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How can a Hotel increase its Direct bookings? The Case Study of a Hotel in Bulgaria

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I hereby declare that the work submitted is mine and that where I have made use of another's work, I have attributed the source(s) according to the Regulations set in the Student's Handbook.

December 2017
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This is especially for you:

“Be fearless in the pursuit of what sets your soul on fire”.

(Unknown)

Abstract

This paper examines the net earnings from the different marketing channels for the Hotel under investigation. It aims to demonstrate its distribution mix, investigating the effects and the profit of its distribution pie. In fact, it assesses the impact of Direct bookings, Online Travel Agencies bookings and Tour Operators bookings, regarding their profitability. This study is motivated by the profound analysis of the existing relationships between occupancy rates and room revenues. In the end, it aims to illuminate ways with which direct bookings can be increased, making marketing propositions according to the survey's results.

Previous research and studies indicate that hotels have always used intermediaries, such as Travel Agents and Tour Operators, to facilitate their distribution function. The Literature offers a descriptive account of how OTAs have gradually become a common way of booking hotel rooms, focusing on the latest hotel trend which tries to counteract OTAs' popularity, enforcing a direction towards disintermediation.

Synthesizing the latest hotel trends regarding distribution, this research adopts a deductive approach, conducting an in-depth analysis of a single Hotel case. Consequently, it examines a recent phenomenon, focusing on its implementation and results in real life context. This study advances our understanding of hotel distribution mix and profitable tactics. The research illustrates a unique case, gathering significant data and highlighting useful marketing suggestions regarding future reservations.

The findings from the research show that the impact of direct bookings on profits is more complex than previously assumed, addressing the controversial relationship between occupancy and profitability. The study suggests that ADR is the key factor influencing the Hotel's fruitful development. Contrary to established assumptions, it is proved that TOs and OTAs revenues are remarkable for the Hotels, as well. However, Direct bookings' powerfulness is also underlined.

The study outlines ways to increase the Hotel's direct bookings, supported also by its own Google Analytics small complementary study. Practical ways ready to be put in action are highlighted, always focusing on the Hotel's healthy distribution mix, which should not be unsettled; it would better be adapted in the new facts and needs.

Keywords

Disintermediation, hotel direct bookings, hotel distribution mix, ADR, occupancy.

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Author,

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1 INTRODUCTION

1.1 Introduction

Electronic distribution regarding room information, rates, and availability has undergone rapid changes, revolutionizing the way people reserve hotel rooms nowadays. The most notable development is that reservations, which used to be made either through travel agents or call centers, are now generated mainly online. Specifically, 53% of all travel bookings occur online (Nihar, 2016). In addition, today, individual customers are by far more knowledgeable and have got used to using online intermediaries, aspiring to get more information, making price comparisons and creating a spherical view of their available choices before they finally book their room. Therefore, they have become much more independent and willing to create their holiday package on their own.

The hospitality landscape is rapidly changing and because of this instant evolution in electronic distribution, hotels are trying to deal with an amorphous relationship with intermediaries that aim to distribute hotel rooms, including global distribution systems (GDSs), online travel-distribution intermediaries (OTAs) and travel agents. Hotels are also trying to attract and serve the needs of the individual travelers, who are not only demanding, but also experienced travelers who desire a fresh and personalized service.

Both these radical industry changes and the perishable nature of the hospitality product make effective distribution extremely important for hotels. At this part it is important to mention that a hotel room left unsold cannot be stored and subsequently be sold on a later date. Thus, succeeding to sell each room every night is substantial to a hotel's long-term profitability. Achieving high occupancy rates, is one of hotels' main Revenue Metrics and has always been Hoteliers' priority and a key driver to their success. However, is this just enough?

1.2 The importance of this study

In this study an in-depth analysis of a Hotel in Bulgaria is going to be made focusing on its distribution mix from 2013 – 2017. The purpose of this study is the analysis, the evaluation and the comparison of the Room Nights and the Revenues of each Source (Direct, OTAs & TOs). The aim of the study is to find and recommend the key factors of success and the best managerial practice that can increase direct bookings and consequently the profitability of the Hotel chosen. The Hotel's distribution mix is divided into three main categories such as Direct Bookings (which contain bookings made through email, telephone, walk ins and hotel's website), OTAs Bookings (which contain bookings made through Booking.com, Expedia.com, and HotelBeds.com) and TOs Bookings (which include bookings made through contracted TOs such as Balkan Holidays, Mouzenidis, Avra Tours etc.). All these booking data are collected through the Hotel's PMS (Property Management System); they are then calculated and divided into these three main categories. After that, the sum of Room Nights, Net Revenues and Average Daily Rate (ADR) are studied for each month and for each year respectively. The profitability is compared to the Room Nights booked, aiming to conclude to an ideal distribution balanced mix that would seem successful.

After having studied a great range of academic articles, journals and studies regarding our today's digital era, the hotels' distribution mix, and the role of direct bookings it would be interesting to study a case of a stand-alone hotel and see its in-depth analysis regarding not only Room Nights but also Net Profits and

ADR, which in fact is the ultimate tool that proves a hotel's profitability. This case study simplifies the complex concept of hotels' distribution mix, dividing it in three main categories that hotels should focus on. It also adds value to the relevant academic theory, while discussing a concrete and realistic situation. Last but not least, the conclusions and the solutions emerged by this case study could be proved not only useful for further research, but also a point of reference for similar problems that will be faced at work place in the future.

1.3 Definitions of Key Terms

At this point, it is preferable to explain some basic key terms that are going to be used thoroughly in this thesis. First of all, direct bookings are these bookings made without any intermediary involved, meaning that there is no commission included. F.I.T means free independent traveler.

OTAs stand for Online Travel Agencies. OTAs are online travel companies whose websites allow customers to book various hospitality services through Internet. They are paid a commission by the hotels ranging from 15-30% upon every booking they make.

In the field of hospitality, TOs stand for Tour Operators. They are responsible for providing a whole holiday package to tourists like accommodation, transportation, guides, or even flights. Tour Operators never sell directly to consumers. Instead, they link individuals with retailers, supplying touring options, posing a commission from 25%-30% on their retail price.

Occupancy is another important term in hospitality industry, which refers to the ratio of rented rooms compared to the total amount of available rooms in a hotel.

The term PMS stands for Property Management System. It is in fact a hotel administration system used for reservations, occupancy, guest information and report generation. PMS helps hotels facilitate their daily activities and control their everyday functions.

Intermediation is defined by Allan Beaver as media that provides a service as an organization in the travel distribution chain, operating between and connecting travel providers and individuals, being the middleman (2005); In the travel business an intermediary is in fact a travel agent.

Disintermediation is a generally accepted term and is equated with a process that provides an end consumer with direct access to the supplier and the product or service. In broad terms it cuts out middleman using the internet (Techopedia, 2017).

ADR is defined as an average daily rate. It is described as a metric widely used in the hospitality industry to indicate the average realized room rental per day. Average daily rate is one of the key performance indicators (KPI) (Investopedia, 2017)

In the Hotel Industry, RevPar, identified as Revenue per Available Room is a performance metric, is calculated by multiplying a hotel's average daily room rate (ADR) by its occupancy rate (Investopedia, 2017)

The Internet Distribution System (IDS) offers technology that allows customers to construct complete trips that combine flights, hotels, transportation, and destination activities. They are identified as a collection of more than 2000 internet reservation systems, travel websites, online reservation systems

and travel portals which focus on offering travel services to consumers through the Internet (Hospitality Performance Group, 2016).

CRS is equated with Central Reservations System. It is an automated reservation software used to maintain the hotel information, room inventory, rates, occupancy aiming to manage the optimal everyday processes. A CRS provides a spherical view for many different distribution channels, such as the Global Distribution Systems, the OTAs, the 3rd party websites etc. (Xotels, 2017).

1.4 The Statement of the Problem & Hypothesis

The majority of the Hoteliers believe that OTAs “are taking everyone’s lunch”, apparently charging extremely high commissions having become the leaders in the hotel distribution game (Fox, 2014). However, not everybody agrees with this statement, believing that OTAs and TOs are very important for a hotel’s profitable strategy, as well.

While on the one hand hoteliers consider direct bookings as being their most important channel, on the other hand the dependence of independent hotels on OTAs is paramount. In addition, research shows that independent hotels have to face rising distribution costs by online travel agencies and other external partners, at their struggle to succeed high occupancy rates (Aiello, 2017). It also seems that many hotels are not able to prioritize Direct reservations in their distribution mix strategy, either because they do not have suitable technological tools or because they lack sophisticated digital marketing strategy.

The study of this paper focuses on the presentation of the net earnings from the different marketing channels for the hotel under investigation in this case study. It aims to demonstrate the relationships between occupancy rates and room revenues as well as other appropriate measures and to make marketing and reservation propositions according to the survey results.

Are direct bookings effective? Are OTAs and TOs important for its function, as well, or should they be eliminated? Moreover, is just high occupancy enough and should it be always maximized? And in the end if direct bookings are profitable, how can this Hotel increase them? How can a hotel ensure favorable financial results, after all?

1.5 Thesis Structure – The Case of the Hotel in Bulgaria studied

This paper is divided into five sections. The first section gives a brief overview of the problem and its setting. It provides the study’s hypothesis along with definitions, assumptions and delimitations that exist. The second section examines the Literature Review the latest trends in online Distribution and how hotels adapt. In the third section, a case study is analyzed depicting the distribution mix of a particular hotel chosen regarding its Direct, OTAs and TOs bookings. The ADR is also examined and compared among these groups. In the fourth section the data gathered are analyzed, compared and conclusions are emerged. The researcher recommendations in terms of the increase of Direct bookings for this particular Hotel are outlined in the last section of this study. Opinions and innovative ideas are discussed which are considered significant for the Hotels profit margin and prosperity.

2 LITERATURE REVIEW

2.1 Introduction

Effective distribution is important for hotels because of the perishable nature of their inventory. Tourism suppliers have always used intermediaries, such as Travel Agents and Tour Operators, so as to facilitate their distribution function. However, in nowadays digital era, there is an emergence of Online Travel Agents (OTAs), which has caused significant changes in online bookings, revolutionizing the traditional channels. OTAs have gradually become a common way of booking hotel rooms, providing an easy access to plenty of accommodation information and rates. Hotels are trying now to respond to this unexpected popularity, promoting their own websites for making bookings, as well. Some scholars have also explained that this growing influence of Online Technologies has led to a strong direction towards disintermediation in hospitality industry, and to a desire of increasing hotels' share in terms of direct business (Law & Lau, 2004).

2.2 Online Travel Agencies & how they have been developed through the years

A brief overview in the history of electronic distribution is useful to be outlined. Electronic distribution is considered to have been firstly developed from the internal systems which were created by the airlines in order to control their inventory back in the 1950s (O' Connor & Frew, 2002). At that point of time, Travel Agents were given the chance to access Airlines' systems. To be more specific, Travel Agents could not only see real-time availability, but also rates, being able to make instant booking, as well (O' Connor & Frew, 2002). Simultaneously, at their struggle to cover their extreme expenses, airlines began selling complementary hospitality oriented products, including accommodation, influencing Hotels to develop their own electronic systems (CRS) (O' Connor & Frew, 2002). These CRSs could be linked with Airlines' systems, giving at the same time access to the Travel Agent market. Hotels and Global Distribution Systems could be linked almost automatically, just with a tiny interface. Because of the fact that CRSs' efficiency was so enhanced, its maintaining cost was huge, so the majority of Hotels chose to outsource this reservation function rather than keeping it in-house (O' Connor & Frew, 2002). At first, they were all benefited, creating collaborative relationships, rather than competitive. However, during the years 1993-1997, according to O'Connor and Frew, commission costs were skyrocketed at 117%, which along with digital development, led Hotels to rethink their collaborations and find alternative ways to ensure reservations (2002). After that, the rise of the Web made E-Commerce flourish, enabling Hotels sell through their own websites, avoiding the intermediaries' commissions. This action led to tremendous savings estimated at \$ 1.3 billion between 2000-2003, which means that savings were the 1.7% of the industry's total profits in 2000 (Ader, et al., 2000).

Hotels having acknowledged their potential power regarding direct reservations were determined to use the Web from then on. Web development had turned, though, the collaborative distributional relationships into competitive ones, as the majority of the intermediaries were trying to reach end-customers directly, creating consumer-oriented websites (O' Connor and Frew, 2002). Many of them were trying to offer a complete travel package to the end customers selling them directly not only accommodation, but also transportation and transfers. Competition has been fierce since then and the

battle keeps increasing. The relationship between suppliers (Hotels) and intermediaries is still in progress and it is under a constant transformation, while Hoteliers are trying to find ways in order to be benefited.

2.3 The Latest Trends & Changes in Online Booking & Online Distribution

Hospitality is an industry depending on many unpredictable variables that should always need to be taken into consideration. 2017 distribution hospitality trends state that 39% of bookings are made online in Europe, while by 2018 35% of them are going to be made on mobiles (Hotelogix, 2017).

As aforementioned, the application of Technology and especially the Internet over the past few decades has transformed the way hotel rooms are distributed to customers, empowering also hotels' own websites, making them able to sell on their own. However, there is a tendency of travelers to still depend on traditional intermediaries, such as TOs or even OTAs, when they desire to book a hotel room, instead of doing it directly through the hotels' websites. According to Travel Tripper, in developed markets, about 61-75% of customers are using an OTA to book accommodation, and just 15-44% a hotel website in order to do it directly (2017). In emerging markets, the gap is even greater between OTAs and direct bookings. In China, for instance, 9 out of 10 online shoppers used OTAs, but less than 4 out of 10 used hotel websites (Travel Tripper, 2017). Notwithstanding, OTA commission costs range from 15% - 30% for each booking, which is something that reduces hotels profit margins, minimizing their net revenues, undoubtedly.

The distribution environment continues to evolve and change and guests are now traveling with their own technology, consuming in their own customized way. 2016 has definitely been the year when many Hotels tried to "go direct". Having been overly dependent on OTAs and their commission fees for too long, hotels have started investing into their direct distribution channel, their own website, fostering digital campaigns, as well. Their aim was to boost more business to go direct, ultimately ensuring higher revenues due to lower distribution costs. In addition to this, according to Morgan Stanley, in 2016 hospitality industry's revenues were \$570 billion, \$16 billion of those were collected as commissions by the OTAs, which is something that highlights the importance of direct bookings (Skift, 2017).

2.4 Digital Era – How Hotels Adapt

OTAs, were originally designed to sell excess inventory when demand was decreasing. Nonetheless, today, OTAs drive the majority of bookings around the world (Gaggioli, 2015). Faggioli also states that in 2013, OTAs were responsible for approximately \$19 billion in hotel gross bookings in the United States alone (2015).

Hotels, TOs and OTAs have been having a frenemy relationship as hotels are intensely seeking to enlarge their marketing power and ultimately reduce their reliance on these kinds of distribution. In general, new TV commercials urging direct booking along with exclusive benefits, such as free Wi-Fi, loyalty points, and smartphone check-ins are some of the tools the majority of the hotels are already equipped with.

However, there are some main trends that reveal why hotels are losing out in this battle with OTAs. One of the key reasons is that OTAs allow customers to compare lots of products based on price, availability and guest reviews all in one place. It's obvious that tech-savvy customers prefer them and trust them more. As reported by Travel Tripper the 47% of customers stated that they prefer OTAs because the websites had a friendlier user interface (2017).

According to Osmond, the greatest reason why guests book through OTAs is because they believe they are cheaper, which is sometimes true (Ting, 2016). OTAs use a very dynamic pricing strategy, changing rates according to audiences, demographics and times of the day (Ting, 2016). According to O'Connor, price is a key factor that motivates consumers when buying online (2002). In addition, Law and Huang discovered that travelers often used a variety of websites, searching and comparing prices before booking, trying to find the ideal one, as there are many different prices existing on the web for the same room (2006). It is believed that all these uneven prices existing have eventually led to the creation of a price-elastic market. Hence, there is a constant competition among Hotels and OTAs regarding rates and pricing, in which OTAs are usually the winners.

However, some hotels have been trying to deal with this phenomenon, endeavoring effective actions. To be more specific, Hilton Worldwide announced that Hilton Honors members can receive exclusive discounts if booking directly through the brand's websites, or through reservation call centers (Triptease, 2017). In this way, customers don't need to waste time, searching in numerous websites, but they can always find the best rate guaranteed in the brand's official one. In fact, Hilton's campaign "Stop Clicking Around" was massive, adding 9 million more members to its Honors program (Ting, 2017). According to Ting, loyalty members increased 56% the company's occupancy, which outstandingly was 400 basis points higher than in 2015 (2017). Moreover, web-direct and mobile bookings increased by 200 points from 2015, while in the end of 2016, nearly 30% of the total bookings were coming directly from the website (2017). What is more, Marriott launched an entirely new campaign in 2016 called "It Pays To Book Direct". Marriott managed to elicit more direct bookings through transparency, lower prices and friendlier website (Clampet, 2015).

