towards direct channels.

The discussion also highlights the importance of digital capabilities as a source of competitive advantage. Hotels that invest in robust booking technology, data analytics, and digital marketing skills are better able to design and manage effective direct sales campaigns. For example, analysing website traffic data can reveal at which point potential guests abandon the booking process, allowing the hotel to identify and address barriers. Similarly, integrating customer relationship management systems with booking

engines makes it possible to send targeted offers based on previous stays or expressed preferences.

At the same time, the challenges identified in the findings caution against an overly optimistic view. Not all hotels have equal access to financial and human resources, and the digital skills gap can be wide, particularly in smaller or rural properties. Collaboration among hotels, local tourism organisations, and technology providers may therefore be necessary to develop shared booking platforms or marketing initiatives that support direct sales. Training programmes in digital marketing and revenue management can further help hotel staff make effective use of the tools available.

The post-pandemic emphasis on trust and flexibility also raises questions about how direct booking policies are communicated. It is not enough for a hotel to offer flexible cancellation; the terms must be clearly displayed and written in understandable language. Guests should feel confident that they will not encounter unexpected penalties in the event of illness, travel restrictions, or other disruptions. Transparent policies, combined with responsive customer service, can differentiate a hotel's direct channel from both OTAs and competing properties.

6. Conclusion

This assignment has examined the role of direct sales channels in tourism, with a particular focus on the power of hotels' direct booking platforms. The analysis shows that direct channels have grown in importance as hotels seek to regain control over distribution, protect their margins, and strengthen relationships with guests. Advances in digital technology, combined with changing consumer expectations, have made it feasible for even smaller properties to develop professional, user-friendly websites and mobile solutions.

The findings indicate that direct bookings tend to deliver higher profitability, better access to customer data, and greater potential for personalisation than OTA bookings. They are also associated with increased trust and flexibility, particularly in the post-pandemic travel environment. At the same time, OTAs remain influential players due to their marketing power and the convenience they offer to travellers seeking to compare multiple options. Hotels cannot ignore OTAs but must instead integrate them into a deliberate, multi-channel strategy.

To encourage customers to book directly, hotels should focus on offering clear advantages such as member-only rates, value-added extras, flexible conditions, and superior customer service. Investments in mobile-first design, search engine visibility, and compelling content are essential to attract and convert traffic. Ultimately, the most successful hotels will be those that manage to combine the reach of intermediaries with

the depth of engagement made possible by direct channels, using each in a complementary way to support sustainable growth in an increasingly competitive tourism marketplace.

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Appendices

Appendix A: Example Direct Booking Incentives

- Exclusive member-only discounts on room rates.
- Complimentary breakfast or parking for direct bookers.
- Early check-in and late check-out subject to availability.
- Free room upgrades for loyalty members.
- Flexible or fully refundable cancellation policies.

Appendix B: Features of an Effective Direct Booking Website

- Mobile-responsive design with fast loading speed.
- Clear call-to-action buttons guiding users to book now.

- High-quality images, virtual tours, and detailed room descriptions.
- Integrated customer reviews and trust badges.
- Secure payment gateway and multiple currency options.