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OVERVIEW OF THE DEVELOPMENT OF DISTRIBUTION CHANNELS IN THE HOTEL INDUSTRY: ANALYSIS OF A LUXURY HOTEL IN SPLIT

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Abstract: Distribution channels in hotels are crucial as they enable an efficient connection between hotels and potential guests. The sale of accommodation capacity is the basis for optimizing revenue in the hotel industry. However, not all distribution channels contribute equally to maximizing revenue. Hotels can use different channels to better manage their occupancy rates by adjusting prices and offers to changing demand. Online distribution channels and greater integration of websites allow hotels to expand in the tourism market and attract guests from different parts of the world. Distribution channel management promotes significant proactive measures in the areas of sales and providing information to tourists. Distribution channels play a key role in a hotel's success as they contribute to higher occupancy rates, a greater number of bookings and better management of the hotel department. The main objective of this paper is to show the changes in distribution channel shares over the last seven years using a luxury hotel as an example. The paper uses secondary data collected internally due to the particular characteristics of the data. The secondary data of the luxury hotel allows to explore the market position of the hotel compared to its competitors and provides valuable insights into strategies that help to attract exclusive guest segments. In addition, secondary data from hotel operations, such as revenue, ADR and RevPAR, enable the hotel's success in key business areas to be assessed. Based on the luxury hotel's historical data this research provides analysis that helps in planning future business strategies for managing distribution channels as well as effectively adapting to market changes. Understanding the share of distribution channels ensures hotels to tailor their services to the needs of the different exhibiting tourism markets.

Keywords: distribution channels, luxury hotel, OTA, Split

JEL classification: L83, L25, M31, R32, Z3

INDTRODUCTION

Distribution is one of the key elements that influence how tourism is organized and how competitive a destination is (Buhalis, 2001). The distribution channels of ho-

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tels fulfill two important, separate but interrelated functions: they provide consumers with information that helps them make more efficient decisions, and they facilitate the purchase of a particular product or service (Middleton & Clarke, 2001). The most common distribution channels for hotels are direct, indirect and hybrid channels (a combination of both). Direct distribution channels are defined as bookings made through direct interaction between guests and the hotel via methods such as telephone, fax, email or the hotel's own website (Dorčić, 2020; Baines, Fill & Page, 2011). The sale of the company's goods and services through various intermediaries is called "indirect sales channel". Tour operators and travel agencies have traditionally been the main sources of indirect sales in the hospitality industry (Buhalis & Laws, 2001). Indirect channels include GDS (global distribution systems), OTAs (Online Travel Agencies), social networks, tour operators, DMOs (Destination Marketing Organizations) and others (Dadić, Slivar, & Floričić, 2022).

Pricing varies considerably depending on hotel category, room type, number of guests, length of stay and day of the week (Sánchez-Lozano, Pereira, & Chávez-Miranda, 2020). Price is considered one of the most important attributes for tourists, as higher-priced products are perceived as higher quality (Brucks, Zeithaml, & Naylor, 2000). Therefore, pricing is a fundamental and highly relevant element of revenue management (Guillet & Mohammed, 2015), while channel management is becoming increasingly important in the hotel context (Ivanov & Zhechev, 2012; Guillet & Mohammed, 2015). To optimize prices, hotels need a multitude of distribution channels. While digital channels reduce costs, traditional print products still play an important role in certain market segments (Enza & Parmová, 2020). Hotels need to use a portfolio of channels to reach the market (Middleton & Clarke, 2001). Distribution channel management requires sophisticated pricing and channel management systems, as it has been shown that effective management of distribution channels is required in today's complex system (Kimes, 2016). The structure of the intermediaries used by the hotel and the terms of the contracts with them have a significant impact on the average daily rate (ADR), revenue per available room (RevPAR) and overall hotel revenue management (Ivanov & Zhechev, 2012). Managing these variables across distribution channels is key to maximizing revenue (Lee, Deale, & Lee, 2022).

Hotels typically use multiple distribution channels simultaneously, which is a common practice to increase profitability (Giannoni, Brunstein, Guéniot & Jouve, 2021). Online distribution channels are important for hotel operations, but the balance between them and direct channels is crucial for long-term profitability (Sánchez-Lozano, Pereira, & Chávez-Miranda, 2020). Hotels often need to adjust prices across different channels to remain competitive, and OTAs significantly influence hotel pricing by conditioning visibility based on commission rates and pricing strategies (Kim & Cho, 2024). Due to the high commissions, OTAs are encouraging certain hotels to reduce their dependence on them and make more direct bookings (Ye, Yan, & Wu, 2019). OTA platforms impose additional costs on hotels due to high commissions (Chen & Chen, 2024) but are crucial for achieving market visibility (Santa, Rodríguez, & Tegethoff, 2025). Strategies should be dynamic, incorporate different channels that support business objectives, and adapt to developments in the tourism market (Choi et al., 2021).