Furthermore, some Hotels seem to be adopting e-commerce conversion strategies. For instance, OTAs have met enormous success enforcing high-pressure sales tactics on their websites, either by informing the user that a couple of users have already booked this hotel, or by stating that there are very few rooms left (Lulla, 2016). Also, hotels that are able to adapt CRS systems can apply similar tactics on their own website to help boost direct bookings (Lulla, 2016). Revenue management is also a way hotels face OTAs, by managing rates, inventory, and their distribution trying to offer the right room to the right guest, at the right time, at the right price (Lorna Wang & Bowie, 2009).

Internet Marketing is pivotal for hotels to manage to compete with the OTAs. According to Ting, Travelweb is a project which was launched in 2002 by Hilton, Hyatt, Marriott, IHG, Starwood, and Pegasus Solutions aiming to give Web users direct and instant access to the central reservation systems of hotels (2016). In this way, Hotels were able to attract and keep more users in their websites and make them finally book directly, ensuring higher profits.

However, Hotels need to spend huge amounts of money in order to be able to compete OTAs in this battle. For example, one of the biggest differences between the OTAs and hotels is the amount they spend annually on their marketing budgets. For instance, Priceline spent an estimated \$2.8 billion on marketing last year, while Marriott's estimated annual marketing budget is about \$100 million (Ting, 2016). The evidence of this research stresses also the fact that smaller hotels, which have by far more limited marketing budget, face much greater difficulty in competing with OTAs in terms of direct bookings.

2.5 OTAs Reputation: A Threat or an Opportunity?

For hotels, OTAs represent both an opportunity in terms of additional revenues, promotion in new markets, visibility and bookings and a threat because of the compelling commissions. OTAs are powerful and efficient offering incremental reservations, but they can become dangerous and reduce significantly hotel's online presence and its direct engagement ability.

When hotels collaborate with OTAs and get listed on their websites, they gain a reservation benefit which is considered as additional to their direct sales. That benefit, often called the billboard effect, which according to Anderson from Cornell University Center for Hospitality Research is "a boost in reservations through the hotel's website, due to the hotel's being listed on the Online Travel Agents (OTA) website (2009). In fact, the increased hotel's visibility through third party websites offers a great opportunity to distribute its product to a large market, while at the same time it increases its searches and ultimately its bookings.

In other words, the billboard effect functions as a hotel's necessary marketing strategy, which sometimes is also able to influence positively the hotel's direct bookings, as well. Cornell University Center for Hospitality Research tried to quantify this billboard effect, enforcing a pseudo experiment which examined the effects for certain properties operated by JHM Hotels that are listed on Expedia.com (Anderson, 2009). The study conducted found that when the hotels were listed on Expedia, they saw an increase in their direct reservations, as well. The theory behind this phenomenon explains that there are plenty of guests who get acquainted with the hotel through an OTA and finally book their room through a direct channel (Anderson, 2009). This happens because OTAs have a larger reach to consumers because they make the journey of booking easier, consolidating most of the times the fragmented hotel offerings, making it simpler and more sales efficient. OTAs' offer also technological innovations, focusing more on consumers' needs and trends (Euromonitor.com, 2015). In addition, their visibility power is unapparelled as the on-line advertising investments made are huge.

Hoteliers need to remember that OTAs are just one sales channel that constitutes their distribution mix, and not the only one. In case of excessive dependence on OTAs there is loss of the control of the business and less profit margin in terms of the reservations because of the commissions. Instead, hotels need to attract customers' loyalty. They need to be adaptive in the evolving competitive environment and cooperate effectively with OTAs. They also need to innovate if they want to attain direct bookings. After all, according to Pascal Gauvin the COO of InterContinental Hotels Group, the beauty of OTAs hides in the fact that hoteliers are able to open and close them whenever they want, depending on their need of business and distressed inventory (Malone, 2014). It is up to hoteliers to learn how to manage them properly, learn the environment, adjust, listen to their customers and "open" and "close" OTAs wisely (Malone, 2014).

3 METHODOLOGY

3.1 Introduction

This chapter will look at the research philosophy, design and methods used to analyze data. The validity and reliability issues of the research will be justified. The method chosen for the analysis of the research: archival data, reports and documents. Furthermore, all the steps that are applied during the research are described. At the end of this chapter a small summary will highlight all the important points of this research.

3.2 Research Design

According to Saunders et al., research philosophy consists of a variety of methods such as Positivism, Realism, Interpretivism, Objectivism, Subjectivism, Pragmatism etc. and the difference depends on how the researcher chooses to view the world (2007). In addition, the philosophies are encompassed into two approaches which the deductive and the inductive (Saunders, et al., 2007). In the deductive approach, which is going to be used in this study, a theory and hypothesis are deductive from literature. After that, these hypotheses are tested and the researcher reaches conclusions (Saunders, et al., 2007).

In this thesis, the researcher was mainly interested in the processes of one specific organization. For this reason, the study conducted is an in-depth analysis of a single case. Consequently, one of the features of this case study is that it examines a recent phenomenon focusing on its implementation and results in real life context (Yin, 1981). The nature of the research design highlights the importance of the context and data gathered, which are unique and important for the analyzed organization.

Generally, case studies describe the design, implementation, or even the evaluation of some intervention; they can also illustrate the usefulness of a theory or approach to a specific company or situation (Dul & Hak, 2008). A case study is a popular research method within the business area. In fact, case studies aim to analyze specific issues within the boundaries of a particular environment, situation or corporation. According to its design, case study research method can be divided into three categories: explanatory, descriptive, and exploratory (Dudovskiy, 2013). To be more specific, the particular research purpose was exploratory which means that the researcher was seeking new insights and clarifying the nature of a specific phenomenon (Blumberg, et al., 2011). Moreover, the research conducted was “practice-oriented”, aiming to do a hypothesis-testing and decide if and how much direct bookings increase the net profit of a Hotel compared to OTAs and TOs bookings (Dul & Hak, 2008). According to Dul and Hak, practice oriented research is also conducted when an organization desires to solve a practical problem, requesting recommendations and solutions (2008). Specifically, this is exactly what the Hotel studied is doing in this dissertation, as after the analysis of its distribution mix the past 4,5 years, recommendations the increase of its direct bookings are going to be outlined. Furthermore, Yin presents four types of case study designs, like single-case (holistic), single-case (embedded), multiple-case (holistic) and multiple-case (embedded) design (1981). In general, single cases, like the one bound to be studied, are favorable when the case is necessary for testing a considerable theoretical suggestion. The literature outlines several propositions claiming that are true. The particular case verifies the literature connecting practice and theory.

As already mentioned above the case study methodological approach is particularly useful when there is a need to obtain an in-depth analysis of an issue, event, or phenomenon of interest, in its natural real-life context (Crowe, et al., 2011). What is more, it adds value as it is discussing a concrete subject and can always be used as a ready reference when similar problems are faced at work place. On the other hand, the case study method is traditionally considered to have several major limitations in terms of its evaluation power. Whether qualitative or quantitative, case studies typically relate just to single projects, which means that their results cannot usually be generalized to the entire industry they belong to (Yin, 2002).

3.3 Research Process & Area

After the thoroughly exploration of the literature and the Hotel's archival documents and reports the researcher was set to examine the distribution mix of the hotel and study its progress during the years 2013-2017, regarding its direct bookings. First and foremost, the researcher participated in a Budget meeting where she was introduced not only to the current situation of the Hotel, but also to its profit potential, net revenues, average occupancy and occupancy limits. Moreover, the commissions of the Hotel's main partners in terms of Travel Agents and Tour Operators (which range from 15% - 25%) were discussed. What is more, a private discussion with the Director of Sales was held, explaining the distribution strategy the Hotel and its priorities regarding the bookings. After that, an introduction to Opera Property Management System was made which was continued by plenty of online tutorials and practice. Opera is the main tool used to derive the necessary that are to be studied. Thus, a great range of reports was exported from the PMS; collected and combined. After a lot of trial combinations, the ideal Matrix Report was chosen and was exported, applying on every month from 2013-2017. This report is depicting the bookings in terms of their Market Code and the Market Group, outlining their sum of Room Nights and Net Revenues.

3.4 Research Methods

The objective of this study is to create a better understanding of the hotel's distribution pie, aiming to lead it to a more profitable strategy. Merriam defines a case study as a process which describes specific information during a certain period of time (1988). In addition to this, the case study gives the opportunity to maintain and understand important kinds of real-life events, Yin states (1994). The researcher was set to examine in-depth the distribution mix of a specific 5* Hotel in Bulgaria analyzing the bookings throughout the years 2013-2017. It would be proper to highlight at this point that the researcher is a member of the Hotel Management team, which is something that justifies the access to these confidential data which otherwise could not be reviewed. After discussions with the Director of Sales of the company, it was concluded that only a single case (a single hotel) would be examined; mostly due to the extreme difference between the hotels the company manages and of course due to the lack of time. As the aim of this research was to see both the development of the Hotel's distribution mix over the years and the most profitable group, Opera was decided to be used. It was decided that the best equipment for this investigation was Opera PMS, as it is one of the most practical, economic and trust-worthy ways to investigate documents, revenues and derive substantial reports. The tailored reports were obtained through this software and the data were divided into 3 different market group categories. Room Nights and Net Revenues were calculated for each month for all these 4,5 years, along with their ADR. At this part, it should be reported that all the reports used contain Net Revenues for all the three Groups. This

means that commissions existing in OTAs revenues (18%) have been subtracted in order to provide a clearer picture; gross revenues have not been used. After the ADR calculations, RevPar is also calculated for all three market groups for selected months and years. Graphs and Charts are also constructed, supporting the study's conclusions. In this way, the most profitable market group is proved and highlighted.

In addition to the aforementioned methods, Google Analytics contribute to the research, as well, which are going to be outlined in the fifth section of this paper. They show the dynamics of the Hotel's website, its speed and its bounce rate. They focus on the particular pages the users usually bounce, inspiring the researcher regarding the recommendations that will follow.

3.5 Validity & Reliability

When conducting the research, credibility always needs to be demonstrated. Firstly, validity was ensured by finding a link between the collected data and theoretical ideas (Bryman & Bell, 2011). Direct bookings are by far more profitable which is a result completely in agreement with the aforementioned theory. The findings were also shared with the Hotel's Director of Sales and the Reservations Manager, who assisted the researcher during the process. Moreover, the researcher was accurately conducting all the processes, such as the data collection and analysis. As a result, another researcher would be able to get the same results using given information (Garside, 2014). In addition, the research contributed to new knowledge and insights regarding the Hotel's case. It must be mentioned that this research was especially concerned with the practical applicability in real life context, which is indispensable in business industry.

4 FINDINGS ON HOTEL METRICS

4.1 Introduction

The following research results are presented based on the concepts and themes identified in the literature review. Firstly, secondary data from Opera PMS were analyzed in order to critically explore the existing distribution mix of the Hotel. Then, an in-depth analysis was made in terms of the findings. In the end, the researcher reached to significant results and conclusions. At this point it is mandatory to mention that January, February and March data are outlined, as it was decided that these months are the Hotel's most typical ones, because they represent the Hotel during its most popular season, where all of the three groups contribute to its occupancy. Besides, the sum of each year is analyzed along with its total Room Nights, Revenues and ADR.

Before outlining the findings, it would be useful to mention that the Bulgarian Hotel is a 5* Hotel located in Bansko. It is a family-run business which operations date back in 2009. The Hotel has 111 rooms and suites along with 3 Food & Beverage outlets, an outdoor swimming pool and a Spa. The hotel can be visited almost 10 months per year, as it usually closes for two months after Easter. There are organized Sales & Marketing, E - Commerce and Reservations Departments that manage and handle its operations all year round.

4.2 Findings derived

The purpose of this research was to examine in detail the development of the distribution mix of our Hotel and explore its ability in terms of the increase of Direct bookings. Consequently, Opera PMS was utilized considered as the most feasible, economic and practical way. By exploiting its matrix reports the researcher was able to discover valuable findings which were collected and analyzed. At this point, it should be also stated that BGN, the official currency in Bulgaria, is used in all the calculations made.

4.2.1 Data Collected

Firstly, the research conducted begins collecting data back from 2013. The researcher discovered that in 2013, the sum of the Direct Rooms Nights was the smallest one as it was just 2,556. Furthermore, in 2013, OTAs Room Nights were calculated at 2,733. On the other hand, TOs Room Nights were the most in the same year, reaching the 5,970. To continue with, Room Nights were calculated for every Group from 2013-2016, along with their respective Revenues (See Table 1 below).

After this thorough investigation, the evidence shows that OTAs Room Nights follow a steady rhythm during the years, making the researcher understand that there is a stable and fruitful relationship between the Hotel and the OTAs. The results also point that Direct Bookings face a fluctuation during the years reaching at their highest point in 2015 i.e. 4,225 Room Nights. The researcher assumes that this may depend on the Marketing Expenses the hotel spends on brand awareness campaigns in order to attain direct reservations. To continue with, TOs' popularity seems to be increased in 2014, collecting 7,415 Room Nights. The researcher watches this popularity greatly being decreased the following years, ending up presenting 3,983 Room Nights in 2016.

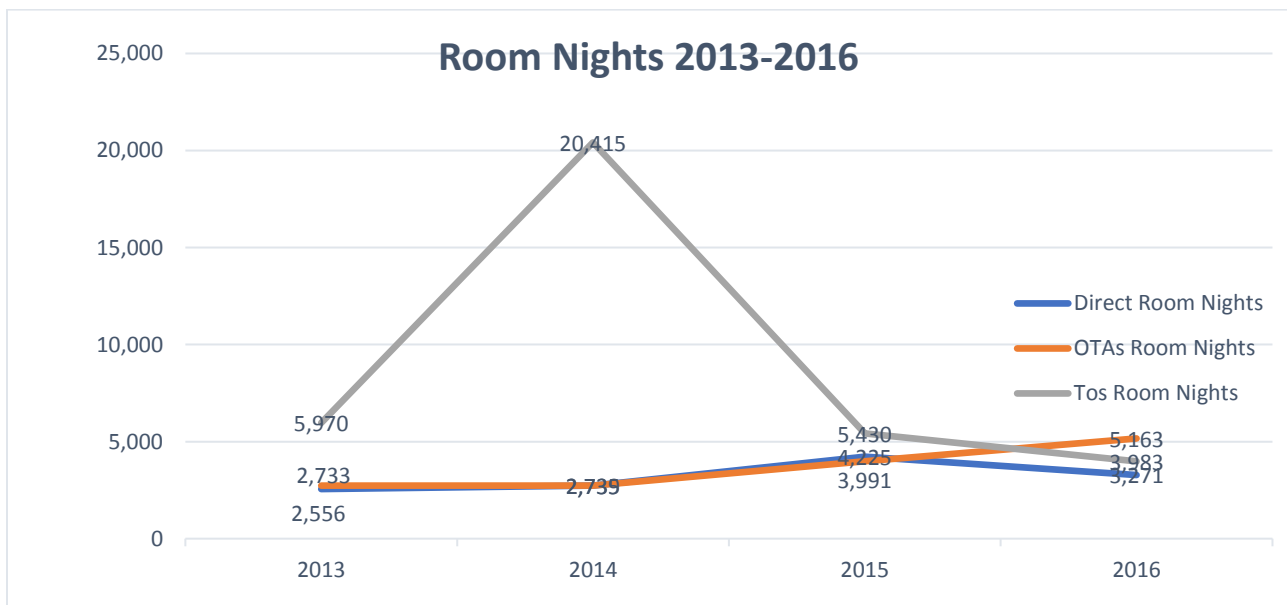
To continue with, it seems that in 2013, the Hotel had the fewest Direct Room Nights. the revenues from the Direct Bookings were 527,202 BGN, while the revenues from the OTAs were 380,824.36 BGN and from the TOs were 906,753.93 BGN (See Table 1).

Afterwards, the Average Daily Rate was estimated, demonstrating great fluctuations among these three groups. Direct Bookings faced an amount of 206.26 BGN, OTAs 139.34 BGN and TOs 151.88 BGN (See Chart 3).

Table 1: Sum of Room Nights & Net Revenues from 2013-2016.

Year	Direct Room Nights	Direct Revenues	OTAS Room Nights	OTAs Revenues	TOs Room Nights	TOs Revenues
2013	2,556	527,202 BGN	2,733	380,824.36 BGN	5,970	906,753.93 BGN
2014	2,735	531,039.97 BGN	2,739	302,794.36 BGN	7,415	801,008.39 BGN
2015	4,225	705,899.39 BGN	3,991	475,862.14 BGN	5,430	757,255.62 BGN
2016	3,271	679,994.92 BGN	5,163	744,790 BGN	3,983	631,392.41 BGN

Chart 1: Room Nights from 2013-2016.

