



Hotel Tech Benchmark

Digital Marketing and Advertising Tech 2023

Digital marketing and advertising tools, if utilized effectively can help hotels increase direct bookings, draw in new customers, and improve the overall content strategy. This tech category has the potential to generate \$3 billion in annual revenues and is embedded in the industry's future.

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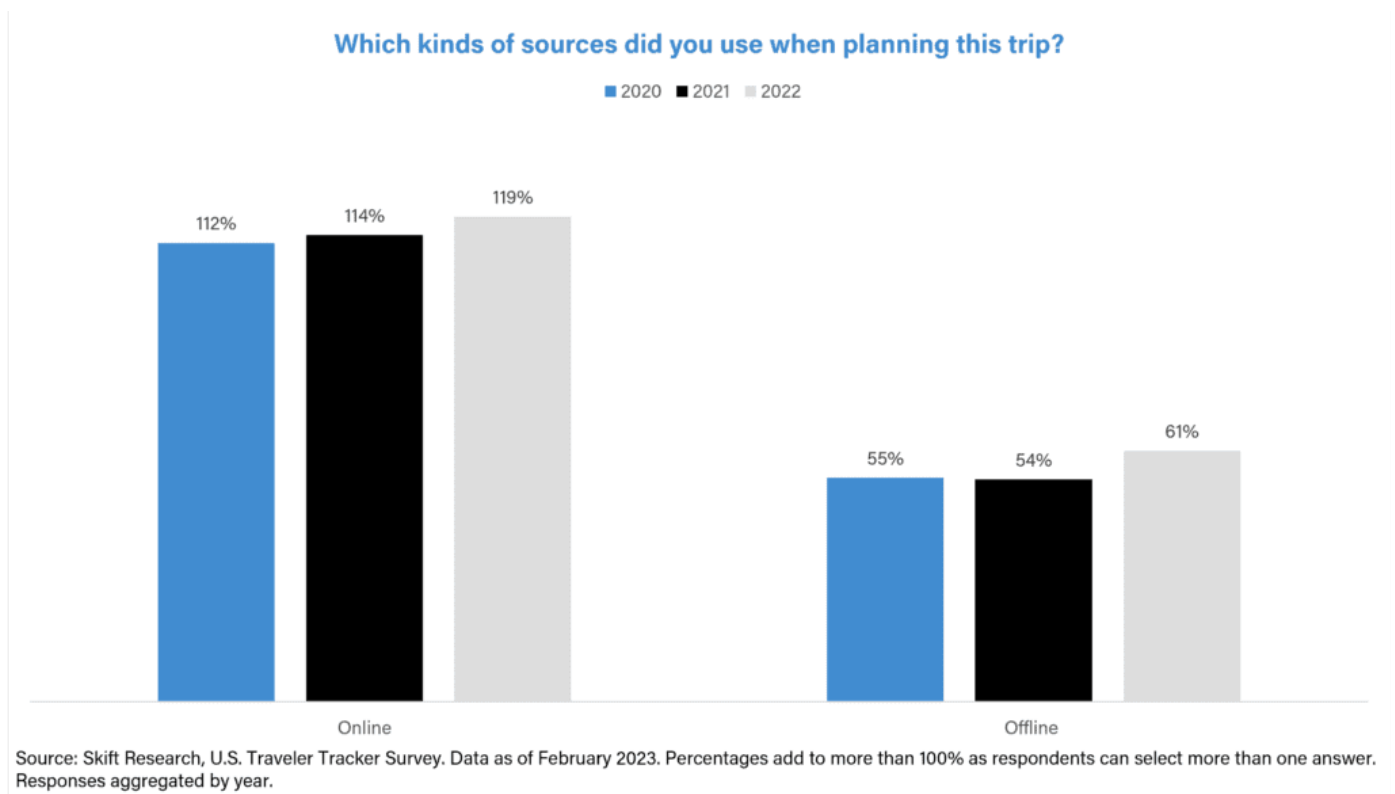
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Effective Hotel Marketing in the Digital Age

If a brand is marketed well, potential customers will be drawn to it regardless of how they decide to book their trip. A study by [NetAffinity](#) suggests that 53% of respondents stated that their most recent purchase was triggered online. Skift Research's [U.S. Travel Tracker Survey](#) shows that online sources are used more than offline sources when planning a trip, rendering digital marketing and advertising crucial for the industry.