The main objective of this paper is to use the example of a luxury hotel to show the changes in the share of distribution channels and to identify the most important

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channels that have contributed to revenue optimization and hotel operations over the past seven years. The research questions are then derived from this: Which distribution channels account for the largest share of total bookings in the luxury hotel? How does the structure of the distribution channels affect the hotel revenue (ADR and RevPAR)?

THE DEVELOPMENT OF DISTRIBUTION CHANNELS

The strength of the Internet and the development of social media lies in the fact that online platforms allow the integration of multimedia elements such as photos, videos and virtual tours, which can improve the user experience and provide more comprehensive information about the services offered (Buhalis & Licata, 2002). Companies that have employees dedicated to managing digital channels achieve better results and see fewer barriers to their use (Styvén & Wallström, 2019). Digital channels have great potential for the growth of small tourism companies, but their implementation is limited by financial and organizational factors, while medium and large companies have better developed internal structures and larger budgets for digital strategies, which allows them to have a stronger presence on digital platforms. As a result, they are more active on digital channels and achieve competitive advantages and a greater market presence (Styvén & Wallström, 2019; Enza & Parmová, 2020). The importance of digital technologies (e.g. chatbots, apps, robotics) and safety protocols for the perception of destinations is emphasized, as well as the need to develop destination management strategies aligned with tourists' new expectations (Orden-Mejía, et al., 2022). Traditional systems such as physical travel agencies and GDSs have been replaced by complex digital platforms dominated by OTAs, metasearch platforms, social networks and AI personalization (Kim & Cho, 2024; O'Connor, 2024; Kontis & Skoultsos, 2022). OTA platforms such as Booking.com, Agoda and Traveloka dominate distribution, and hotel ratings and reviews significantly boost credibility and influence users' final decisions (Nguyen, 2024).

Tudorică (2023) shows how information and communication technologies have changed the tourism distribution channels and how the number of intermediaries in the distribution channels has multiplied (Table 1).

Table 1: Role and types of intermediaries in tourism distribution

A type of intermediary	Examples	Role in distribution
Traditional intermediaries	Tour operators, travel agencies	Organization of travel and sale of arrangements
GDS (Global Distribution Systems)	Amadeus, Sabre, Galileo	Centralized systems for distribution of flights, hotels, car rentals
Online travel agencies (OTAs)	Booking.com, Expedia, TripAdvisor	Digital distribution of accommodation and tourist services
Meta-search engines	Kayak, Trivago, Google Travel	Aggregation of data from OTA platforms and hotel websites
Marketing platforms	Google Ads, Facebook Ads, Instagram	Targeted advertising of tourist services
Blockchain intermediaries (new model)	Travala (crypto-based reservations)	Direct connection of users and hotels through a decentralized network

Source: own information according to Tudorica (2023)

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Therefore, the Internet has enabled the emergence of new types of intermediaries such as OTAs, typical of Booking, Expedia and others that offer direct booking services through websites, and new eIntermediaries use advanced technological platforms to offer services to their customers (Buhalis & Licata, 2002). The growth of OTAs plays an important role in the hotel industry as they provide a convenient platform for comparing multiple hotels and prices, which encourages online bookings (Toh, Raven, & DeKay, 2011). For a hotel, the number of bookings made through OTAs can account for 60% of total revenue in Europe (Dieck, Fountoulaki & Jung, 2018). Bigne, Nicolau & Edu (2021) investigated whether there is a difference in prices for pre-booked rooms by type of distribution channel and found that this is the case and that prices vary by distribution channel. The GDSs offer the lowest prices 90 days in advance, hotel prices on OTAs and hotel websites level out 30 days before arrival, while call centers tend to maintain higher prices (Bigne, Nicolau, & Edu, 2021). It is important to note in the aforementioned study that pricing strategies vary depending on the type of hotel and the time to arrival. In city hotels, prices tend to be lower than in vacation hotels due to demand characteristics and seasonality, and there is a more significant price reduction as the arrival date approaches, while prices in vacation hotels change at a different pace. Smaller hotels tend to maintain higher prices due to higher fixed costs per room, so OTAs and hotel websites lower prices as the arrival date approaches, while larger hotels (over 200 rooms) use OTAs to fill their capacity and offer lower prices on these platforms (Bigne, Nicolau, & Edu, 2021).