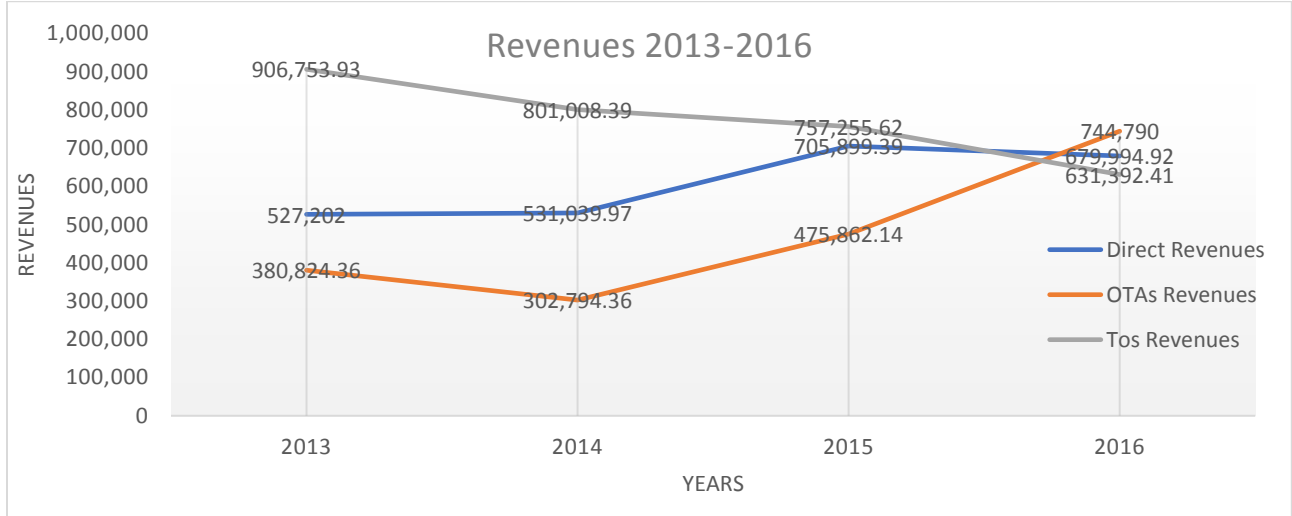


*All months are studied in each year

In the Chart 1, we see the fluctuation of the Room Nights from Direct, OTAs and TOs reservations during the years 2013-2016. The researcher discovers that OTAs and Direct follow a similar and increasing

rhythm, with OTAs increase further, especially in 2016, when Direct are seen to fall behind, being significantly decreased this year.

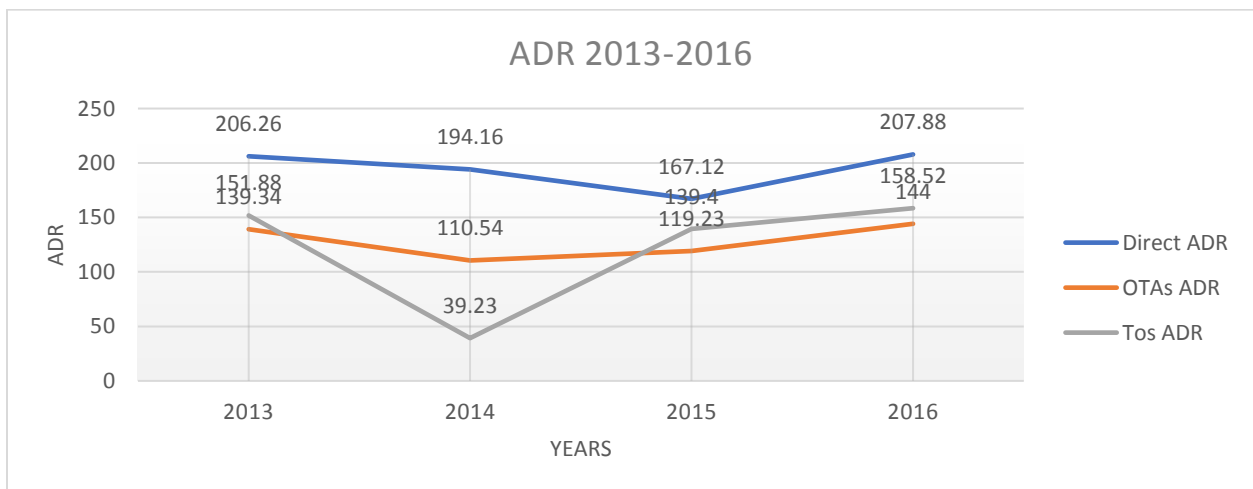
Chart 2: Net Revenues from 2013-2016.



*All months are studied in each year

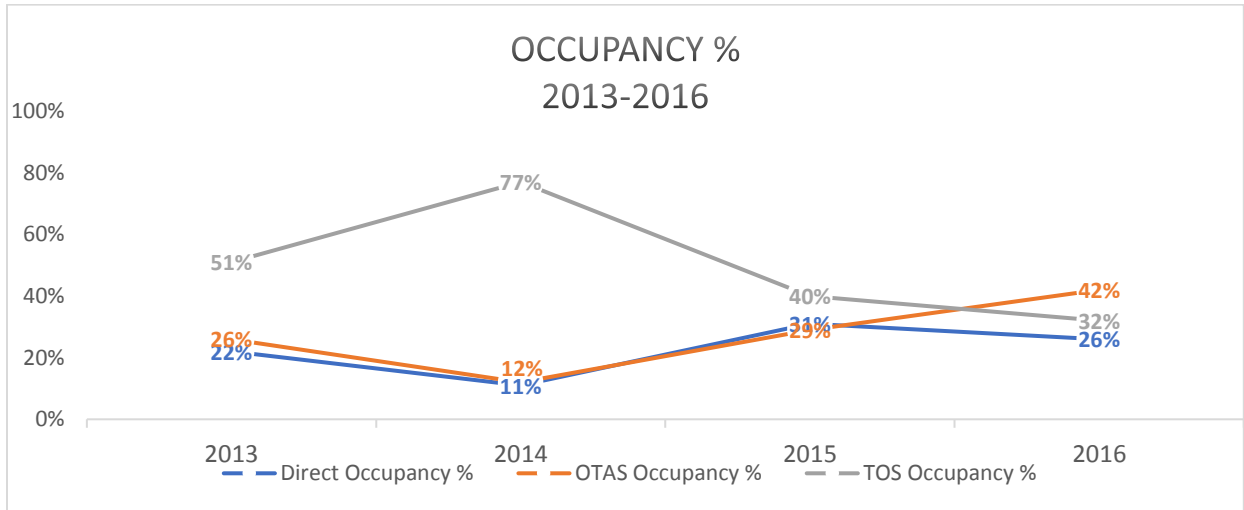
In the Chart 2, the fluctuations of the Revenues are presented for the 3 main Groups studied, outlining their development through time. It is indicated that TOs Revenues are following a decreasing rate, ending up being at 631,392.41 BGN in 2016. On the other hand, Direct and OTAs seem to follow an increasing trend, seeing the OTAs being further increased, especially in 2016. It is also demonstrated that Direct Bookings face a radical increase in their Revenues in 2015, which affected greatly the total Revenues of the Hotel that year.

Chart 3: ADR from 2013-2016.



*All months are studied in each year (Net ADRs)

Chart 4: Occupancy (%) from 2013-2016.



*All months are studied in each year

In Chart 3, the ADR of each Group are outlined between 2013-2016. The most significant fact highlighted here is that the Direct ADR is by far the highest of all. It is also reported that 2016 is the year when Direct ADR faces its biggest increase. After that, OTAs' ADR seems to be increasing at a normal pace. TOs ADR presents a significant decrease in 2014 when it is just 39.23 BGN. This is, however, changed the following years when TOs ADR is increasing, not reaching of course the powerful Direct one. At this point, it is understood that Gross ADR for Direct Booking is higher than OTAs and TOs; meaning that customers in fact pay more when they book directly. Having examined this fact, the researcher recommends a valuable solution in the 5th chapter of this paper.

4.2.2 2013

Following the generic analysis of the years 2013-2016, each month was analyzed independently in terms of Room Nights, Net Room Revenues and ADR. The researcher outlines here the detailed analysis of the most typical month chosen, which is January. For instance, the Direct Room Nights in January were 308, while the OTAs Room Nights for this month were 399. Moreover, the TOs Room Nights for January were 2,231. Revenues were also calculated regarding all these Groups, presenting that in January Direct Bookings offered 101,968.02 BGN, OTAs 99,241.73 BGN and TOs 410,152.19 BGN. However, in January the ADR of the Direct Bookings was 331.06 BGN, the OTAs one was 248.72 BGN and the TOs one was 183.84 BGN. In the Pie Charts below January's data can be viewed and studies (See Charts 5-7 at the Appendix).

4.2.3 2014

Likewise, similar data were collected for 2014, as well. To be more specific, Direct Room Nights in January were 382, offering 103,309.96 BGN and an ADR of 270.44 BGN. In the same month OTAs Room Nights were 388, offering a revenue of 80,186.56 BGN and an ADR of 206.66 BGN. It is seen here that although the Room Nights are close, the ADR is significantly differentiated. On the other hand, TOs Room Nights were 17,091 and they offered 348,547.75 and an ADR just 20.39 BGN, something that was pretty surprising. (See Charts 8-10 at the Appendix).

4.2.4 2015

The study proceeds with the year 2015. Additional research was performed in each month separately showing that in January Direct Bookings were 517, while OTAs ones were 470 and TOs were 1,717, much less than the previous year. Their Revenues were 138,651.99 BGN, 114,161.74 BGN, 297,419.59 BGN respectively and their ADR 268.18 BGN, 242.89 BGN, 173.22 BGN accordingly. The researcher sees that the ADR is greatly increased in all the three groups in 2014 (See Charts 11-13 at the Appendix).

4.2.5 2016

During 2016 the researcher notices that, January presented 357 Direct Room Nights, offering 109,096.07 BGN and OTAs 860 Room Nights, providing 71,722.02 BGN. Obviously, there is a great increase in OTAs this year, when OTAs Room Nights are almost doubled. Additionally, TOs had 1,600 Room Nights made, offering 280,620.05 BGN. Surprisingly, the ADR was 305.5 BGN for Direct, 83.3 BGN for OTAs (much lower than last year) and 175.3 BGN for TOs Bookings (almost stable ADR for TOs during the years 2014-2016) (See Charts 14-16 at the Appendix).

4.2.6 2017

The researcher analyzed 2017 until July observing that, particularly, in January the ADR was 335.96 BGN for Direct, 328.09 BGN for OTAs and 214.5 BGN for TOs. The researcher sees that there is a great increase in the ADR this year, comparing to the previous ones. On the one hand, the Room Nights were 563 for Direct, 674 for OTAs and 1,305 for TOs (less Room Nights for the TOs). On the other hand, their Revenues were 189,148.84 BGN, 221,138.64 BGN and 279,940.69 BGN respectively (it is proved that the Revenues were increased this year for all the three groups, comparing to 2016) (See Charts 17-19 at the Appendix).

4.3 Data Analysis

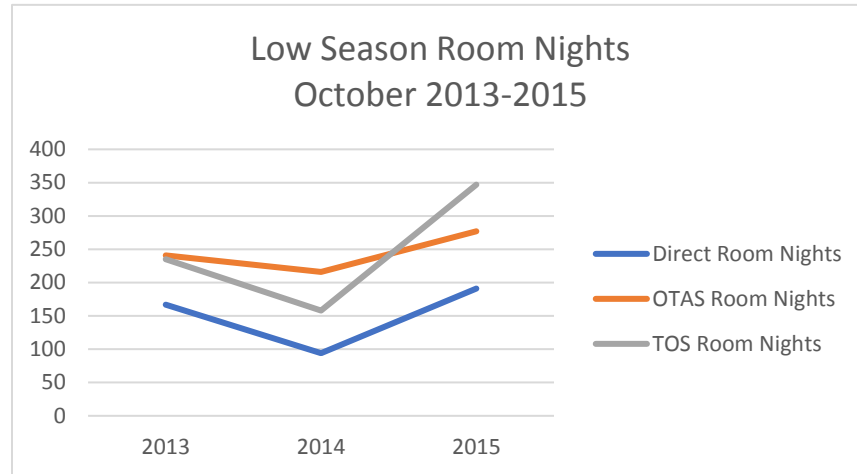
Moving on to this analysis stage of the research data it is obvious that there is a great dependence on TOs and OTAs in terms of the Hotel's occupancy. To be more specific, the majority of the bookings in every year analyzed comes from TOs which cover almost the 40% in 2015 and the 77% in 2014! OTAs, on the other hand, occupy the second most popular Hotel's Booking Group, covering the 42% of the total Room Nights in 2016 and the 26% in 2013. In terms of the Hotel's Direct Bookings, they are the minority of the Hotel's total Room Nights, covering just the 22% in 2013 and the 26% in 2016 (See Chart 4).

In general, we see that the Hotel studied has a high occupancy in every year analyzed (See Chart 4), which is increasing through the years, making the researcher realize that the Hotel is following an increasing Revenue rate, as well. For instance, the researcher observes that in January 2016 the occupancy was 84% while in February it was 85%. The same occupancy rates are obvious in the rest of the years analyzed, as December-February the Hotel is experiencing its super high season. For example, in January 2015 occupancy is 81%, while in February is 82%. In 2017, the occupancy is similar to the previous years, as in January it reaches the 86% and in February the 87%.

Of course, the researcher detects that occupancy rates to fall dramatically during the lower season, when bookings radically decrease. However, the data show that even during lower season, occupancy rates remain high thanks to the numerous Room Nights booked from TOs, which secure the Hotels Revenues. For instance, in October 2015 Direct Bookings were just 191 Room Nights, while OTAs were 277 and TOs

were 347. It is noticed that the 43% of the total Room Nights were booked by TOs and the 33% from OTAs. The researcher admits that this over-dependency to OTAs and TOs is well worth it during low season as the Hotel ensures Bookings, otherwise not made. However, which Bookings are more profitable after all for the Hotel? Is this over-dependency in fact useful for the Hotel?

Chart 20: Room Nights in October 2013-2015.



*All months are studied in each year

4.4 The Truth Discovered

An in-depth analysis conducted by the researcher tried to display whether the TOs and OTAs bookings were producing enough profits, able to make the Hotel succeed. Taking into consideration that in 2014 TOs Room Nights covered the 79% of the total bookings, following OTAs with 11% and Direct with 10%, it is more than obvious that the Hotel really needs this target market. Furthermore, when in the same year the Revenues of these Groups are analyzed, it is seen that TOs bring the 49% of the total Revenues, while OTAs the 19% and Direct the 32%. However, when the analysis reaches the ADR stage, which according to Hayes and Miller is the “actual revenue realized by a hotel after subtracting the cost of fees and assessments associated with revenue generated” (2011, p. 338). Hayes and Miller continue to state that even when the number of rooms sold and their respective rate are identical, the variation in the distribution cost can result in a different ADR (2011). This means that except for high occupancy, hotels should pay attention to their distribution pie mix. The researcher discovered that Direct Bookings of the Hotel studies are by far more profitable reaching a 57% of the total ADR of 2014, leaving TOs behind with just a 32%. A similar phenomenon is identified in 2013, as well, when TOs Room Nights cover the 53% of the total bookings, while Direct only the 23% of them. At the same time, Direct ADR comes first with a percentage of 41%, while TOs one reaches a 31%. In other words, it is stated that TOs bookings may offer much more Room Nights, but Direct ones are offering greater Net Profits.

Following this, the same situation is noticed in 2016. Direct Room Nights are just the 26% of the total bookings, producing the 41% of the year’s ADR, though. At the same time, OTAs bookings are the 42% of the total bookings offering the 28% of the total ADR. In addition, TOs Room Nights constitute the 32% of the total bookings, while offering the 31% of the total ADR of the year (See Charts 22-23 at the Appendix).

2017 is a year analyzed until July, but even from the first semester of the year it is seen that direct bookings may be less for instance in January (22%) than the OTAs ones (27%) and the TOs (51%). But, it is also determined that the biggest ADR comes from the Direct Bookings (38%), following the OTAs with a 37% and TOs with a 25% year (See Charts 23 at the Appendix).

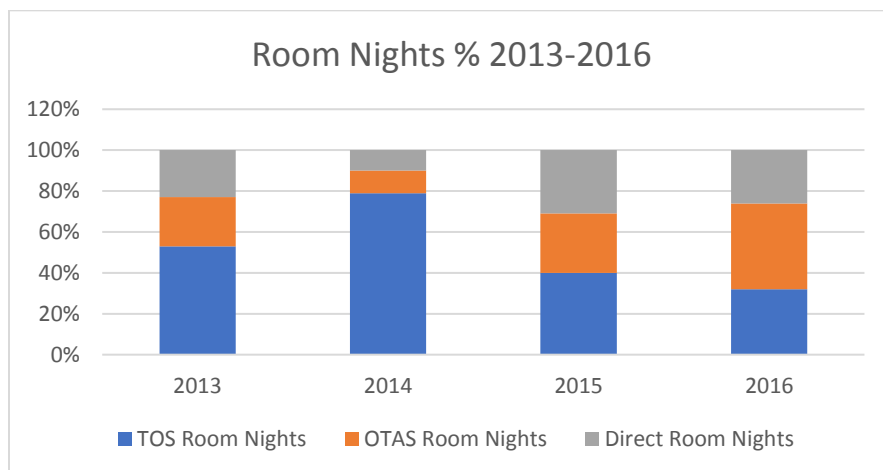
Similar data are depicted in February 2017, as well. The 53% of the total Room Nights belongs to the TOs while Direct cover only the 22%. Nonetheless, 40% of the total ADR comes from the Direct bookings, while just 22% comes from TOs year (See Charts 25-26 at the Appendix).

So, is just high occupancy enough for a hotel to achieve profitability? All the aforementioned data results in the fact that just occupancy is not always enough in order to succeed increased profitability. The most important is to have the right distribution mix focused on direct customers, even if the occupancy rate falls slightly. In this way, greater profits are reassured.