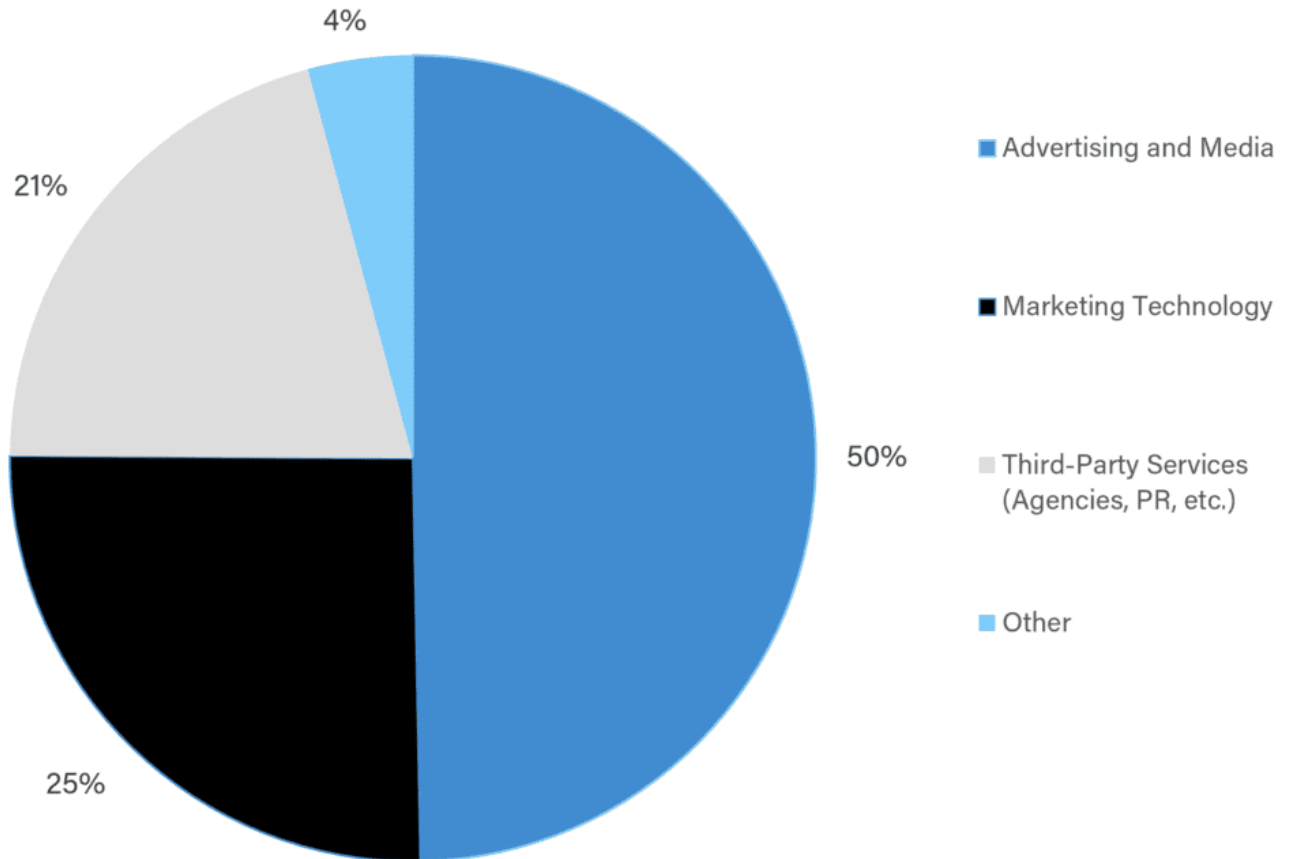


Marketing is a complex practice that requires a creative mindset as well as a strategic approach. With leaner teams and budgets under constant scrutiny, Chief Marketing Officers (CMOs) are expected to strike a balance between growth and efficiency.

Utilizing marketing and advertising technology can aid marketers in increasing direct bookings and drawing in new customers, thus maximizing the impact of every dollar spent. As a result, it has emerged as a crucial component of a hotel's tech and marketing stack.

A pre-pandemic survey by [Skift Research](#) shows that a significant 25.4% of a CMO's budget was allocated to marketing and advertising technology.