LITERATURE OVERVIEW

In reviewing the existing research dealing with channel share, several significant studies have been conducted on channel share in hotels. The study by Schegg et al. (2013) shows the dominance of direct bookings, which account for 67% of total bookings, with most direct bookings being made via telephone and email. At the same time, the growth of online distribution systems such as Booking.com (52.3%) shows the highest growth rate and now accounts for 16.4% of bookings. The study also shows that mobile channels and social media are only weakly represented. In addition, the majority of hotels (44.9%) still manage channels manually, which increases operational costs and business complexity, while only 40.3% of hotels use software systems to manage channels ("channel managers"). The authors highlight a lack of professional staff and time resources that hinder the use of modern technologies.

Stangl, Inversini, & Schegg (2016) analyze the dependence of hotels in Austria, Germany and Switzerland on OTAs. The research results show that Austrian hotels rely more on direct online channels (68.89% of bookings) reducing their dependence on OTAs. Swiss hotels have a high OTA penetration but are more dependent on Booking.com (Booking.com generates more than 50% of online bookings). German hotels are the most dependent on OTAs (82.9% of bookings come from OTAs). The study highlights the importance of strategic management of distribution channels and indicates that hotels should diversify their distribution channels and invest in direct online bookings to reduce reliance on OTAs and increase profitability. Investments in technology, website optimization and loyalty programs are seen as key to increasing direct bookings. In the same year, Beritelli & Schegg (2016) show that the number of distribution channels is a key factor in increasing the total number of online bookings.

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Thus, a multi-channel distribution strategy is particularly beneficial for small and medium-sized hotels, as well as uncategorized properties and those with one or two stars, as they often lack strong negotiating power or resources to optimize individual channels and gain significant benefits by being present on multiple platforms.

A study by Dadić, Slivar & Floričić (2022) on distribution channels shows that direct bookings (via own websites and reservation centers) account for an average of 30.83% of total bookings, while indirect OTA channels account for a significant share and the share of GDS channels is very low (around 1%). The paper also highlights the importance of a proactive distribution network that can adapt to changes in the business environment and is supported by data-driven technology. The future of distribution channels depends on emerging technologies such as AI, blockchain and personalized analytics, but it is unlikely that the number of intermediaries will decrease — instead, they will evolve and adapt to new market conditions (Tudorică, 2023). Future trends in tourism distribution will focus on sustainability, personalization and transparency, with increasing attention being paid to green initiatives and ethical tourism (Kim & Cho, 2024). When choosing a hotel, tourists are willing to pay more for hotels with a green label (Wei et al., 2024).

Kalipalire & Liu (2024) analyzed which channels guests prefer to express positive and negative feedback and which characteristics make a channel effective. The research results (Kalipalire & Liu, 2024) show that guests prefer telephone contact for negative feedback, while they most frequently use direct (face-to-face) communication for positive feedback Utami & Darma (2024) highlight ease of use as the most important criterion when choosing a channel (e.g. Traveloka, Booking.com, calling the hotel directly). In addition, visual and emotional experiences (e.g. interaction with staff, room viewing) often motivate the use of offline channels, while speed and autonomy favor online bookings. Hossain et al. (2024) examine the effectiveness of digital marketing on customers and business performance in the hotel industry. It is shown that there is a strong positive correlation between the use of internet tools and guest satisfaction, emphasizing that the clarity of navigation, loading speed and interactivity of the website are crucial in creating a positive brand impression. Almeida & Ivanov (2024) examine the role of generative artificial intelligence, specifically ChatGPT and DALL-E, in designing a comprehensive marketing strategy for a luxury hotel, also analyzing distribution channels. However, AI recommendations, limited by data-based knowledge, are often generic and not specific enough for the complex needs of the luxury hotel market. AI may overlook legal constraints or long-term reputational implications of certain proposals, so human expertise remains essential for evaluating, adapting and implementing the proposed strategies (Almeida & Ivanov, 2024). Wang (2025) analyzes how relationships between members of the distribution channel evolve, sustain and change, particularly under conditions of strong OTA competition and the rise of direct distribution. Hotel properties are increasingly using direct online channels to increase their profit and independence, but at the same time face the challenge of channel conflict, especially when offering the same prices to OTAs and intermediaries. Empirical research shows that lodging establishments can have greater distribution power as intermediaries if they have rare resources such as location, reputation or a specific offer (Wang, 2025).