However, it is seen that the emergence of OTAs has changed the Hotel’s online bookings. OTAs have gradually become a common way of booking its rooms, revolutionizing its distribution mix. TOs still remain powerful, as well. For the hotel studied, OTAs represent both an opportunity in terms of additional revenues and incremental reservations, and a threat because of the significant commissions, just exactly it was outlined in the Literature Review above. OTAs are powerful and efficient offering incremental reservations, but they can become dangerous and decrease the Hotel’s direct bookings, as it is seen in the year 2016.

It is also proved that Direct are by far the most powerful and profitable way for hotels when acquiring reservations. This is also proved while examining the Hotel’s distribution development through the years. Specifically, over the years 2013-2017 Hotel’s distribution mix pie has changed significantly. We can see in the following graphs that in 2013 TOs were the most powerful Source, offering the majority of the Hotel’s Room Nights (53%). Their popularity was even greater in 2014 reaching the 79% of the Hotel’s Room Nights. Yet, in 2016 TOs were dramatically weakened, offering just the 32% of the total Room Nights.

Chart 21: TOs Room Nights 2013-2016.



*All months are studied in each year

On the other hand, although Direct Room Nights were fiercely decreased in 2014, they were greatly increased in 2016 reaching a 26%, offering 41% of the Hotel's total ADR. This increase is not accidental as it markedly comes to agreement with the almost double-time increase of the total Hotel's Revenues in 2016 comparing to 2015 (2016: 2,411,607.47 BGN – 2015: 1,939,017.15 BGN) (See Charts 27-32 at the Appendix).

4.5 Assumptions & Delimitations

Leedy and Ormrod stated that assumptions are so fundamental for every study; otherwise the research problem itself could not exist (2010). Thus, it is mandatory to assume that all the data used for this study have originally been placed and divided correctly both by the Reservations Manager and the Sale Manager of that time. We also trust that the PMS system has preserved these data intact through time, without making any changes or without eliminating any information.

Moreover, the delimitations that restrict the scope and define the boundaries of this study focus on the fact that there is only one Bulgarian Hotel studied, while the data cover the period from January 2013 until August 2017 (the latest period that could be analyzed while this study was taking place). Finally, corporate groups and leisure groups are omitted from this distribution mix analysis, because they formulate a separate category in the distribution mix of this specific Hotel which would make our analysis more complex. As a result, it was decided not to be included.

4.6 Conclusions

All in all, the researcher influenced by the concepts identified in the Literature Review, discussed in this chapter the secondary data from the research conducted. Consequently, data were integrated and analyzed leading to particular conclusions. The evidence of researcher's work points towards the idea that although the Hotel is highly depended on OTAs and TOs, Direct bookings are by far more powerful and profitable. However, the Hotel needs OTAs and TOs especially for the low season when its popularity decreases and minimum reservations are made by independent individuals. In addition, high occupancy alone is not enough for achieving greater profits, as in case the hotel raises its occupancy rate with reservations made by TOs or OTAs, revenues are always affected by commissions which are rather high and minimize its profit margin. Furthermore, the Hotel should always consider that in cases when occupancy is high, operational costs rise as well, underlying the fact that occupancy had better rise from Direct reservations, which offer a greater ADR. This means that high occupancy had better be accompanied by a high ADR, otherwise lower ADR may keep the revenues at a certain level, as the operational costs are very high when the occupancy is high (i.e. food cost, daily cleaning, maintenance). For instance, in February 2017 the operational costs were 232,000 € while the occupancy was 72%, which totally proves that high occupancy can become rather "expensive". Finally, selling at an optimum price and monitoring the distribution mix day by day and month by month is by far more profitable. And in the end if direct bookings are profitable, how can this Hotel increase them? How can a hotel ensure favorable financial results, after all?

5 RECOMMENDATIONS FOR IMPROVING DIRECT BOOKINGS USING TECHNOLOGY

5.1 Introduction

The investigation revealed that direct bookings offer a greater profit margin. However, the digital era we live in, there is still the tendency in booking through middlemen. How can a hotel reverse this situation or play a more drastic role regarding direct hotel bookings? How can the Hotel studied ensure favorable financial results, focusing on its ability to increase its direct bookings?

5.2 Hotel Strategy Suggestions

Hotels are now putting more investment into their direct distribution channel so as to attain greater profits. However, smaller hotels do not obtain the same budget as well as power to counteract OTAs and TOs. Thus, the wonder lies on the potential of the smaller and independent Hotels, just like the one studied on this paper. Direct booking wars are on the rise and Hotels certainly need to adapt in order to win. As might have been expected though, the customer knows with a bit of search that Direct Bookings cost him more right now at the specific Hotel. So, what the Hotel needs to firstly do is to keep the Gross ADR for Direct Bookings the same and not more expensive from OTAs. Then, the Net Direct ADR for the Hotel will be much higher, and at that point the Hotel will be able to make profit. In this way, customers will be much more tempted to book directly, as they will be convinced that they will gain true benefits. Afterall, it's all about having a smart and balanced distribution, strategy using always the right tools and the receiving bookings from the right group at the right time -having always in min the perishable nature of all the hotel rooms in the Hospitality Industry. After a thorough data analysis, this section provides substantial recommendations, hereby made, aiming at the Hotel's future success.

5.2.1 Digital Marketing & Google Analytics

First and foremost, the Hotel should embrace technology. According to Softinn Knowledge Base, 76% of online bookings happen through OTAs nowadays and 50% of the Internet users opt to visit the official hotel website after discovering them through OTA (2017). Of course, this is where opportunity comes in. The Hotel should build a website using a great variety of pictures including all the necessary information regarding its facilities and rooms, making sure that it provides more detailed information than OTAs do. Moreover, the Hotels website appears rather static at the moment which means that it is not vibrant, active and keyword-oriented. To be more specific, a new marketing assistant should get hired to be responsible to manage the content of the website which needs to be updated with articles, news and offers much more often. In this way, the website will take advantage of the keywords used in the new texts and will appear in a prominent position in the organic Google results. As a result, it will get more impressions and become more visible to the Internet users.

According to Ting, smaller Hotels just need to provide a simple message on their sites, telling your customers they prefer if they book direct, without having to steal ad campaign messages Hotels like Hilton have (2017). Consumers intrinsically know they want a direct relationship and they want to cut out the middle man and hotels just need to show this message in their homepage clear cut (Ting, 2017). Of course, the Hotel studied does not need to promote its lower direct prices as this eventually has a negative impact

on users' mind in terms of the Hotels quality and trust-worthiness. Instead of this, the Hotel should raise travellers' awareness by giving them an impression that when booking through its official hotel website, they will be given additional benefits during their stay which will lure them and make their stay more special, such as Spa vouchers, free transfers or even complimentary meals in its outlets. In this way, more users will be attracted and become willing to book directly. Moreover, if the gross ADR for direct bookings is the same or just a bit lower than OTAs, then the Net direct ADR for the Hotel will be much higher, and there is where the hotel makes profit. Besides that, Hotel will follow a more customer-centric policy, aiming at its guest superior experience.

Furthermore, as mobile use is also on the rise, currently making up half of all hotel website traffic, and approximately 20% of all direct bookings, the Hotel needs to create a responsive mobile friendly website, able to be adapted in different screen sizes, as well (Lulla, 2016). To be more specific, the mobile version of the website should be clear, simple, fast, having optimized pictures, along with short and simple content. Users should also be able to navigate the website with just the use of their one hand and touch the menu and the buttons without any difficulty; this means that they should be big enough in order to facilitate the navigation. Moreover, the call to action, the "book now" button should stand out, urging the users to make reservations. Mobile users are expected to increase in the coming years and this Hotel needs to invest in its mobile channel, ensuring the accommodation of the varying device sizes, as well as the launch of specific mobile pricing strategies traveler (Lulla, 2016). In general, the Hotel needs to improve the overall mobile booking experience to accommodate and attract more easily the increasingly mobile-dependent traveler (Lulla, 2016).

What is more, Search Engine Optimization (SEO) should be implemented, which means that the Hotel's website should be fostered with relevant content, getting traffic from the "organic" search results on search engines. In general, Google results are shown and ranked based on what the search engine considers most relevant to users. This means that a proper Market Research should be made in order to see what users are searching for before they book a hotel in Bansko. Then, these keywords need to be added in the Hotel's website. Furthermore, Google My Business is a free and necessary tool for businesses to manage their online presence across Google, including Search engine and Google Maps. The Hotel does not only need to verify and edit its business information, but also it needs to always update its material and content and respond to its reviews, so that potential guests can both locate it and be allured by the story that spreads around it. Google My Business helps also the Hotel to be listed in a higher ranking in search results. According to Frederic Gonzalo, a heavier investment on Google AdWords campaigns is required, as well as dedicated landing pages for increased conversion rates -the percentage of visitor who book (2017). Google AdWords is in fact Google's online advertising program. Through AdWords Google Campaigns, the Hotel can create online ads to reach people exactly when they're interested in booking. It can easily attract them according to their location, demographics, preferences, and likings. Undoubtedly, among the distribution options, digital media should come first for costs. Investment on social media advertising campaigns is also mandatory, as in this way the Hotel will have the chance to engage with the users and make advocates which will digitally support and promote their brand (Gonzalo, 2017).

5.2.2 Additional Business Suggestions

What is more, the Hotel should always be advised by its Google Analytics, a free web analytics tool which provides statistics, facilitating Search Engine Optimization and marketing purposes, such as awareness and promotion. Having made a proper Google Analytics analysis regarding the websites popularity in

different markets, it is understood that the Hotel’s website should be also translated in Russian and Macedonian (except for Bulgarian, English and Greek that are already included). To be more specific, the results of the Google Analytics, covering data from 2017, indicate that the most popular Internet searches for the Hotel’s website stem from these countries: Bulgaria, UK, Greece and Macedonia (FYROM), while cities are Sofia, London, Bansko and Thessaloniki (See Figure 1 & 2). This means that the digital campaigns should focus on these countries, along with keywords translated in the respective languages.

Figure 1: Most popular countries in the Hotel’s website

Country	Sessions	% Sessions
1.  Bulgaria	12,882	25.22%
2.  United Kingdom	12,664	24.79%
3.  Greece	6,871	13.45%
4.  Macedonia (FYROM)	3,892	7.62%
5.  United States	2,509	4.91%
6.  Romania	1,542	3.02%
7.  Israel	1,482	2.90%
8.  Turkey	940	1.84%
9.  Serbia	655	1.28%
10.  Russia	646	1.26%

Figure 2: Most popular cities in the Hotel’s website.

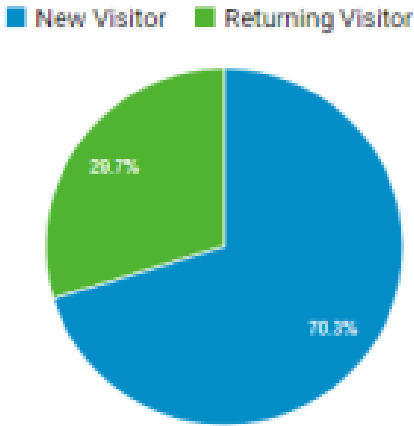
City	Sessions	% Sessions
1. Sofia	6,455	12.64%
2. London	4,079	7.98%
3. (not set)	3,902	7.64%
4. Bansko	2,520	4.93%
5. Thessaloniki	2,501	4.90%
6. Skopje	2,300	4.50%
7. Athens	1,887	3.69%
8. Ashburn	1,617	3.17%
9. Tel Aviv-Yafo	1,030	2.02%
10. Bucharest	908	1.78%

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Moreover, we see that the new visitors, who are probably in the Customer Buying Process, are by far more than the Returning ones (See Figure 3). This means that the Hotel generally does well in its Google Campaigns, gaining impressions and new website guests, but needs to increase its ability to make customers purchase and finally convert. It needs more simple messages and more call to action buttons

to influence users to convert. For example, in 2017 the sum of the Google Campaigns was 10,310.77€, while the total Conversion value was 28,492.61€. This means that the conversion rate is only 36%, and it needs to be increased.

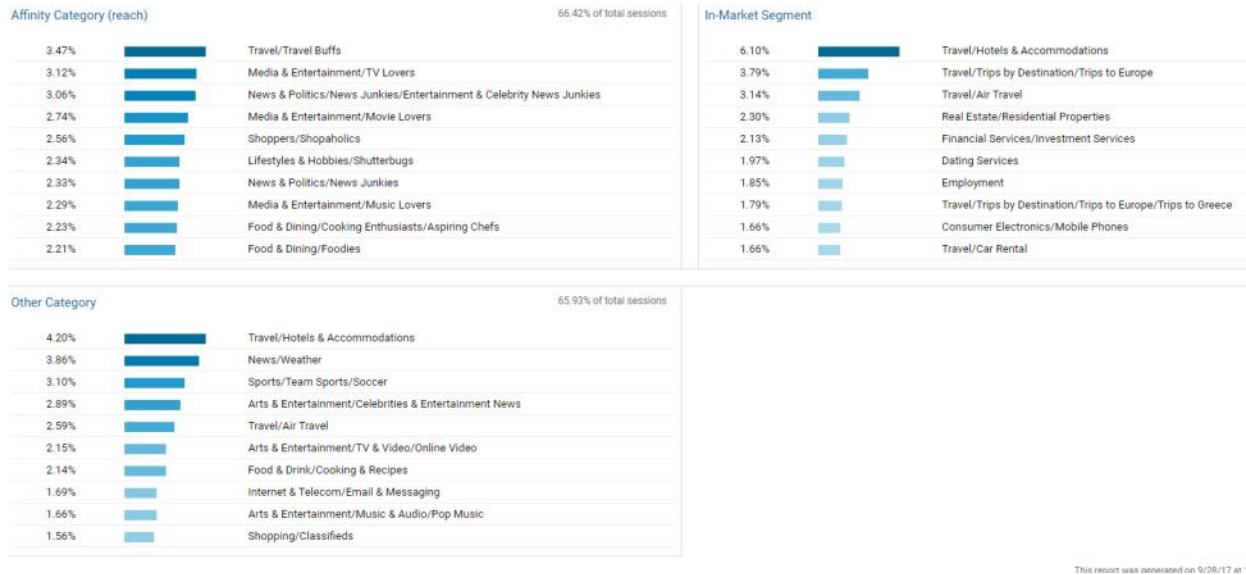
Figure 3: New & Returning Visitors.



Hotel's Google Analytics Website

Google Analytics small study also highlight the users' interests, facilitating the construction of the upcoming Digital Campaigns (See Figure 4).

Figure 4: Users' Likings.



Hotel's Google Analytics Website

However, the data imply that there is a huge bounce rate of 51,49% in the New Visitors (which means that almost half of the users who enter the website, go away after having seen just one page of it), while the Returning ones bounce at 48,54% (See Figure 5). A more detailed table below indicates that the biggest bounce happens between 0-10 seconds of the first sessions, which means that the content, the and the pictures in the homepage should become more appealing and eye-catching leading the users to conversion -meaning to make them finally book- (See Figure 6).

Figure 5: Bounce Rate of New & Returning Visitors.

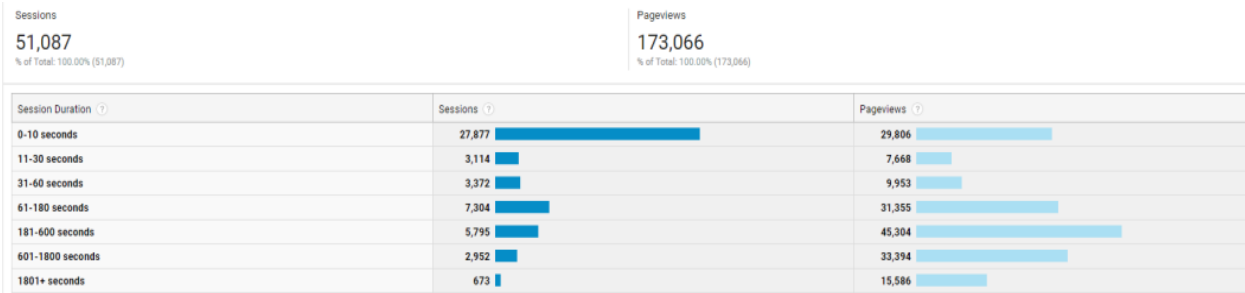
User Type	Acquisition			Behavior			Conversions eCommerce		
	Sessions	% New Sessions	New Users	Bounce Rate	Pages / Session	Avg. Session Duration	Transactions	Revenue	Ecommerce Conversion Rate
	51,087 <small>% of Total: 100.00% (51,087)</small>	70.30% <small>Avg for View: 70.30% (0.00%)</small>	35,913 <small>% of Total: 100.00% (35,913)</small>	50.64% <small>Avg for View: 50.64% (0.00%)</small>	3.39 <small>Avg for View: 3.39 (0.00%)</small>	00:02:34 <small>Avg for View: 00:02:34 (0.00%)</small>	191 <small>% of Total: 100.00% (191)</small>	€118,431.44 <small>% of Total: 100.00% (€118,431.44)</small>	0.37% <small>Avg for View: 0.37% (0.00%)</small>
1. New Visitor	35,913 (70.30%)	100.00%	35,913(100.00%)	51.49%	3.23	00:02:17	74 (38.74%)	€43,292.33 (36.55%)	0.21%
2. Returning Visitor	15,174 (29.70%)	0.00%	0 (0.00%)	48.64%	3.76	00:03:13	117 (61.26%)	€75,139.11 (63.45%)	0.77%

Show rows: 10 Go to: 1 1-2 of 2

This report was generated on 9/28/17 at 10:16:52 AM - Refresh Report

Hotel's Google Analytics Website

Figure 6: Session Duration & Bounce Rate.