Marketing Budget Allocation (2018)

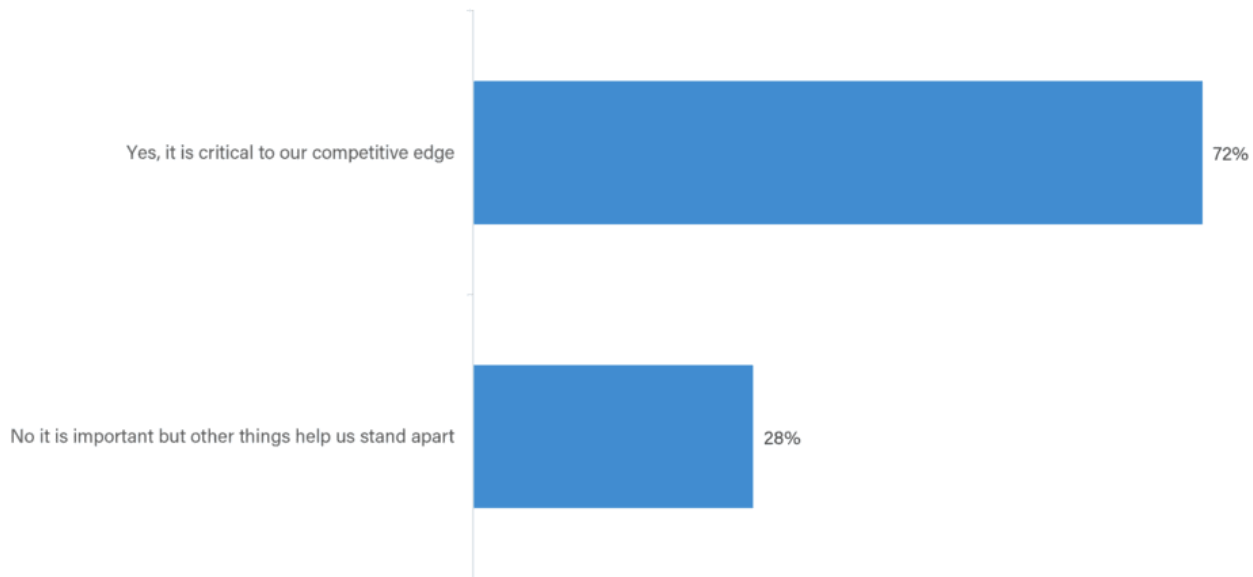


Source: Skift Research. Survey conducted in September 2019, n=126

A study on marketing spend across multiple industries by [Gartner](#) suggests that marketing budgets in 2023 will be down to 9.1% of revenue from 9.5% in 2022. Having said that, while marketing spend for other industries decreased last year, the travel industry stood out, recording budget increases to 8.4% of total revenue.

Adapting new digital tools gained more importance as the industry made its way out of the pandemic; however, even Skift's 2019 travel marketing survey showed that 72% of respondents reported martech as critical to their competitive edge. Therefore, there is little doubt that this technology is embedded in the industry's future.

Importance of Martech Solutions (% of Total)