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METHODOLOGY

Due to the special nature of the data in connection with the use of distribution channels, a request was sent to all luxury hotels, to which only one luxury hotel responded, whose name is not published for reasons of data protection. The internal secondary data of this luxury hotel serves as the basis for the empirical analysis and the formulation of conclusions based on actual figures. To analyze the distribution channels, the study used internal data from the luxury hotel as well as secondary data on the tourism market from the local tourist office. This study uses historical data from a selected luxury hotel in Split and analyzes the period from 2017 to 2023. The analysis includes key indicators such as revenue share, ADR, revenue per available room (RevPAR) and distribution channels. This data enables both a comparative and historical analysis of the luxury hotel against the market average and allows the hotel's strengths and weaknesses within the overall tourism market to be identified, segmented by distribution channel and guest segment. The segmentation of distribution channels was customized according to the structure and reporting of the selected hotel. By analyzing data provided by both the hotel and the tourist board, it was possible to identify trends that indicate changes in guest preferences in the city of Split. The study also provides a detailed overview of the current state of the tourism market in terms of accommodation capacity, arrivals and overnight stays in the Split area. For a more detailed analysis, the luxury hotel has signed allocation agreements with agencies such as Elite, Kompas, Jet Vacation, Classic Collection, Classic Vacations and Kompas Ljubljana. Bookings via online distribution channels are made through platforms such as Booking.com, Expedia, Hotelbeds and the hotel's own website. Corporate agreements that enable companies to send their employees have been concluded with employers such as Auto Hrvatska, Adria Dental, Inditex, Eurovilla, HTZ, Just kozmetika, Oktal Pharma, Orbico, Solidor, Strabag, Weitnauer and Schneider Electric. Guests who come via agencies that do not have contracts with the hotel include Katarina Line, Travelline, Perfecta Travel and Alfa Travel. The focus of the data analysis is on the year 2023, as this is the last year with fully available data. The segmentation of distribution channels is aligned with the parameters used internally by the hotel. The secondary data from the luxury hotel, which is not publicly available in the wider tourism market, provides a unique perspective and makes this study original and relevant to the academic community.

FINDINGS

In the following text you will find a presentation of the analyzed tourism market of the city of Split by accommodation capacity and an analysis of the selected luxury hotel in Split.

Table 2: Share of tourist arrivals and overnight stays according to accommodation capacity from 2017 to 2023 in the city of Split (%)

Accommodation	2017	2018	2019	2020	2021	2022	2023
HOTELS							
Arrivals	34,57	33,47	33,29	35,16	33,27	33,71	36,10
Overnight stays	21,14	21,17	21,53	18,68	21,59	22,68	24,75
CAMPS							
Arrivals	4,08	3,65	3,39	3,35	4,75	4,04	3,75
Overnight stays	5,69	5,14	4,25	3,65	5,38	5,03	4,86
HOUSEHOLD OBJECTS							
Arrivals	44,03	45,97	46,12	47,69	44,23	43,06	40,50
Overnight stays	58,06	59,19	59,23	64,98	57,45	56,00	53,21
OTHER HOSTED ACCOMMODATION FACILITIES							
Arrivals	17,10	16,72	17,00	13,31	17,46	18,92	19,46
Overnight stays	13,84	13,31	13,85	10,20	14,22	15,01	16,24
NON-COMMERCIAL ACCOMMODATION							
Arrivals	0,22	0,20	0,20	0,49	0,29	0,28	0,19
Overnight stays	1,28	1,20	1,14	2,49	1,37	1,28	0,94
TOTAL							
Arrivals	100	100	100	100	100	100	100
Overnight stays	100	100	100	100	100	100	100

Source: Tourist board of the city of Split

According to Table 2, the dynamics of the tourism market can be observed in the share of accommodation types in arrivals and overnight stays from 2017 to 2023, with fluctuations caused by global events such as the COVID-19 pandemic in 2020. Private accommodation establishments were always the most common type of accommodation in terms of overnight stays and also led the way in terms of arrivals. The lowest proportion of arrivals in private accommodation was recorded in 2023 at 40.50%, while overnight stays in this type of accommodation fell to 53.21% in the same year, indicating a slight decline in the popularity of this type of accommodation. Private accommodation peaked in 2020, when it reached its highest ever share of arrivals and overnight stays. This data can be interpreted as a result of epidemiological measures where travelers preferred accommodations with a higher degree of privacy and less contact with other guests.