Hotel's Google Analytics Website

Finally, the table below points towards the idea of which aspects of promotion should be empowered in order to attain more conversions (See Figure 7). For example, Direct reach has been increased by 4,81% (visitors who reached the website by typing the Hotel's URL directly into their browser), while paid and organic search are in decline which means that they should be boosted in the near future so as to gain more visitors (paid is when the visitors reach the Hotel by clicking at a paid Google advertisement, while organic is when they reach the hotel through an unpaid search engine listing).

Figure 7: Channel Grouping's Sessions.

Default Channel Grouping	Acquisition		
	Sessions	% New Sessions	New Users
	44.25% 51,087 vs 91,631	0.66% 70.30% vs 69.83%	43.88% 35,913 vs 63,990
1. Direct	4.81% 13,695 vs 13,067	5.64% 75.81% vs 71.76%	10.72% 10,382 vs 9,377
2. Paid Search	-27.13% 10,478 vs 14,379	8.62% 79.90% vs 73.56%	-20.85% 8,372 vs 10,577
3. Organic Search	-39.61% 19,757 vs 32,717	-15.27% 61.99% vs 73.16%	-48.84% 12,247 vs 23,937
4. Referral	-43.97% 3,905 vs 6,970	15.77% 74.83% vs 64.63%	-35.14% 2,922 vs 4,505
5. Social	-47.96% 2,199 vs 4,226	9.90% 80.54% vs 73.28%	-42.82% 1,771 vs 3,097
6. Display	-87.87% 957 vs 7,889	-64.93% 20.38% vs 58.11%	-95.75% 195 vs 4,584
7. (Other)	-98.37% 85 vs 5,227	-69.77% 21.18% vs 70.04%	-99.51% 18 vs 3,661
8. Email	-99.74% 11 vs 4,199	11.40% 54.55% vs 48.96%	-99.71% 6 vs 2,056
9. Other Advertising	-100.00% 0 vs 2,957	-100.00% 0.00% vs 74.26%	-100.00% 0 vs 2,196

Hotel's Google Analytics Website

5.2.3 Further Actions

Providing incentives and special treatment to guests during their stay is an ideal way to strengthen the relationship with the customers, increasing the satisfied ones making them want to visit again. In this way, the Hotel can gather guests' data and implement re-marketing, which of course requires less effort and less financial spending (Lulla, 2016). Sending out regular newsletter with time-sensitive offers to them would be an ideal way to make them want to visit again. Loyalty programs are widely used from established hotel chains with lots of success, but in our case, it is better to implement firstly special promo codes, specifically targeting at repeater guests, encouraging them to visit back the Hotel. Following this, as the Hotel studied belongs to a holding group, a Hotel Management company, it is suggested to implement a loyalty program in the near future, which will apply to all company's properties, giving the opportunity to the guests to become loyal, know the company's properties, travel more and benefit at the same time.

It is also suggested that the Hotel studied must adopt an active CRS (Central Reservations System), a dynamic system designed not just to be a simple reservationist, but also an active salesperson. A CRS provides hotel room rates along with availability for many different distribution channels, including also the OTAs and the TOs. This means that it functions according to demand opening and closing channels, while increasing and decreasing prices. The CRS can distribute the Hotel over a multitude of channels including the Hotel's website, GDS and IDS and give you precise data including reputation scores and competitor's information. Moreover, CRS is also a database distribution system, which can gather and save substantial guest data to be used in the future reservations, making the more tailor-made and more personalized future visit. As a result, this will make guests feel more intimate with the Hotel brand, making them more loyal. In a nutshell, CRS system gives the hotelier a complete view of his Hotel facilitating the transmission of the information, optimizing the operations, ending up offering the maximum profits. In addition, a Price Optimizer tool will also be effective, as it will offer advanced pricing recommendations, maximizing RevPAR and the Hotel's profits, providing frequent demand forecasts per segments. The Price Optimizer will offer intelligent forecasting algorithms boosting the revenues. It will automate the routine revenue management activities to save time and effort.

Furthermore, the utilization of a reputation management tool is suggested, which will allow the aggregation of the Hotel's reviews from various websites, the monitoring of the social media and the automate sending of a pre/mid/post stay satisfaction survey to the guests (Boss, 2017). In this way, a high online reputation index is ensured, which will enable the Hotel to increase its average daily rate (ADR), leverage the online reviews, improve Hotel's ranking, outperform competitors and finally increase its revenues.

Except for the Reputation Management System, when completing a reservation through the Hotel's website, it would be ideal to offer a small questionnaire addressing the guest asking him to fill his extra needs that were not offered, while the reservation was made. In this way, the direct reservation could be ameliorated and customized, attracting more and more users.

Since an Online Travel Agency is the preferred way to make bookings online, this Hotel must consider mirroring the way they display its services. For instance, displaying a few reviews from previous guests on the webpage and list its rooms according to their price from lowest to highest would make the Hotel's interface more user-friendly. It could also have a best-room-deal listed in a prominent position in the hotel webpage which users can book easily and directly. What is more, a Price Transparency Widget could be

used, which shows the price for the same room in other OTAs, ensuring that through the direct bookings, guests will have more benefits during their stay (Lulla, 2016).

However, the Hotel should also focus on its relationship with the TOs, who are in fact its most profitable source, essential during its low season. The Marketing Department of the Hotel should make sure it markets properly the Hotel's offerings, providing updated material and raising the awareness that they offer valuable and unique products to them. They should also ensure that their offerings are flexible and ready to be used from TOs when they want to customize their clients' travel itineraries. In addition, the TOs expect a convenient online booking system, with which they will automatically make their reservations. As a result, the hotel should promote its booking engine which has a special section only for the TOs, just to facilitate their booking process. Of course, the Marketing Department should also ensure that it networks well with TOs through in-person networking events, industry conferences, and even social media. In this way, it engages them and promotes a Hotel's TOs friendly image.

All in all, despite the desire to avoid commissions to any intermediaries, OTAs are still important regarding hotels' distribution mix. So, relying on OTA is still a necessary option for hotels. The OTAs' influence is powerful and can make listing hotels popular, broadening their online visibility and are always part of an effective sales strategy. As Mahmoud states, OTAs empower hotels to act fast, try promotions and stimulate buyers (2016).

5.3 Future Research

This research study suggests further investigation on the Hotel's potential in terms of direct bookings. To provide a compelling argument as to the ways and the actions of the Hotel towards new strategies, this study recommends for further research in the actualities of the bookings through the implementation of experiments. This means that a thorough analysis should be made on the Hotel's PMS in order to examine in detail the fluctuating demand, and the existing opportunities regarding direct reservations. Experiments could be implemented regarding the Hotel's website, as well as on social media and google campaigns in order to see the best and most profitable fit. Changes in the layout and the design of the website could also be made along with A/B testing versions in order to see which one appeals the most to the users.

5.4 Conclusion

All in all, this study is the first step towards encouraging more direct bookings in the specific Hotel. The study has revealed that direct bookings are powerful and necessary for the Hotel's fruitful and prosperous future. The method applied clarifies the groups that are important regarding the Hotel's bookings highlighting the direct ones, which cannot be ignored because they represent the most profitable way, offering no commissions. However, the findings along with the Google Analytics ones demonstrate the fact that there is an unexploited digital potential, which the Hotel needs to include in its future strategy, if it desires to increase its direct reservations and its loyal guests. What is more, a thorough market research must be made in order to pay more attention on the under serviced markets, meaning the different countries and ages. Consequently, the researcher suggests that the best way is to focus on the most popular markets and embrace technology in order to attract, engage and acquire repeater guests. Moreover, implementing and using a powerful CRS system would increase satisfied guests and would increase the ability to the in-between for direct communication. Last but not least, a website transformation should be implemented, as mentioned above, transforming the Hotel's website, making

it simpler in meaning and richer in pictures and content. Its mobile version needs also amendments, as it should be simpler in use and faster, providing clear call to actions “book now” buttons. As a result, more direct bookings will be encouraged. However, as the study has already revealed, the Hotel should be very careful with the balance of its distribution mix, paying attention to its popular channers which offer an extremely important source of income. After all, as seen above, OTAs and TOs cannot be avoided in this situation, at least for the near future, as they play a fundamental role in the Hotel’s healthy distribution mix. A careful restriction should occur in these channels, in order to reassure profit, avoiding minimizing their power.

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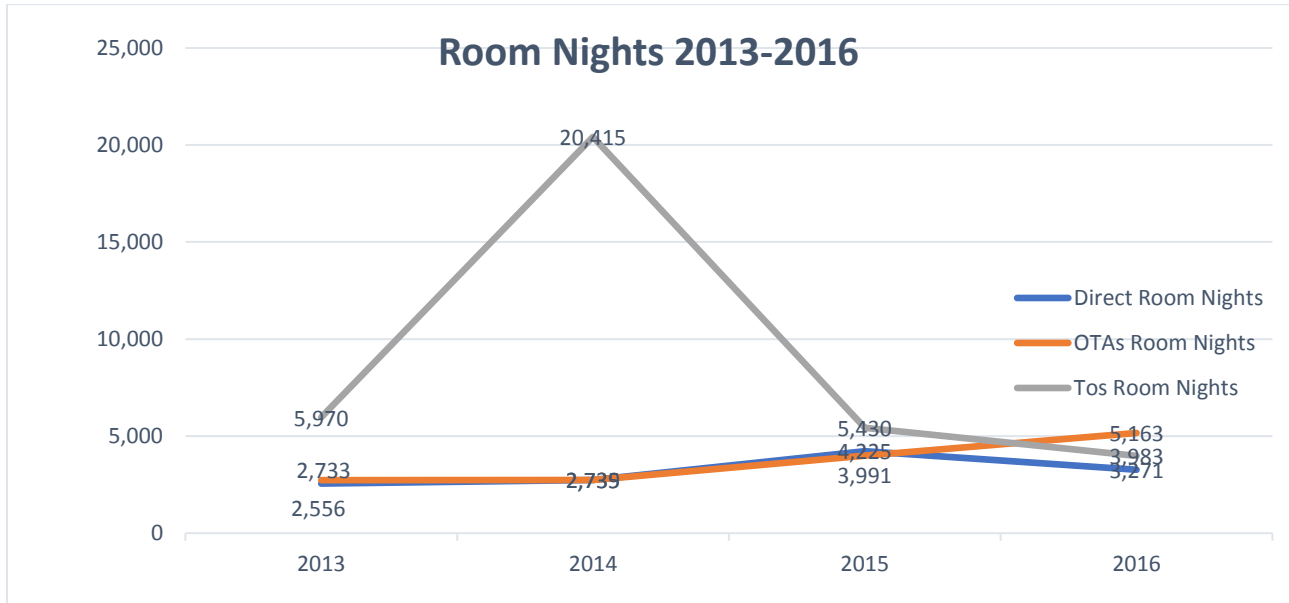
APPENDIX A

Table 1: Sum of Room Nights & Net Revenues from 2013-2016.

Year	Direct Room Nights	Direct Revenues	OTAS Room Nights	OTAs Revenues	TOs Room Nights	TOs Revenues
2013	2,556	527,202 BGN	2,733	380,824.36 BGN	5,970	906,753.93 BGN
2014	2,735	531,039.97 BGN	2,739	302,794.36 BGN	7,415	801,008.39 BGN
2015	4,225	705,899.39 BGN	3,991	475,862.14 BGN	5,430	757,255.62 BGN
2016	3,271	679,994.92 BGN	5,163	744,790 BGN	3,983	631,392.41 BGN

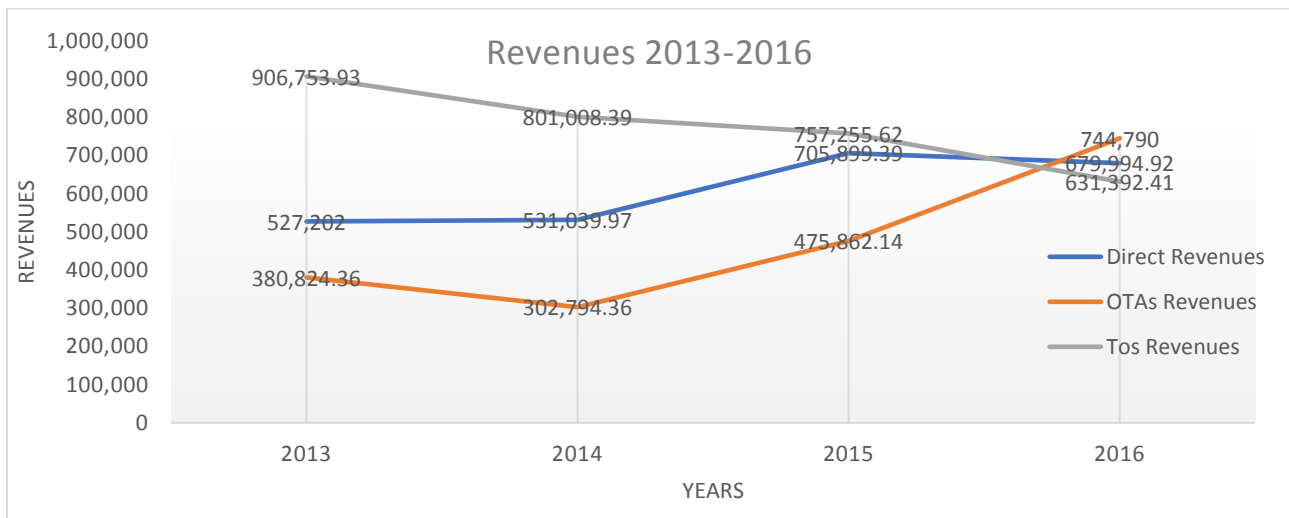
APPENDIX B

Chart 1: Room Nights from 2013-2016.



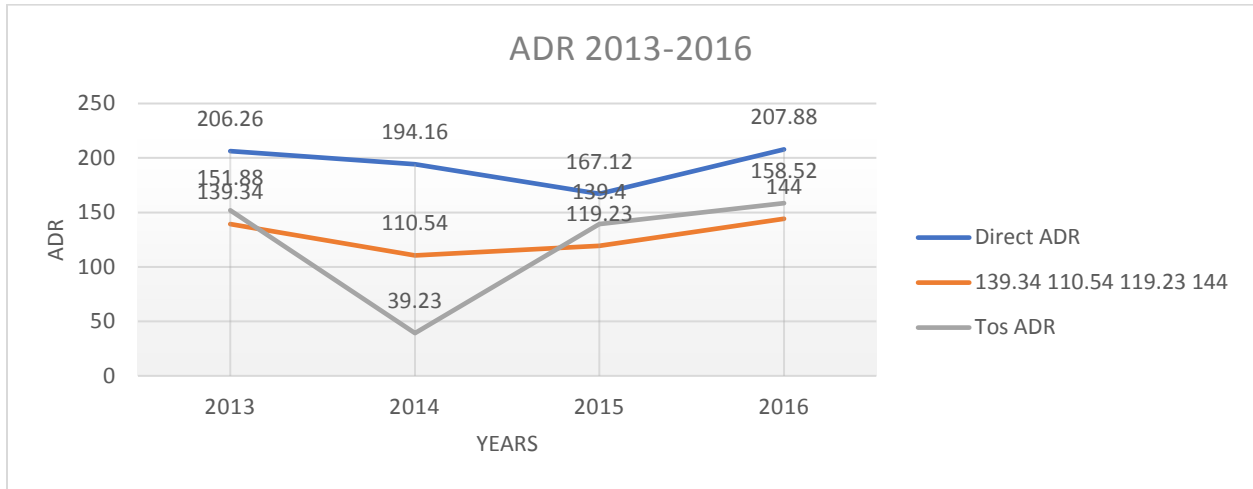
*All months are studied in each year

Chart 2: Net Revenues from 2013-2016.