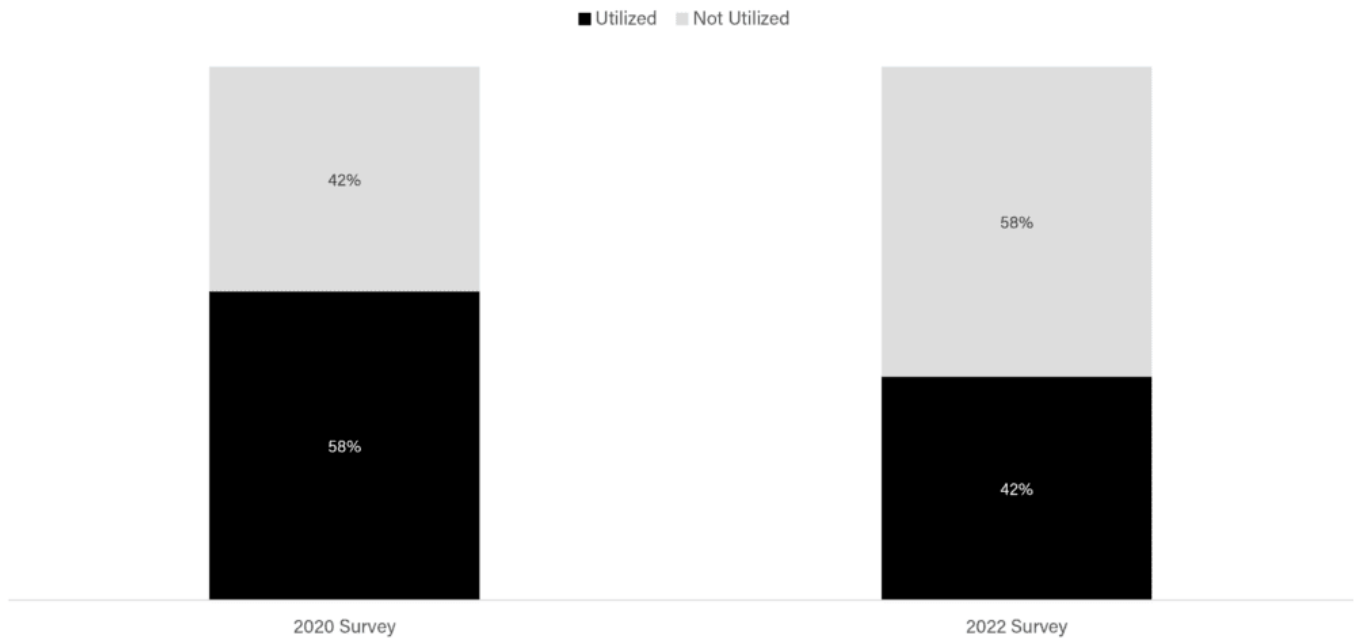


Source: Source: Skift Research Survey conducted in September 2019, n=126

Adoption of martech, however, comes with challenges. According to a recent study by McKinsey, 67% of CMOs surveyed reported that they are overwhelmed by the quantity of marketing data available to them. Data and value-driven marketing require appropriate tools and skills, which makes the deployment of martech difficult for organizations.

Of the totality of capabilities made available by martech, Gartner's Marketing Technology Survey 2022 asked companies to share the percentage of capabilities being actively utilized in the business. The survey measured a significant decline in marketing technology utilization between 2020 and 2022. It remains an emerging skill and requires proper education and patience with the learning curves of the technology.

Percentage of Marketing Technology Capabilities Being Used



Source: 2020, 2022 Gartner Marketing and Communications Technology Survey

A Quick Note on Definitions

Marketing technology (Martech) includes processes and software or technology with which marketers use data and analytics to conduct and personalize email marketing, social media marketing, A/B website (and other messaging) testing, customer relationship management (CRM), consumer surveys, and the like.

Advertising technology (Adtech) includes processes and software or technology with which advertisers and ad agencies create, run, measure, and manage online advertising campaigns across external websites or applications. Data and analytics play a significant role in audience identification, targeting, and personalization. Most ad tech tools help with the management of metasearch channels as well. Some of the most widely used metasearch channels are Google, TripAdvisor, Trivago, Kayak, and Bing, which account for 85% of metasearch traffic. The rest are the more regional channels like Yandex, Wego, Line, and so on.

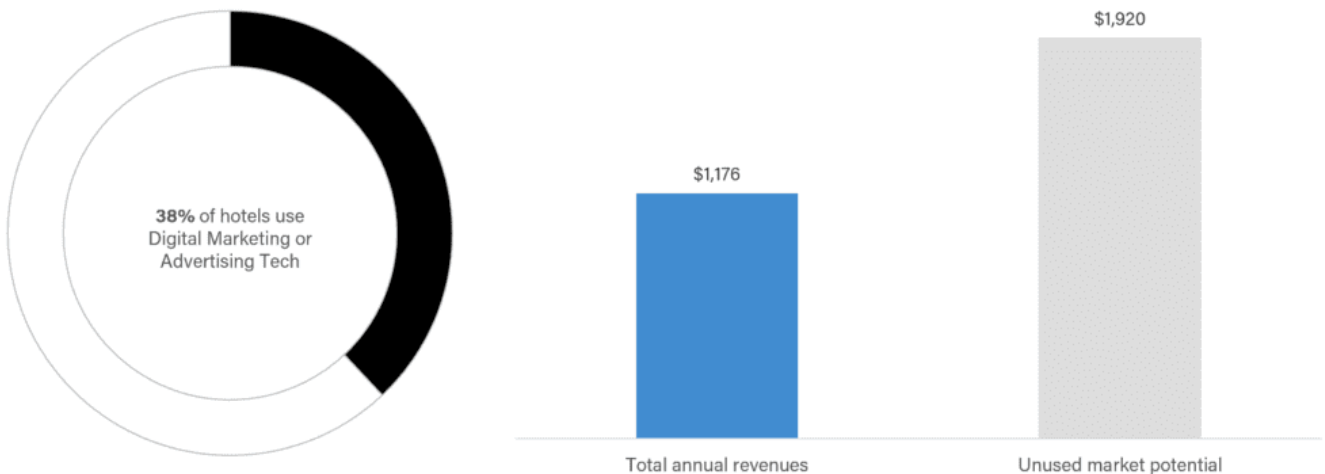
Metasearch channels, which are “one-stop shops” for travelers who seek to quickly compare different travel options, consolidate online listings from multiple booking channels, including hotel websites and online travel websites, making them an important part of a hotel’s online marketing mix. Large hotel companies, such as