In general, after private accommodation, hotels have a significant share of the total accommodation capacity in 2023 with 36.10% of arrivals and 24.75% of overnight stays. These figures underline the important role of hotel accommodation in the structure of available capacity, as hotels attract tourists who prefer a higher standard of service and additional amenities (Vlašić, 2023; Buehring & O'Mahony, 2019) although hotels are not the predominant form of accommodation. It is worth noting the data for 2020 in terms of hotel arrivals and overnight stays in Split. The ratio between arrivals and overnight stays gives an indication of the average length of stay of guests

(DZS, 2023). If the number of arrivals increases while the number of overnight stays decreases, this indicates that guests are staying shorter, i.e. the average number of overnight stays per guest is decreasing. This trend could indicate a higher turnover of tourists making shorter visits. Conversely, if the number of arrivals decreases and overnight stays increase, this indicates that those who come to visit tend to stay longer. Such trends are often observed in vacation destinations where guests prefer longer stays, such as seaside resorts and campsites (Magaš, Vodeb, & Zadel, 2018).

The share of campsites (4%) indicates their limited reach, but also their potential for future development, especially given the trends in sustainable tourism. Non-commercial accommodation is the least represented category in terms of both arrivals and overnight stays. These results ultimately point to an increasing demand for more flexible and private forms of accommodation, while also highlighting the resilience of traditional hotel capacity. The majority of overnight stays are generated in private accommodation (53,21%) while hotels account for 24.75% of total overnight stays and campsites account for 4.86% of the accommodation structure in 2023.

Table 3: Analysis of hotels according to categorization in 2023 in the city of Split and the Republic of Croatia

CATEGORIZATION	Number of objects	Accommodation unit number	Number of beds	Share (%) of hotels in Split	Share (%) of hotels in the Republic of Croatia
2 stars	1	175	387	1,72	5,07
3 stars	10	204	364	17,24	38,85
4 stars	21	1.156	2.320	36,21	48,60
5 stars	4	462	905	6,90	7,48
No categorization	22	578	1.165	37,93	/
In total	58	2.575	5.141	100,00	100,00

Source: Tourist Board of the city of Split

Table3 shows an analysis of hotels by categorization in the city of Split as well as the share of hotels in Split and the Republic of Croatia in 2023. Establishments without categorization only indicate that they are in the process of categorizing their accommodation units. Both the city of Split and Croatia have the highest share of 4-star hotels by hotel categorization. They are followed by 3-star hotels, which have a slightly higher share at national level. The proportion of 3-star hotels in the city of Split is significantly lower than the national average, which opens up the prospect that hotel development in Split is geared towards higher categories and a more luxurious clientele. The share of 5-star hotels in the city of Split follows exactly the trend of the development of 5-star hotels on a national level. In summary, the data shows that the city of Split is clearly focused on higher categorized accommodation options.

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Table 4: Number of hotels according to 5* categorization in the city of Split from 2015 to 2023

Year	Hotel categorization 5*	Hotel name	Number of beds	Chain index increase
2015.	2	Park, Atrium	391	/
2016.	3	Park, Atrium, Cornaro	460	17,65
2017.	3	Park, Atrium, Cornaro	652	41,74
2018.	4	Park, Atrium, Cornaro, Radisson Blu	670	2,76
2019.	4	Park, Atrium, Cornaro, Radisson Blu	722	7,76
2020.	4	Park, Atrium, Cornaro, Radisson Blu	722	0,0
2021.	4	Park, Atrium, Cornaro, Radisson Blu	722	0,0
2022.	4	Park, Atrium, Cornaro, Radisson Blu	722	0,0
2023.	5	Park, Atrium, Cornaro, Radisson Blu, Ambasador	905	25,35