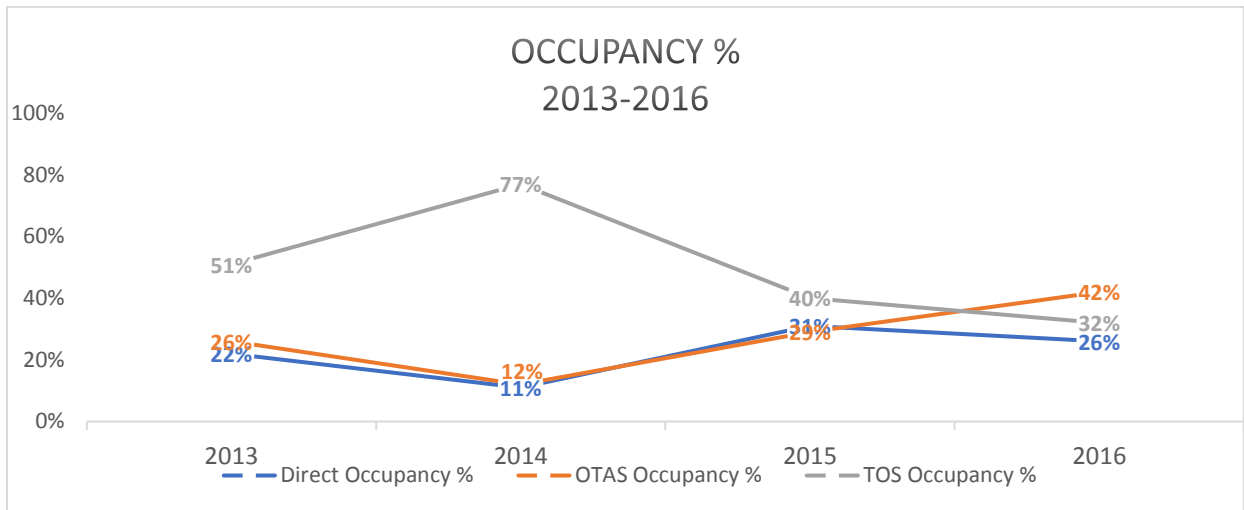
*All months are studied in each year

Chart 3: ADR from 2013-2016.



*All months are studied in each year

Chart 4: Occupancy (%) from 2013-2016.



*All months are studied in each year

Chart 5: Room Nights booked in January 2013.

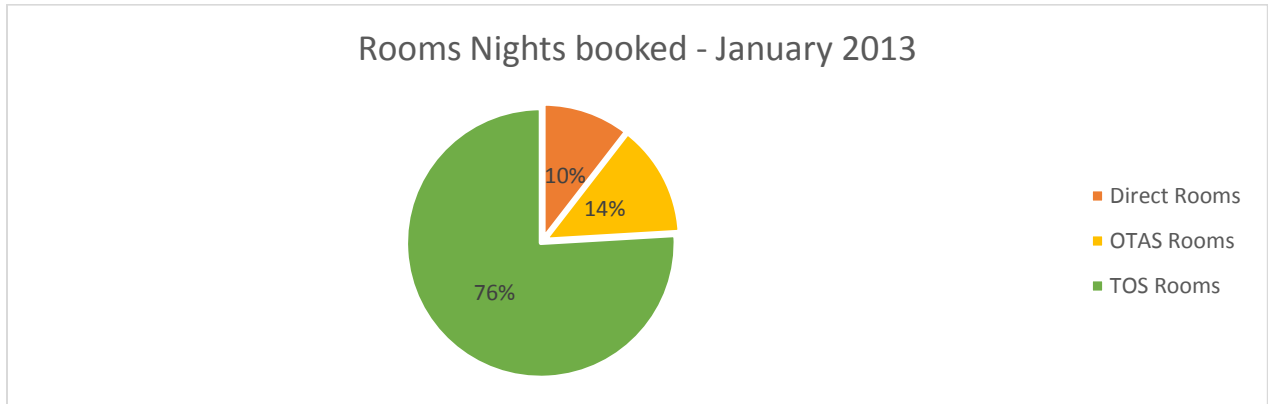


Chart 6: Revenues in January 2013.

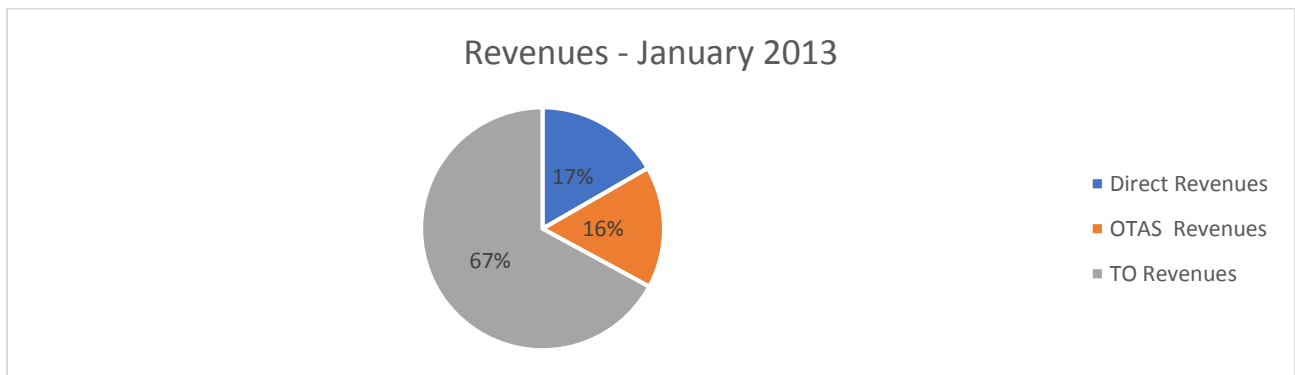


Chart 7: ADR in January 2013.

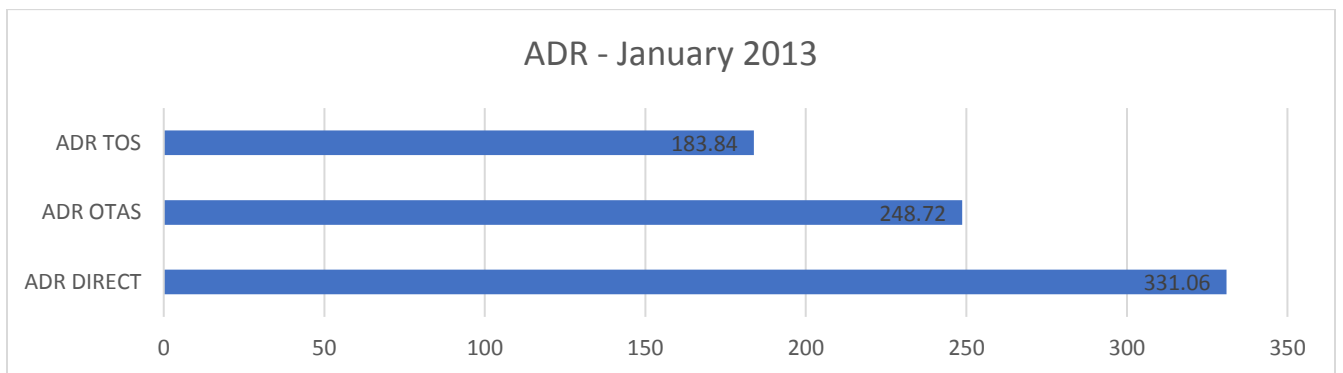


Chart 8: Room Nights in January 2014.

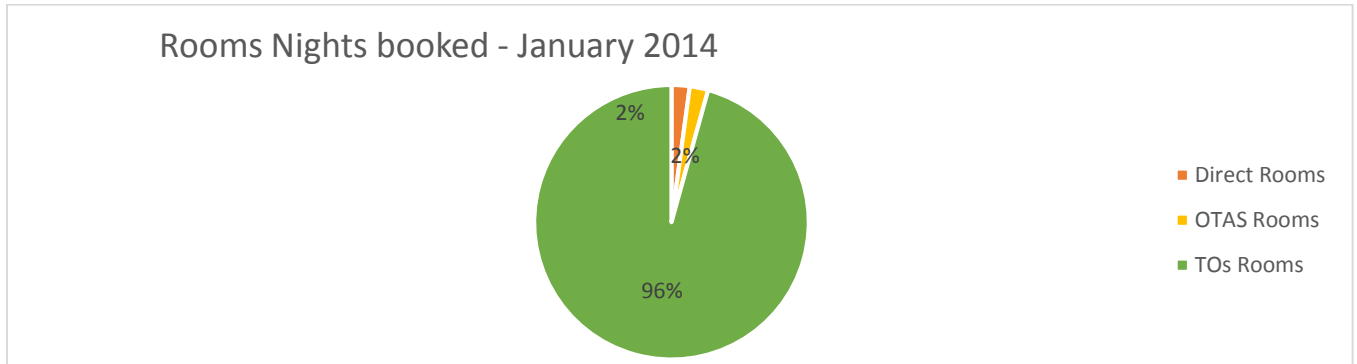


Chart 9: Revenues in January 2014.

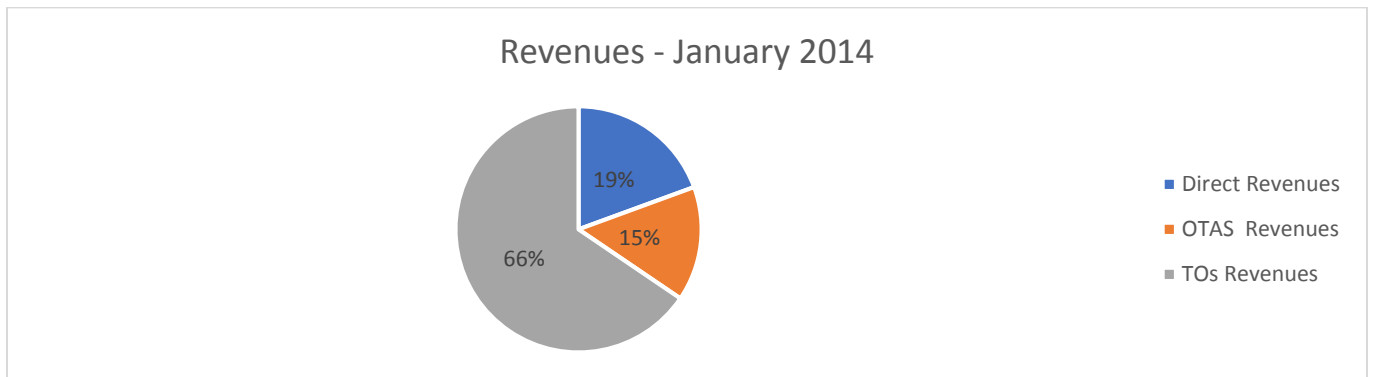


Chart 10: ADR in January 2014.

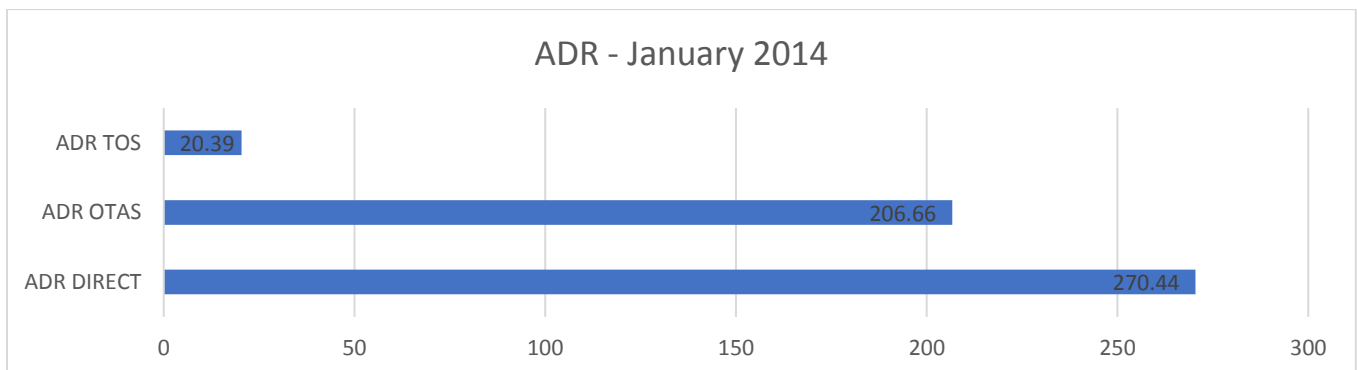


Chart 11: Room Nights in January 2015.

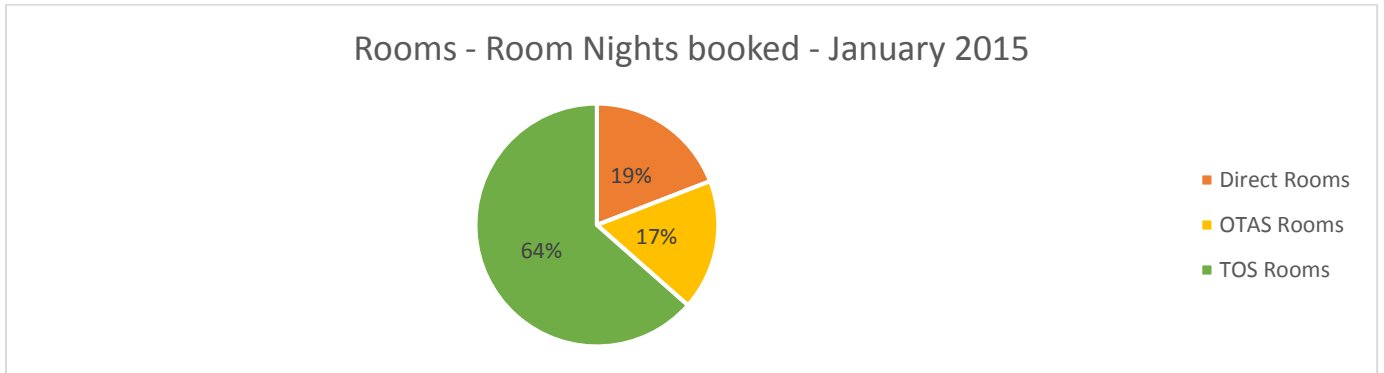


Chart 12: Revenues in January 2015.

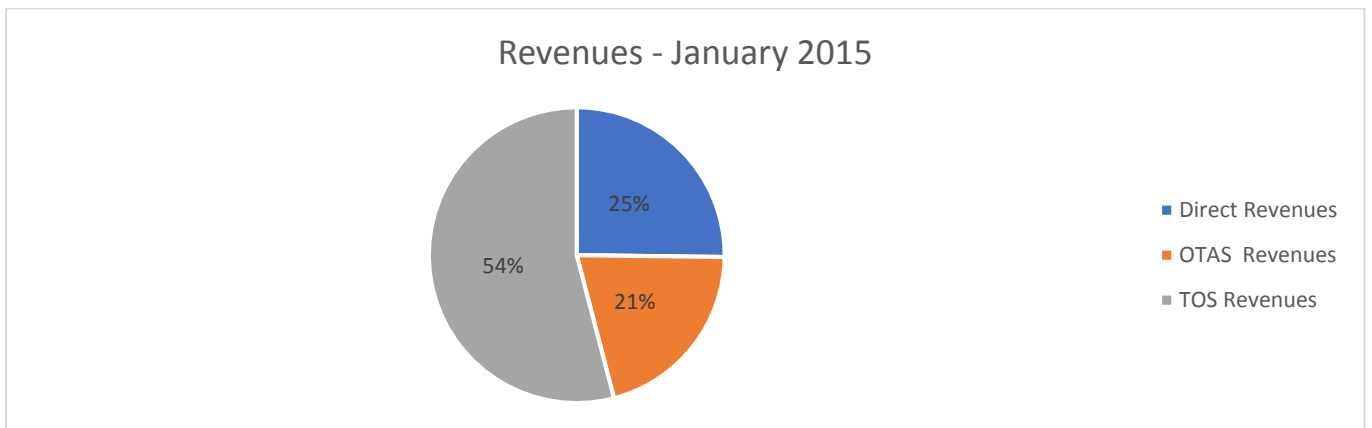


Chart 13: ADR in January 2015.

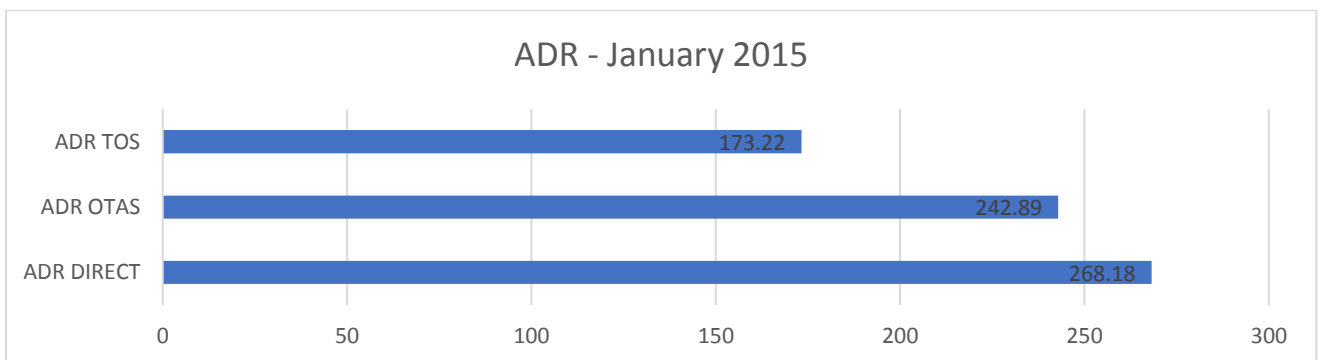


Chart 14: Room Nights in January 2016.