Marriott International, partner with digital marketing and advertising technology providers such as DerbySoft to better manage online bookings from metasearch sites. Marriott’s proprietary central reservation system (CRS) is buffered from data requests from multiple travel metasearch engines, which helps capture direct bookings. They align with a hotel’s direct booking strategy.

Martech and Adtech Can be a \$3 Billion Industry

Leveraging the expertise of martech and ad tech can help hotels drive direct bookings, reduce the cost of acquiring new customers, improve response times to social media requests, and reduce the time it takes for content to go from idea to publication. Our analysis shows that 38% of hotels worldwide use digital marketing or advertising technology. This translates into approximately 17.9 million hotel rooms.

Global Digital Marketing and Advertising Tech Penetration, Market Size, and Growth Potential
(\$ millions)



Source: Skift Research, as of June 2023

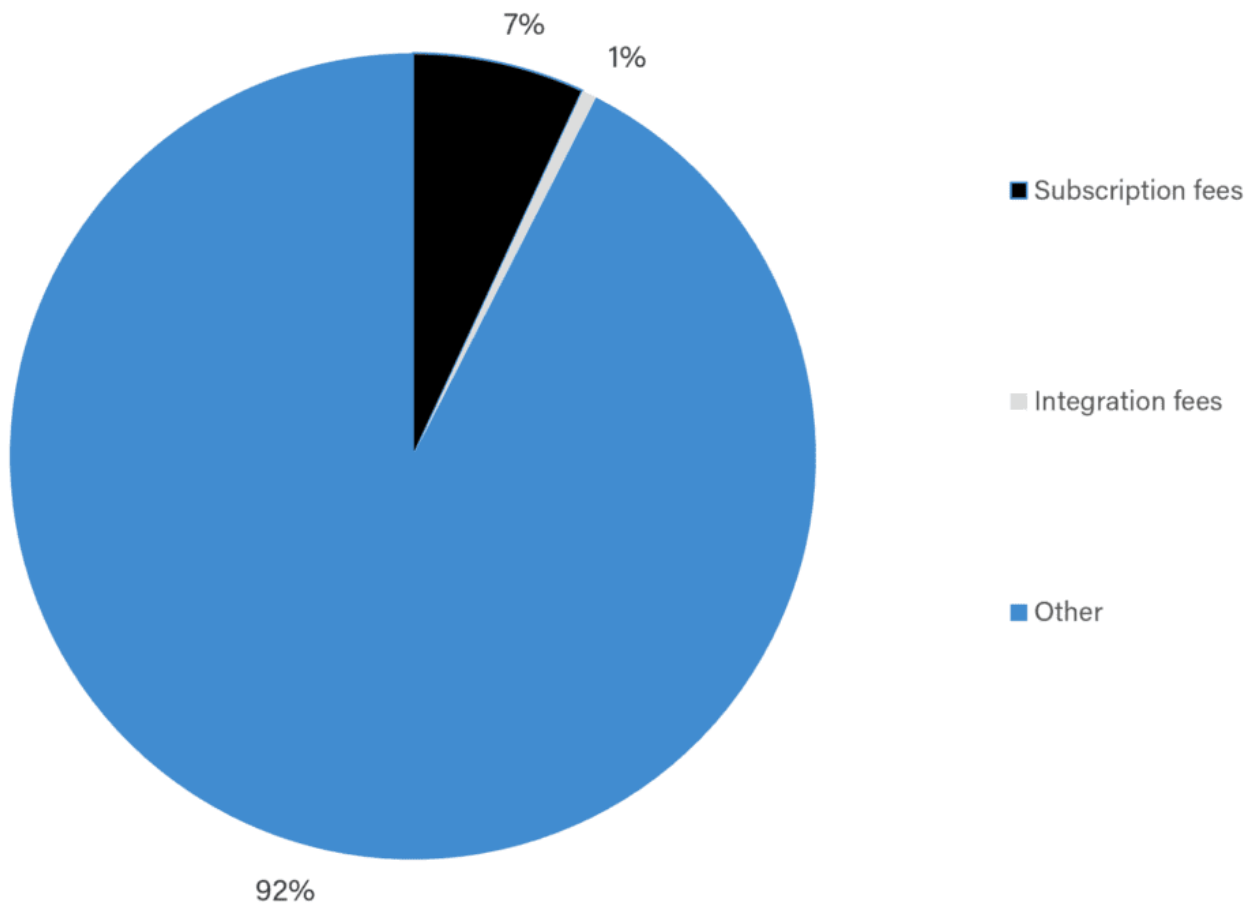
At Skift Research, we estimate that digital marketing and advertising technology vendors in the hospitality industry generated a total revenue of \$1.2 billion in 2019. Combining this with the unused market potential, this tech category has the potential to generate a total of \$3 billion in annual revenues.