Source: Tourist board of the city of Split

In 2015 in terms of the number of hotels by 5-star category shows that the destination Split had only two five-star hotels, Park and Atrium. This modest situation indicates an early stage in the development of the luxury offer and the destination itself, which seemed limited both in terms of the number of facilities and capacity. In 2016 the number of hotels increased to three with the opening of Hotel Cornaro and capacity rose to 460 beds (+69). This was the first important step towards expanding the luxury offer. In 2017, the number of hotels remained the same, but bed capacity increased to 652 (+192) either due to the expansion of existing facilities or a conversion to increase capacity. In 2018, additional growth was recorded with the opening of the Radisson Blu Hotel, bringing the number of hotels to four and slightly increasing the number of hotels by 2.76%. in 2019, a further growth index of 7.76 was recorded with the expansion of the Radisson Blu Hotel. The period from 2019 to 2022 was characterized by stagnation. This stagnation clearly reflects the impact of the COVID-19 pandemic, which significantly restricted expansion and investment in the tourism sector. The year 2023 brings a long-awaited recovery and expansion with a growth index of 25.35 compared to the previous three years. With the opening of the Hotel Ambasador the number of hotels increased to five while bed capacity rose to 905.
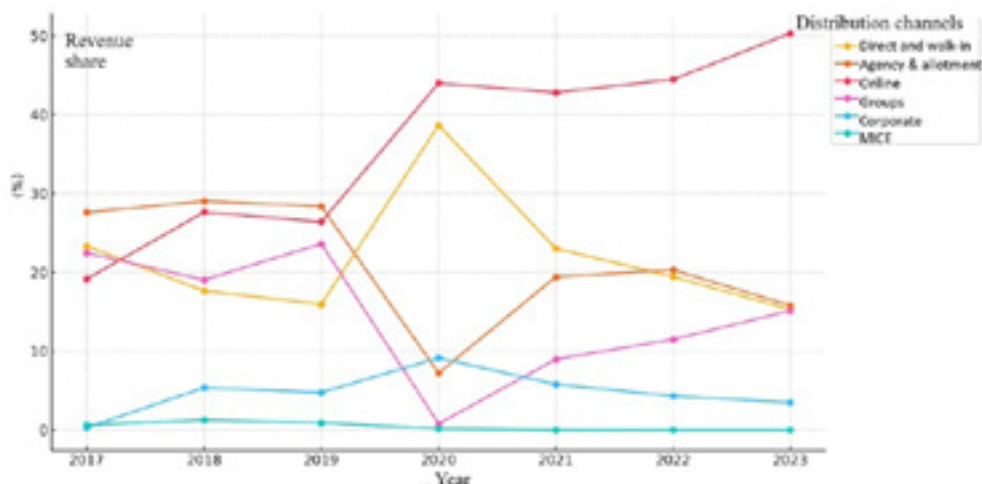
Table 5: Distribution channels of the selected 5* hotel from 2017 to 2023 according to the share of revenue

Distribution channel	Share indicator (%)	2017	2018	2019	2020	2021	2022	2023
Direct and "walk in"	Income	23,32	17,65	15,95	38,65	23,02	19,45	15,28
Agency and allotment	Income	27,60	29,03	28,37	7,23	19,42	20,30	15,79
Online	Income	19,15	27,64	26,39	43,98	42,78	44,46	50,31
Groups	Income	22,45	19,03	23,61	0,81	8,97	11,49	15,12
Corporate	Income	0,31	5,36	4,76	9,15	5,79	4,31	3,50
Mice	Income	0,63	1,27	0,92	0,18	0,01	0,00	0,00

Source: Internal data of the luxury hotel

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Table 5 shows the share of revenue by distribution channel in a luxury hotel for the period from 2017 to 2023. During this period, the share of revenue generated through the online channel increased from 19.15% to 50.31%, making this channel the most important revenue generator in the modern tourism business. The growth of direct and "walk-in" sales in 2020 can be explained by the cancellation of group and agency arrangements due to epidemiological measures - guests have booked directly more often. Agencies and allocations have the biggest decline in 2020 due to restrictions on group travel, but their share is slowly recovering. The MICE channel contributes the least to distribution channel revenue in a luxury hotel. The structural change of distribution channels is clearly visible, with the dominance of online distribution and the decline of traditional channels.

Graf 1: Revenue share by distribution channel of the selected 5* hotel in Split from 2017 to 2023

Source: Internal data of the hotel

Figure 1 illustrates the revenue share of the different distribution channels in the period from 2017 to 2023 for the selected luxury hotel. The online distribution channel shows the strongest growth over the analyzed period, from 19.15% in 2017 to a dominant 50.31% in 2023. In 2020, direct and walk-in bookings together with online channels had the highest share of sales compared to other distribution channels. However, the revenue share of the direct and walk-in channel declined after 2020 and was significantly lower in 2023, reflecting a shift of guests back to other segments of this distribution channel. The agencies and allotments distribution channel remained a consistently important source of revenue, starting at 27.60% in 2017 and gradually decreasing to 15.79% in 2023.

The revenue share of group arrangements fluctuated significantly, from a stable 22.45% in 2017 to an almost negligible 0.81% in 2020, with a gradual recovery to 15.12% in 2023. Groups experienced the sharpest decline in arrivals and room nights during the pandemic, which directly impacted the revenue share, mainly due to travel and assembly restrictions. Corporate and MICE distribution channels have never fea-

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tured prominently in the business strategy of the selected luxury hotels and therefore always had a lower share of total distribution and revenue.