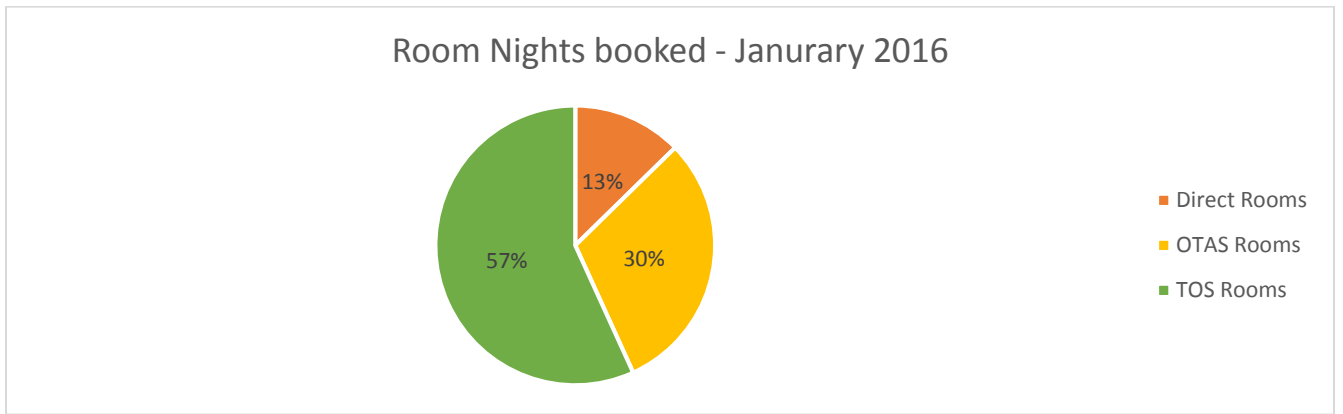


Chart 15: Revenues in January 2016.

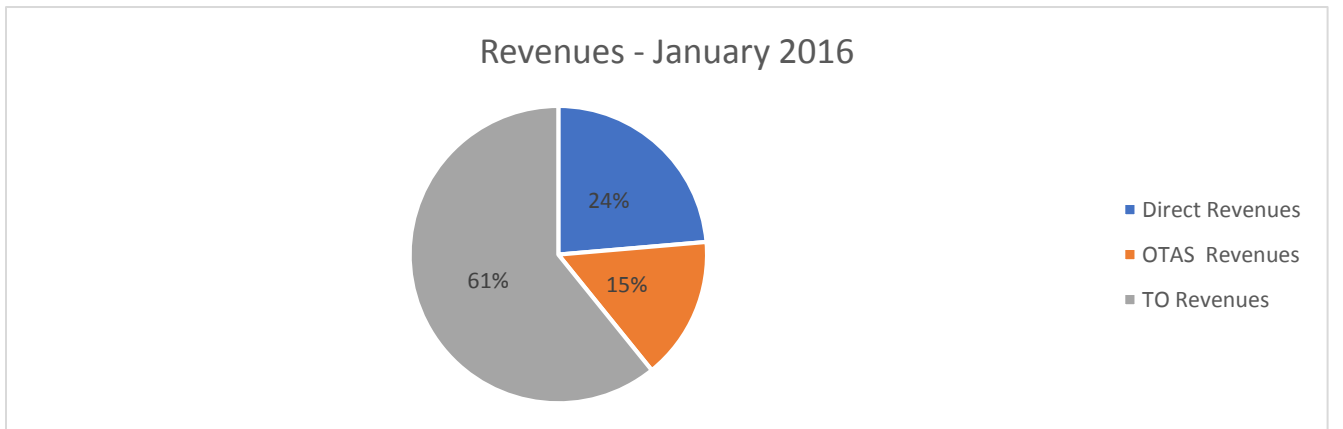


Chart 16: ADR in January 2016.

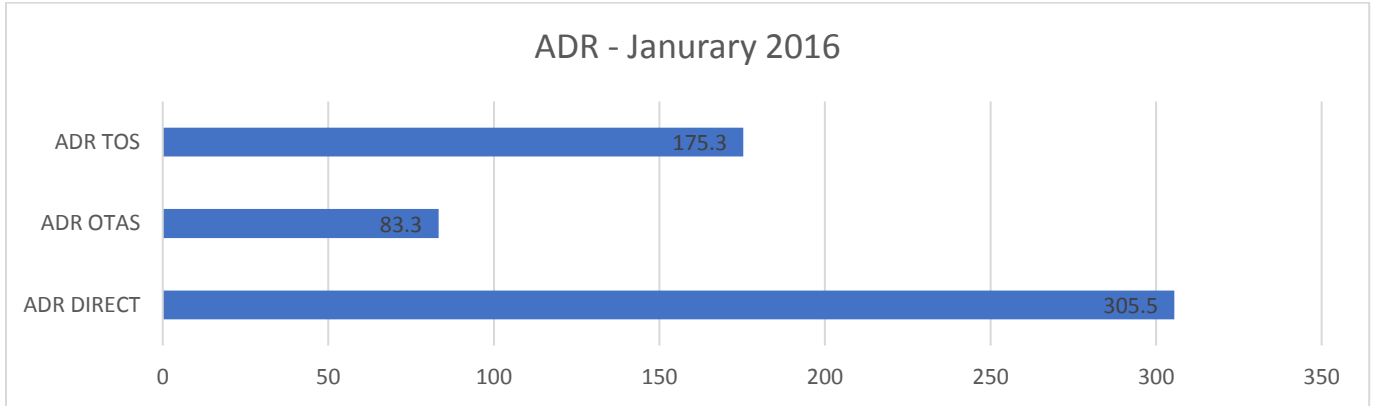


Chart 17: Room Nights in January 2017.

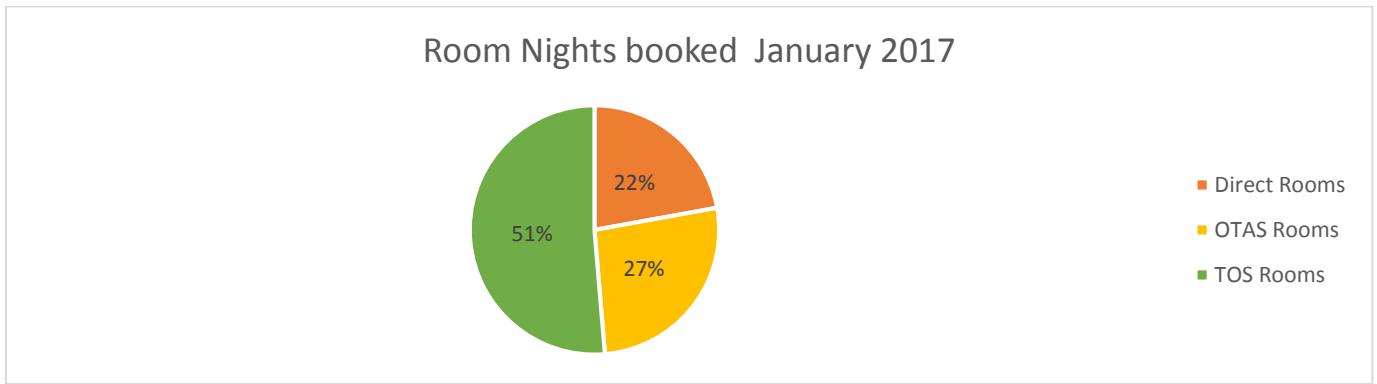


Chart 18: Revenues in January 2017.

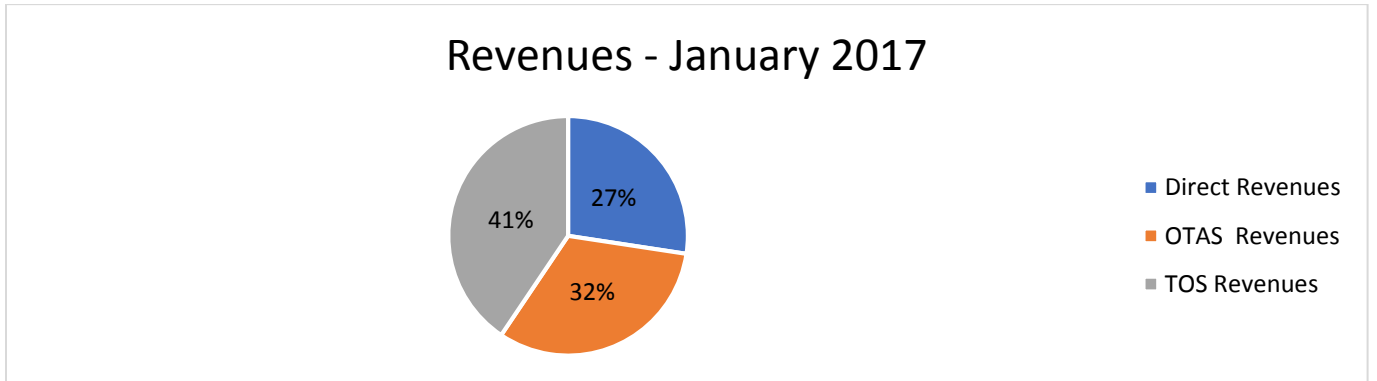


Chart 19: ADR in January 2017.

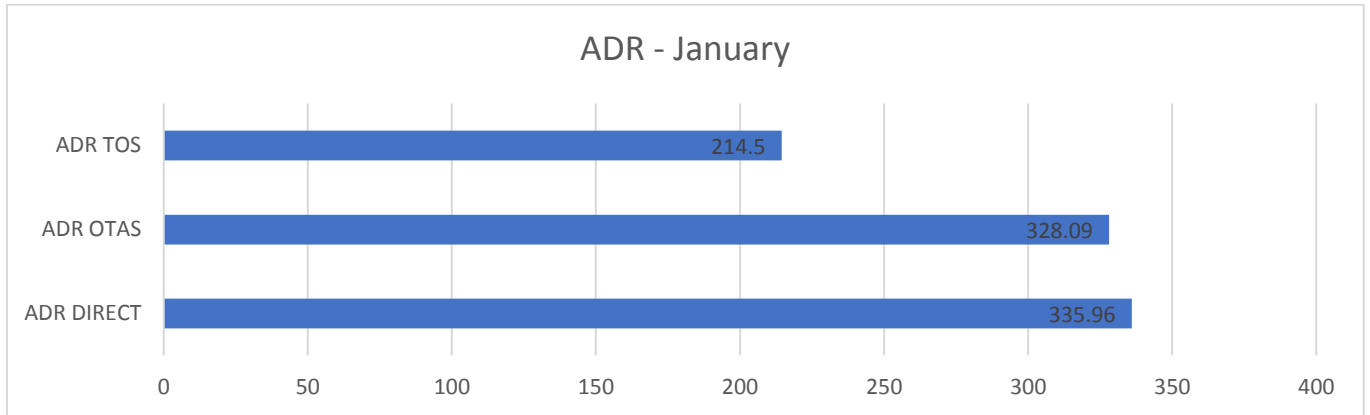
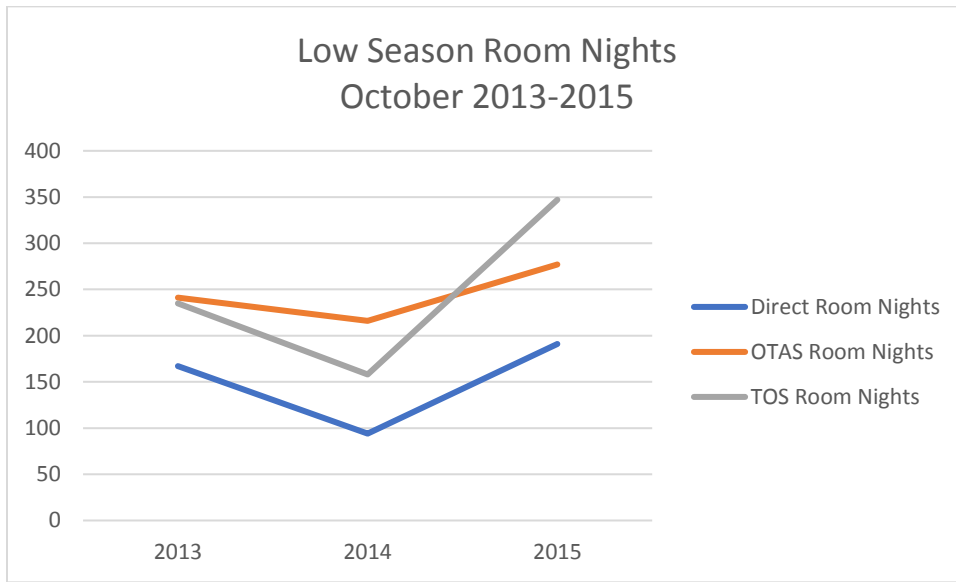
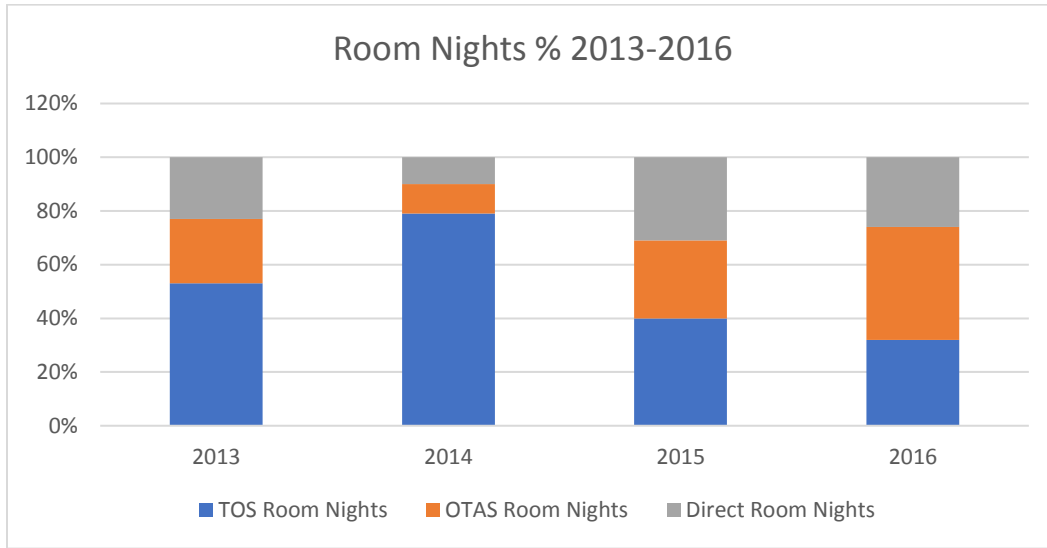


Chart 20: Room Nights in October 2013-2015.



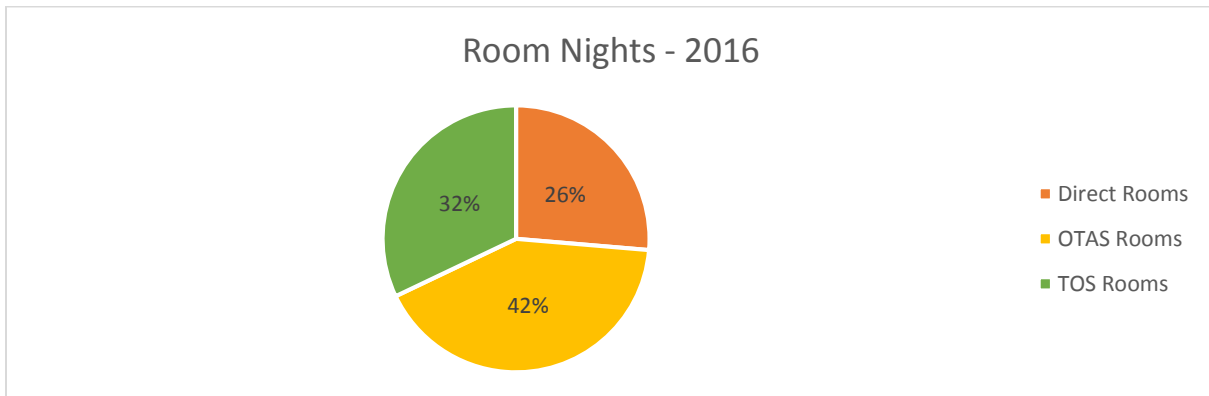
*All months are studied in each year

Chart 21: TOs Room Nights 2013-2016.



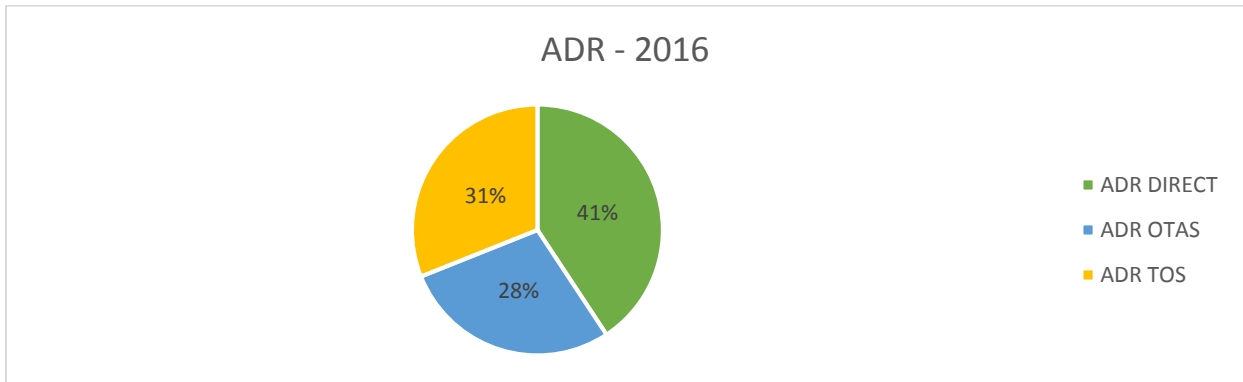
*All months are studied in each year

Chart 22: Room Nights 2016.