These revenues are estimated on the basis of pricing information available through

vendor surveys and websites. The average price paid by hotels is multiplied by the estimated total number of hotels and rooms worldwide. Further details on the methodology used can be found at the end of this report.

Commission-Based Pricing Model

Revenue Streams - 2019



Source: Skift Research, Analyzed as of June 2023

Most vendors offer both marketing as well as advertising technology solutions. These

are largely cloud-based service offerings, offered for a flat fee plus commission fees per social media post or ad. Flat fees range approximately from \$300 to \$1000 per month.

Other fees, essentially commission fees, make up ~92% of revenues. These generally constitute a specific percentage of the total spend on advertising. This also includes training and installation fees. Some companies also use performance pricing, which is a percentage of the total incremental revenue generated.

Subscription fees are mainly the flat fee paid for the service and contribute 7% to revenues. These may be built based on specific numbers of campaigns run or the number of ads within the campaigns.

Integration fees make a 1% contribution to revenues. This includes integrating martech and adtech with the CRS.

Vendor List

	Vendors	Sub-Category	Base	Hotels	Hotel Share	Rooms	Room Share
1	DerbySoft	Digital Marketing, Metasearch Management, and Ad Tech	U.S.	50,000	8.3%	4,000,000	13.3%
2	RateGain	Digital Marketing, Metasearch Management, and Ad Tech	India	45,000	7.5%	3,600,000	12.0%
3	D-Edge	Digital Marketing, Metasearch Management, and Ad Tech	France	17,000	2.8%	1,360,000	4.5%
4	Triptease	Metasearch Management and Ad Tech	UK	12,000	2.0%	1,200,000	4.0%
5	Tambourine	Digital Marketing	U.S.	10,000	1.7%	1,200,000	4.0%

	Vendors	Sub-Category	Base	Hotels	Hotel Share	Rooms	Room Share
6	WIHP Hotels	Digital Marketing, Metasearch Management, and Ad Tech	France	14,000	2.3%	1,120,000	3.7%
7	Sojern	Digital Marketing	U.S.	10,000	1.7%	1,000,000	3.3%
8	THN Demand Platform	Digital Marketing and Metasearch Management	Spain	16,000	2.7%	800,000	2.7%
9	Demand Plus	Metasearch Management and Ad Tech	Australia	15,000	2.5%	750,000	2.5%
10	FornovaEC	Ad Tech	UK	8,000	1.3%	640,000	2.1%
11	Synxis Digital Marketing	Digital Marketing, Metasearch Management, and Ad Tech	U.S.	10,000	1.7%	600,000	2.0%
12	Amadeus	Digital Marketing	U.S.	5,000	0.8%	500,000	1.7%
13	Cendyn	Digital Marketing and Metasearch Management	U.S.	2,000	0.3%	400,000	1.3%
14	BookLogic	Digital Marketing and Metasearch Management	Turkey	6,300	1.1%	252,000	0.8%
15	Profitroom	Digital Marketing and Ad Tech	Poland	3,500	0.6%	164,500	0.5%
16	Milestone Inc	Digital Marketing	U.S.	1,500	0.3%	120,000	0.4%
17	DBX	Digital Marketing	U.S.	500	0.1%	37,500	0.1%
18	Avvio	Digital Marketing and Metasearch Management	U.S.	500	0.1%	25,000	0.1%