Table 6: Market segmentation according to the distribution channel of the selected 5* hotel in Split from 2017 to 2023

Distribution channel	Indicator	2017	2018	2019	2020	2021	2022	2023
Direct and "walk in"	ADR	149,77	192,57	203,20	156,86	158,88	225,99	242,35
	RevPar	33,09	23,86	21,56	16,10	26,94	29,24	27,39
Agency and allotment	ADR	299,75	320,28	327,29	175,51	326,13	323,84	345,54
	RevPar	39,17	39,24	38,35	3,01	22,73	30,52	28,31
Online	ADR	267,12	261,84	228,31	199,53	272,11	308,01	341,04
	RevPar	27,17	37,36	35,67	18,32	50,07	66,86	90,19
Groups	ADR	219,88	152,03	195,26	70,74	208,10	213,99	230,99
	RevPar	31,85	25,73	31,92	0,34	10,50	17,27	27,10
Corporate	ADR	102,57	98,03	91,97	82,14	118,35	122,17	128,05
	RevPar	0,44	7,25	6,44	3,81	6,78	6,48	6,28
Mice	ADR	91,50	100,91	136,15	66,02	67,69	0,00	0,00
	RevPar	0,90	1,72	1,24	0,08	0,01	0,00	0,00

Source: Internal data of the luxury hotel

By analyzing the Average Daily Rate (ADR) and Revenue Per Available Room (RevPAR) data in Table 6 by distribution channel from 2017 to 2023, it is possible to determine which channel achieves the highest pricing policy and which channel leads to the lowest performance per unit of capacity. Due to the luxury hotel's specialized offering and high value-added contractual agreements, the highest ADR is agency and allocation, while the distribution channel contributing the most to revenue per unit of capacity (RevPAR) in 2023 is the online channel. The online channel outperforms all others in absolute growth, indicating an increasing reliance on OTA channels and their ability to price dynamically. The agency channel maintains a high pricing policy due to pre-contractual packages and offers for specific market niches, giving it a high ADR. The direct/walk-in guest segment shows the recovery of direct demand and the increase in ADR, but also the hotel's adjustment towards price control without intermediaries.RevPAR combining high price (ADR) and high occupancy - an indicator of operational efficiency - is reflected in the online channels, while the recovery of the agency and allocation channel has not reached pre-pandemic levels. The hotel has not adapted its offer to the MICE segment or is not interested in this form of cooperation.
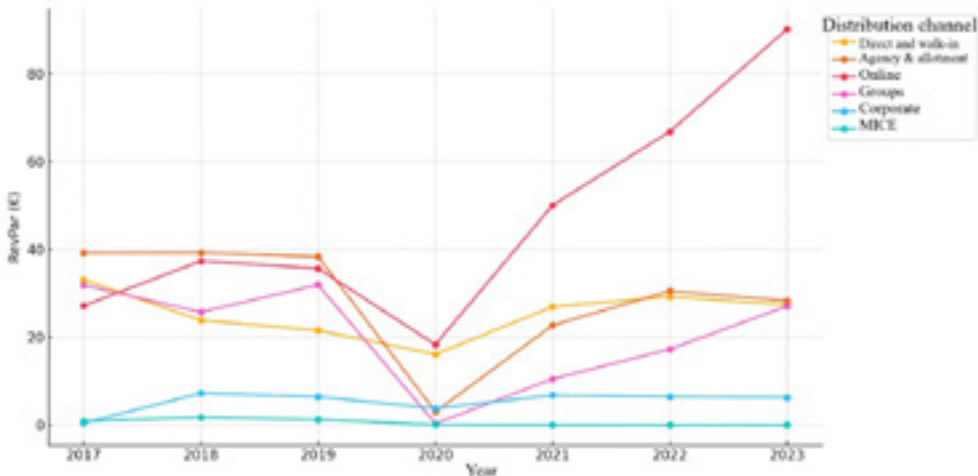
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OVERVIEW OF THE DEVELOPMENT OF DISTRIBUTION CHANNELS IN THE HOTEL INDUSTRY: ANALYSIS OF A LUXURY HOTEL IN SPLIT

