

Strong Hotel Revenue Growth Predicted for Asia-Pacific in 2018

Cautiously optimistic hoteliers indicate reliance on OTAs and emergence of Airbnb are concerns

Singapore – March 2018 – [A survey of 100 leading hospitality industry professionals from across the Asia-Pacific region has predicted a positive outlook for the regional hotel sector in 2018, with 61 percent of respondents forecasting 10 percent or more revenue growth in the year to come.](#)

The ‘APAC Hotel Market Trends’ research was organised by [IDeaS Revenue Solutions](#), the leading provider of revenue management software and advisory services, and drew key insights from hotel owners, general managers, revenue managers and sales directors from across the region.

According to research findings, the healthy outlook for the regional hotel sector would largely be driven by increased room sales (53 percent). However, hoteliers also expect sustained growth in revenues from food and beverage sales (24 percent) and meeting and event spaces (20 percent) in 2018, highlighting the growing diversity and focus across multiple hotel revenue streams.

“The outlook for the regional hotel sector is positive, with many property groups confident about their growth prospects in 2018. The key challenge is finding balance in the distribution ecosystem and creating a level playing field of customer choice. Also, fair rewards must be agreed upon for the efforts provided by the varying forms of distribution in reaching audiences hoteliers can’t. With the rapid innovation from online travel agencies (OTAs), metasearch and operators like Airbnb, there is no time to be complacent,” said Bryan Bailey, vice president revenue & distribution for Minor Hotels. “To succeed in today’s hospitality sector, hoteliers need the right online presence, advanced operating systems like revenue management and the right people in place to optimise their total ecosystem and performance.”

While revenue growth is expected from the regional hotel sector, many hoteliers continue to have a strong reliance on OTAs to drive business, with 84 percent of respondents indicating that OTAs made up 30 percent or more of their bookings. Close to a quarter of all respondents even indicated that OTAs made up 50 percent or more of their total bookings.

“OTAs can charge between 15 and 25 percent commission for every booking they secure. These third-party costs influence the amount of revenue hotels are able to secure from each guest – ultimately impacting a property’s bottom line,” said Rachel Grier, managing director Asia Pacific for IDEaS. “The most cost-effective online booking channel for a hotel remains its own website. To secure these valuable direct bookings, hoteliers need to focus

on improving their online targeting, pricing and web presence to not only attract visitors, but convert them into paying guests.”

To address the regional imbalance in bookings from OTAs, it is no surprise that all hoteliers surveyed indicated they would grow their direct bookings over the coming year. While 79 percent of respondents indicated they are looking to grow their own direct bookings from 10 to 20 percent, 20 percent of hoteliers predicted they would grow their direct bookings by 30 percent or more.

In addition to challenges presented by OTA bookings in the region, 81 percent of respondents said they believed sharing accommodation sites like Airbnb are a threat to the regional hotel sector, with 18 percent believing Airbnb and its rivals are a ‘significant’ threat.

“Sharing economy rivals like Airbnb are undoubtedly digitally savvy and should continue to be taken seriously. To compete effectively with these online platforms, hoteliers need to identify what makes their property unique and offer customised guest experiences. They should not look to simply reduce their rates to counter new competition, but instead, focus on emphasising value to their guests to drive those direct bookings,” added Rachel Grier.

IDeaS is committed to helping hotel organisations throughout the Asia-Pacific region reach their optimal revenue and profit levels in 2018 through advanced systems and by focusing on education that supports the development of a strong revenue management culture.

About IDEaS

With more than 1.6 million rooms priced daily on its advanced systems, IDEaS Revenue Solutions leads the industry with the latest revenue management software solutions and advisory services. Powered by SAS® and with nearly three decades of experience, IDEaS proudly supports more than 10,000 clients in 124 countries and is relentless about providing hoteliers with insightful ways to manage the data behind hotel pricing.

IDeaS empowers clients to build and maintain revenue management cultures – from single entities to world-renowned estates – by focusing on a simple promise: Driving Better Revenue.

IDeaS has the knowledge, expertise and maturity to build upon proven revenue management principles with next-generation analytics for more user-friendly, insightful and profitable revenue opportunities – not just for rooms, but across the entire hotel enterprise. For more information, visit www.ideas.com.

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