*All months are studied in each year

Chart 23: ADR 2016.



*All months are studied in each year

Chart 24: ADR 2017.

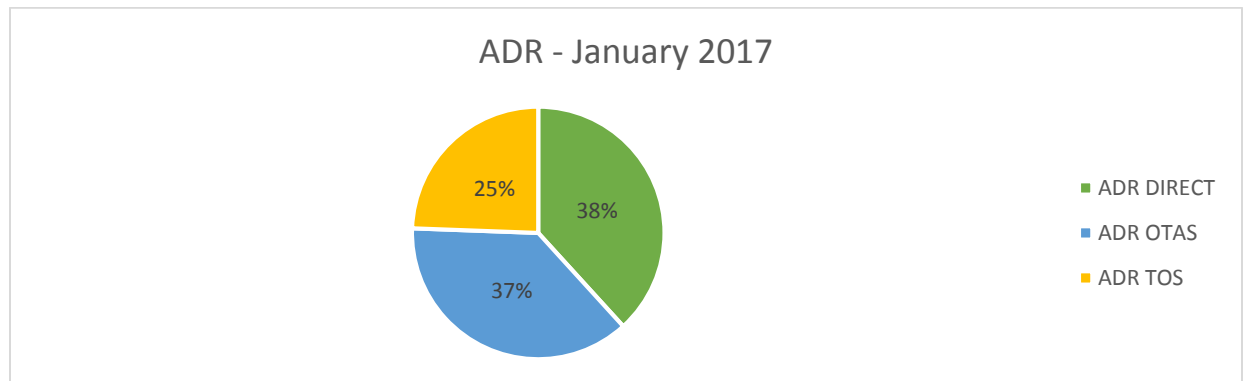


Chart 25: Room Nights February 2017.

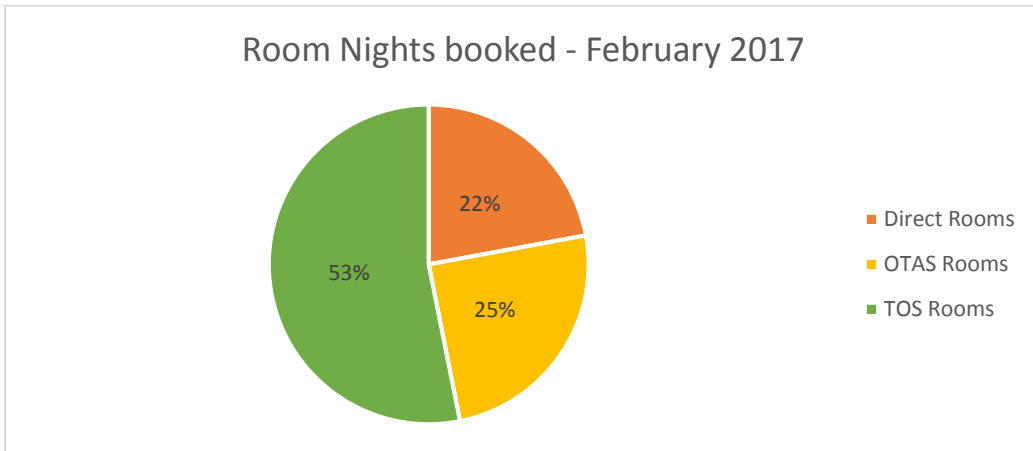


Chart 26: ADR February 2017.

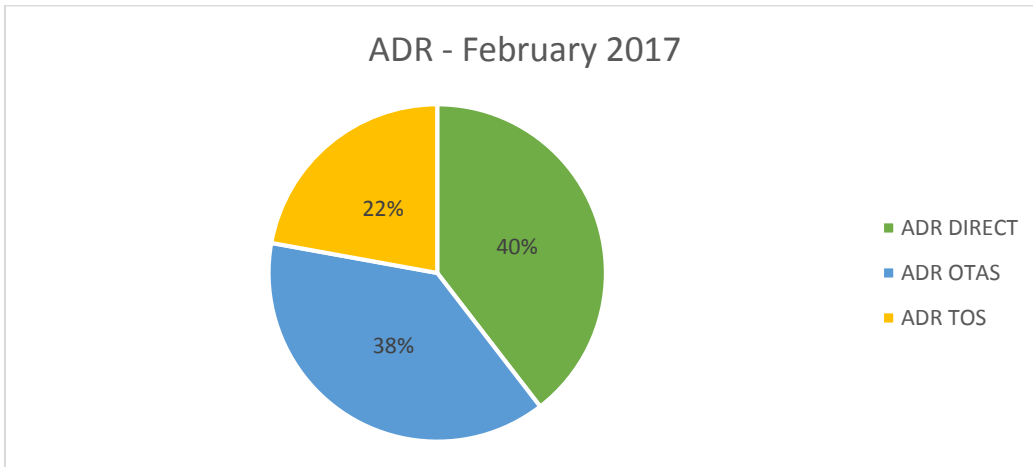


Chart 27: Room Nights 2013.

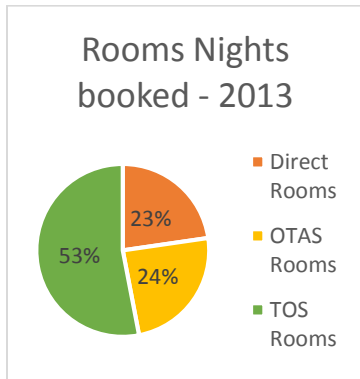


Chart 28: ADR 2013.

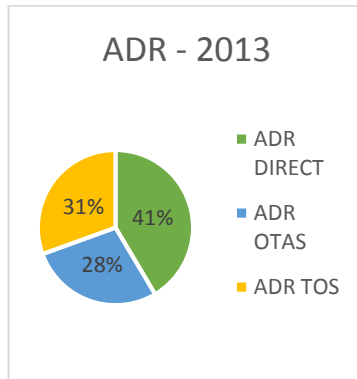
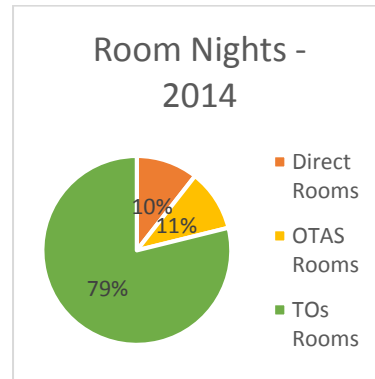


Chart 29: Room Nights 2014.



*All months are studied in each year

Chart 30: ADR 2014.

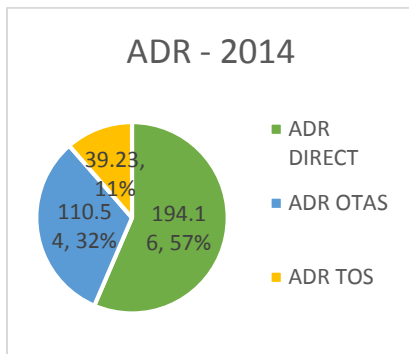


Chart 31: Room Nights 2016.

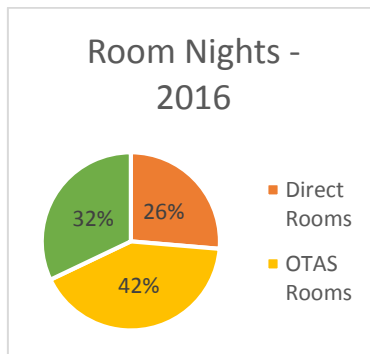
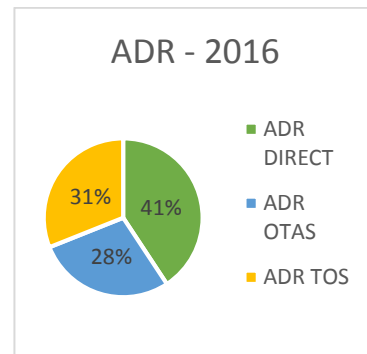


Chart 32: ADR 2016.



*All months are studied in each year

APPENDIX C

Figure 1: Most popular countries in the Hotel's website.

Country	Sessions	% Sessions
1.  Bulgaria	12,882	25.22%
2.  United Kingdom	12,664	24.79%
3.  Greece	6,871	13.45%
4.  Macedonia (FYROM)	3,892	7.62%
5.  United States	2,509	4.91%
6.  Romania	1,542	3.02%
7.  Israel	1,482	2.90%
8.  Turkey	940	1.84%
9.  Serbia	655	1.28%
10.  Russia	646	1.26%

Hotel's Google Analytics Website

Figure 2: Most popular cities in the Hotel's website.

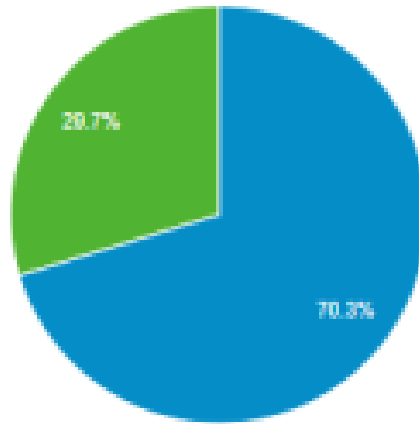
City	Sessions	% Sessions
1. Sofia	6,455	12.64%
2. London	4,079	7.98%
3. (not set)	3,902	7.64%
4. Bansko	2,520	4.93%
5. Thessaloniki	2,501	4.90%
6. Skopje	2,300	4.50%
7. Athens	1,887	3.69%
8. Ashburn	1,617	3.17%
9. Tel Aviv-Yafo	1,030	2.02%
10. Bucharest	908	1.78%

[view full report](#)

Hotel's Google Analytics Website

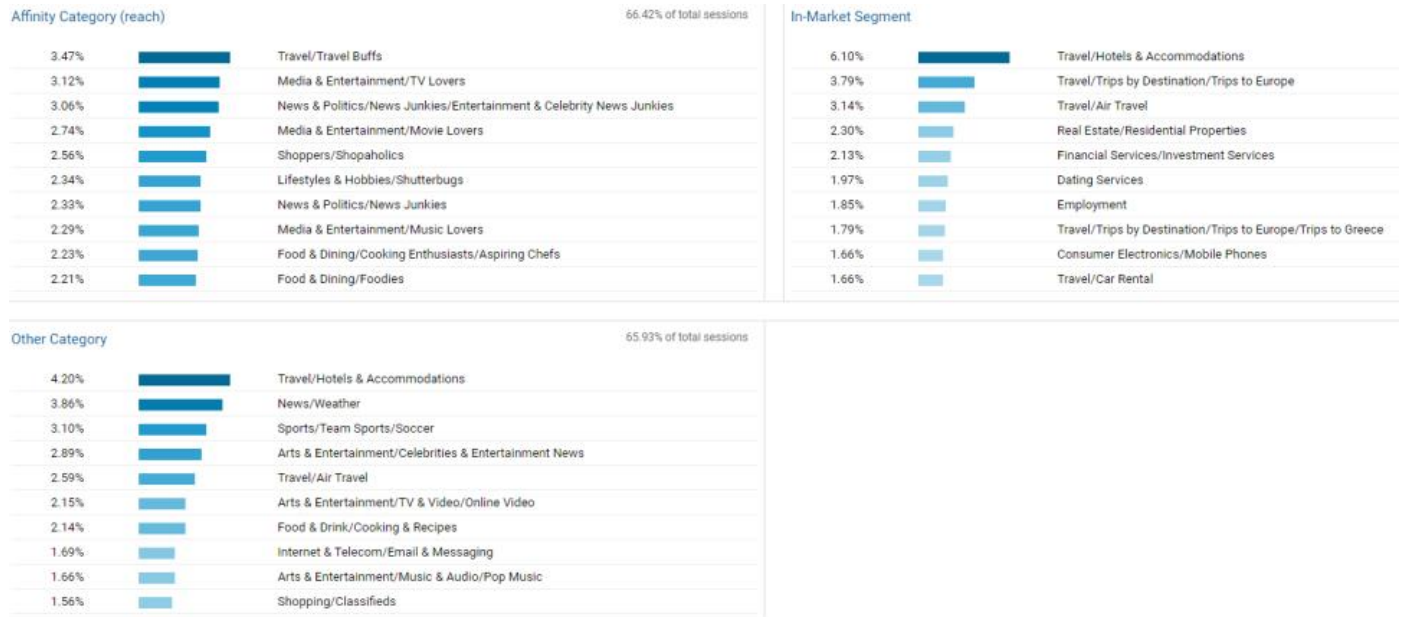
Figure 3: New & Returning Visitors.

■ New Visitor ■ Returning Visitor



Hotel's Google Analytics Website

Figure 4: Users' Likings.



This report was generated on 9/28/17 at

Hotel's Google Analytics Website

Figure 5: Bounce Rate of New & Returning Visitors.

User Type	Acquisition			Behavior			Conversions eCommerce		
	Sessions	% New Sessions	New Users	Bounce Rate	Pages / Session	Avg. Session Duration	Transactions	Revenue	Ecommerce Conversion Rate
	51,087 <small>% of Total: 100.00% (51,087)</small>	70.30% <small>Avg for View: 70.30% (0.00%)</small>	35,913 <small>% of Total: 100.00% (35,913)</small>	50.64% <small>Avg for View: 50.64% (0.00%)</small>	3.39 <small>Avg for View: 3.39 (0.00%)</small>	00:02:34 <small>Avg for View: 00:02:34 (0.00%)</small>	191 <small>% of Total: 100.00% (191)</small>	€118,431.44 <small>% of Total: 100.00% (€118,431.44)</small>	0.37% <small>Avg for View: 0.37% (0.00%)</small>
1. New Visitor	35,913 (70.30%)	100.00%	35,913 (100.00%)	51.49%	3.23	00:02:17	74 (38.74%)	€43,292.33 (36.55%)	0.21%
2. Returning Visitor	15,174 (29.70%)	0.00%	0 (0.00%)	48.64%	3.76	00:03:13	117 (61.26%)	€75,139.11 (63.45%)	0.77%

Show rows: 10 Go to: 1 1 - 2 of 2
This report was generated on 9/28/17 at 10:16:52 AM - Refresh Report

Hotel's Google Analytics Website

Figure 6: Session Duration & Bounce Rate.

Session Duration	Sessions	Pageviews
0-10 seconds	27,877	29,806
11-30 seconds	3,114	7,668
31-60 seconds	3,372	9,953
61-180 seconds	7,304	31,355
181-600 seconds	5,795	45,304
601-1800 seconds	2,952	33,394
1801+ seconds	673	15,586

Sessions
51,087
% of Total: 100.00% (51,087)

Pageviews
173,066
% of Total: 100.00% (173,066)

Hotel's Google Analytics Website

Figure 7: Channel Grouping's Sessions.

Default Channel Grouping	Acquisition		
	Sessions [?] ↓	% New Sessions [?]	New Users [?]
	44.25% ▼ 51,087 vs 91,631	0.66% ▲ 70.30% vs 69.83%	43.88% ▼ 35,913 vs 63,990
<input type="checkbox"/> 1. Direct	4.81% ▲ 13,695 vs 13,067	5.64% ▲ 75.81% vs 71.76%	10.72% ▲ 10,382 vs 9,377
<input type="checkbox"/> 2. Paid Search	-27.13% ▼ 10,478 vs 14,379	8.62% ▲ 79.90% vs 73.56%	-20.85% ▼ 8,372 vs 10,577
<input type="checkbox"/> 3. Organic Search	-39.61% ▼ 19,757 vs 32,717	-15.27% ▼ 61.99% vs 73.16%	-48.84% ▼ 12,247 vs 23,937
<input type="checkbox"/> 4. Referral	-43.97% ▼ 3,905 vs 6,970	15.77% ▲ 74.83% vs 64.63%	-35.14% ▼ 2,922 vs 4,505
<input type="checkbox"/> 5. Social	-47.96% ▼ 2,199 vs 4,226	9.90% ▲ 80.54% vs 73.28%	-42.82% ▼ 1,771 vs 3,097
<input type="checkbox"/> 6. Display	-87.87% ▼ 957 vs 7,889	-64.93% ▼ 20.38% vs 58.11%	-95.75% ▼ 195 vs 4,584
<input type="checkbox"/> 7. (Other)	-98.37% ▼ 85 vs 5,227	-69.77% ▼ 21.18% vs 70.04%	-99.51% ▼ 18 vs 3,661
<input type="checkbox"/> 8. Email	-99.74% ▼ 11 vs 4,199	11.40% ▲ 54.55% vs 48.96%	-99.71% ▼ 6 vs 2,056
<input type="checkbox"/> 9. Other Advertising	-100.00% ▼ 0 vs 2,957	-100.00% ▼ 0.00% vs 74.26%	-100.00% ▼ 0 vs 2,196

Hotel's Google Analytics Website