	Vendors	Sub-Category	Base	Hotels	Hotel Share	Rooms	Room Share
19	Bookassist	Digital Marketing and Metasearch Management	Ireland	400	0.1%	20,000	0.1%
20	Net Affinity	Digital Marketing and Metasearch Management	Ireland	500	0.1%	20,000	0.1%
21	Umi Digital	Digital Marketing and Metasearch Management	UK	150	0.0%	18,000	0.1%
22	HMA Intelligent Marketing	Digital Marketing	U.S.	70	0.0%	8,400	0.0%
23	three&six	Digital Marketing and Metasearch Management	UK	225	0.0%	7,875	0.0%
24	Orange Hotel Marketing	Digital Marketing	Netherlands	23	0.0%	5,175	0.0%
25	Hotel Marketing Coach	Digital Marketing	Netherlands	50	0.0%	5,000	0.0%
26	TravelNet Solutions	Digital Marketing	U.S.	16	0.0%	2,400	0.0%
27	Incite Response	Digital Marketing	U.S.	15	0.0%	1,800	0.0%
28	Cloudbeds Amplify	Digital Marketing and Metasearch Management	U.S.	50	0.0%	1,750	0.0%
29	Mirai	Digital Marketing	Spain	23	0.0%	1,380	0.0%
30	Gcommerce	Digital Marketing and Metasearch Management	U.S.	9	0.0%	1,080	0.0%
31	Koddi	Ad Tech	U.S.	20	0.0%	800	0.0%
32	Travel Media Group	Digital Marketing	U.S.	9	0.0%	720	0.0%

	Vendors	Sub-Category	Base	Hotels	Hotel Share	Rooms	Room Share
33	Positioner	Digital Marketing	Switzerland	20	0.0%	600	0.0%
	Total			227,880	38.0%	17,863,980	59.5%

Hotel Tech Benchmark Methodology

The Hotel Tech Benchmark by Skift Research is based on a mix of information provided by hotel tech vendors and proprietary data calculations. Participating companies have provided extensive information about their operations,

including:

- Historical and current revenues
- Revenue Streams
- Historical and current employee count
- Geographic Coverage
- Product breakdown, including software functionality, launch date, pricing models, and integrations
- Number of hotels and rooms per product

Market sizes and market potential are calculated bottom-up, using information from vendor input as well as publicly available information on company websites and franchise disclosure agreements.

The total size of the hotel industry, which informs our ability to calculate market sizes, is a point of contention in the industry. We have used industry sources and our own estimates to determine the size of the hotel industry in terms of hotels and rooms.

There are many estimates of the number of hotels worldwide, ranging between half a million and a million. We collected information from different sources to estimate the **TOTAL NUMBER OF HOTELS WORLDWIDE AT 600,000.**

This is much higher than the often-quoted STR figure, which is below 200,000. The STR estimate excludes properties with less than 10 rooms, and while known for its

strong coverage of highly branded markets like the U.S., struggles to capture more independent markets in Europe and Asia.

Therefore, other sources were taken into consideration. Euromonitor International, a market research company that includes coverage on independent and chained hotels for 100 countries, estimates the market is just short of 600,000. Expedia asserts it has more than 600,000 properties on its platform, although this is likely to include more than just hotels.

Data on the number of rooms also show extreme differences between sources. STR asserts that the average hotel has 92 rooms, while Euromonitor International puts this figure at 55. As both disregard small properties to different degrees, with STR particularly having limited coverage of independent and smaller hotels, we estimate that the average hotel has 50 rooms, to TOTAL 30 MILLION ROOMS WORLDWIDE.

Revenue streams are calculated using input from participating vendors, taking into account the size of each vendor and their revenue breakdown. As participation increases, this data is expected to change.