Graph 2: ADR according to the distribution channel of the selected 5* hotel in Split from 2017 to 2023
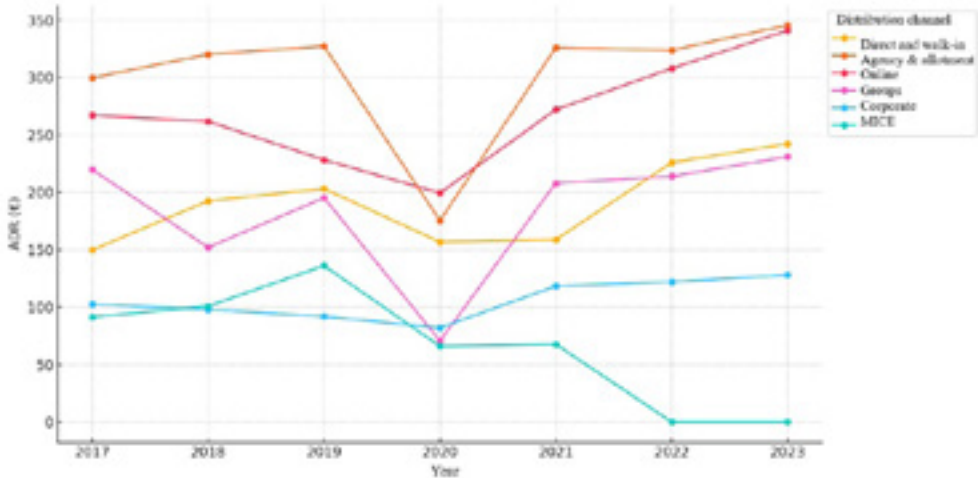
Source: Internal data of the hotel

Figure 2 shows the ADR trends by distribution channel. Agencies and allotments have the highest ADR. Despite a decline in the share of sales, this channel remains important for profitability. ADR for direct and unsolicited bookings remains stable and shows a faster recovery after 2020, indicating its resilience in times of crisis. The pandemic led to a decline in ADR across all channels, particularly for group bookings due to lower demand. Although the direct and group channels have partially adapted, their profitability needs to be further optimised. The Corporate and MICE segments continue to record a weak recovery. In summary, agencies and allotments have the highest ADR, while the online channel is experiencing stable growth and increasing importance.

Graph 3: RevPar according to the distribution channel of the selected 5* hotel in Split from 2017 to 2023

Source: Internal data of the hotel

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Figure 3 shows the development of RevPAR for various distribution channels in luxury hotels from 2017 to 2023. RevPAR, which combines occupancy and ADR, is an important indicator of hotel revenue. The aim of the analysis is to understand the dynamics of changes and trends by distribution channel. The comparison with Table 5 and Fig. 1 illustrates the adaptability of the individual channels. Agencies and Allocations had a stable RevPAR before the pandemic, followed by a decline in 2020 and a gradual recovery. This segment is heavily impacted by travel restrictions and limited mobility. Although RevPAR is growing, the recovery is slower than that of online distribution, which is growing steadily and becoming the most profitable channel thanks to dynamic price management. Group distribution has been hit the hardest due to the decline in social and group travel, while the corporate and MICE travel segments need significant adjustments to regain importance.

CONCLUSION

This paper provides an insight into the evolution of distribution channels and their changing revenue shares over time. It shows how sensitive international markets are to global crises. The COVID-19 pandemic impacted all areas of tourism worldwide and underlined the importance of diversifying distribution channels to reduce dependence on international visitors. The tourism market is very dynamic and requires proactive action and the continuous introduction of innovations. Digital channels and travel agencies strategies are crucial for future revenue growth in hotel operations. Personalized services and strategies to extend guests' length of stay are crucial for increasing hotel revenues. The study shows that online and agency/brokerage distribution channels have the fastest growth and highest revenue values (ADR and RevPAR), making them the most important revenue-generating channels. Although The corporate segment is the most stable in operational terms, it generates the lowest revenue due to lower prices and contractually agreed commissions. Strategic management of distribution channels ensures better market positioning and increases the competitiveness of hotels. Dynamic distribution strategies require a combination of traditional and digital channels in order to take account of the development of the tourism market. A limitation of the study is the low response rate of luxury hotels in the city of Split and the results are geographically specific. This does not mean that certain distribution channels would work equally well in other tourism markets. Despite the limitation in terms of the number of companies surveyed, the quality of the internal data of the luxury hotels and the theoretical basis ensure a practical benefit. Looking at distribution channels through the lens of a specific organization provides insights into management practices that are often under-examined in studies of luxury hotels. This research contributes to the theoretical literature on the evolution and change of hotel distribution channels by incorporating contemporary concepts such as disintermediation, reintermediation, rate parity and online channel dynamics. The collected data can be used to build forecasting models for the tourism market in terms of pricing strategies and revenue optimization by guest segment, opening room for future replications, extensions and comparative analyzes in various spatial and temporal contexts. The proposed guidelines can help reduce the risks associated with the implementation of new systems and the optimization of existing distribution channels in the hotel industry.

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