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Distribution channels in the major cities' hotels in Lithuania

Abstract. The objective of this paper was to examine the distribution channel strategies of hotels in Lithuania's major cities Vilnius, Kaunas, and Klaipėda and to determine the role different channels play in revenue generation and seasonality. The study applied a quantitative research method using an online survey distributed between January and March 2024, collecting responses from 42 hotels. The findings show that Lithuanian hotels widely apply multi-channel distribution strategies. Direct bookings account for the largest share of reservations (50.9%), followed by online travel agencies (OTAa) (27.6%) and internet booking engines (12.3%). Booking.com is identified as the most effective OTA by all respondents. Seasonal differences are evident: OTAs and metasearch platforms dominate during the high season, while direct channels and wholesalers become more important in the low season. The results suggest that although direct channels remain strong, hotels must carefully balance their channel mix to reduce dependency risks and optimise revenue performance.

Keywords: hotel distribution channel, global distribution system, GDS, central reservation system, CRS, online travel agency, OTAs, hotel revenue

Introduction

Multiple channel strategies in which a service provider employs more than one sales and distribution channel to serve a homogeneous market have grown rapidly in recent years. The reason for hoteliers employing multiple channels, including electronic ones, is no different; to maximise exposure and market share, and reduce costs (Kang et al., 2007).

Green and Lomanno assert that over the last 40 years, the number of revenue distribution channels has expanded and multiplied. O'Connor and Frew affirm that online distribution channels have expanded exponentially and continuously alter, combine, and bypass one another while collaborating and competing (Ibrahim et al., 2022).

The *European Hotel Distribution Study 2022*, a bi-annual survey among hoteliers, offers respondents no less than 16 distinct choices – from people making reservations by e-mail to those booking on social media channels. The results for 2021 show that direct

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distribution, i.e. a guest booking directly with a hotel, continues to be the most important form of distribution. Hotels' reliance on online travel agencies (OTAs) remained almost at the same level as in 2019 during the pandemic episode. The three main players within the OTA market remain Booking Holding, Expedia Group and to a lesser extent HRS, with an aggregated market share of 90.4% (HOTREC, 2022).

The cost of distribution via OTAs keeps rising. OTA commissions that once ranged from 15-20% now reach 30% or higher. Recent finds hotels paying up to 40% commission when accounting for volume discounts (de Peuter-Rutten, 2024).

The Commoditization of Search and Discovery Meta search engines like Tripadvisor, Trivago and Google Hotel Ads have conditioned guests to filter primarily by quantitative metrics like star rating, guest rating, and nightly price during hotel evaluation. While vital for visibility, meta-search marketing costs keep rising even as click-through rates decline. With high volumes of low-intent traffic, meta-search efficiency suffers. Still, with over 40% of online bookings touching a meta site at some point, hotels can hardly abandon the channel (de Peuter-Rutten, 2024).

Ibrahim et al. (2022) recommend that the latest research on hotel distribution channels needs to be continuously carried out regularly in various destinations because distribution channels change very quickly following technological developments, with the collapse of conventional barriers and value chains, and the blurring of distinctions between participants.

Every hotel has its unique channel mix that is affected by several things, including its position in the marketplace relative to its competitors, geographical location, reputation in the industry, and service offerings. Achieving the optimal distribution mix for a hotel is a complex task. It requires understanding the target market, analysing data from various sources, mapping against online channels, setting up the website for booking success, building a loyalty program, and regularly reviewing the distribution strategy (Johansson, 2023).

Due to Kotler and Armstrong, an adequately managed distribution system may differ between market leadership and survival in a competitive environment (Ibrahim et al., 2022).

The purpose of this paper is to investigate how many channels hotels in Lithuania choose and what role the various channels play.

The paper includes a literature review summarising relevant studies regarding the diversity and evolution of distribution channels. The findings and discussion section focus on interpreting the results of the survey with Lithuanian hotels. It reveals the most popular types of distribution channels used by Lithuanian hotels. This study holds important implications for hotels, which develops a model that can be utilised to not become increasingly reliant on a single channel, optimise their market exposure, and maximise their portion of the overall worth of the network. The conclusion includes theoretical contributions and research results. The limitations of the study are then considered, and finally, suggestions for further research are made.

Literature review

Due to Shoemaker, Lewis and Yesawich, distribution channels in the hotel business are the methods to bring the product to the consumers or methods that market segments use to find their favourite products (Ibrahim et al., 2022).

O'Connor and Frew (2002) define distribution channels as systems that provide customers with timely and relevant information before a purchase decision is made. With the same distribution strategy is a methodical approach to deciding when and which channels hotels will use in order to sell rooms profitably (Lacalle, 2021).

When talking about direct distribution channels in hotels, we can divide them into bookings realised through telephone calls, e-mails, through hotels' websites or by direct arrival at the hotel, while global distribution system (GDS), OTA and central reservation system (CRS) and tour operators are considered to be indirect channels (Dadić et al., 2021; Fig. 1).

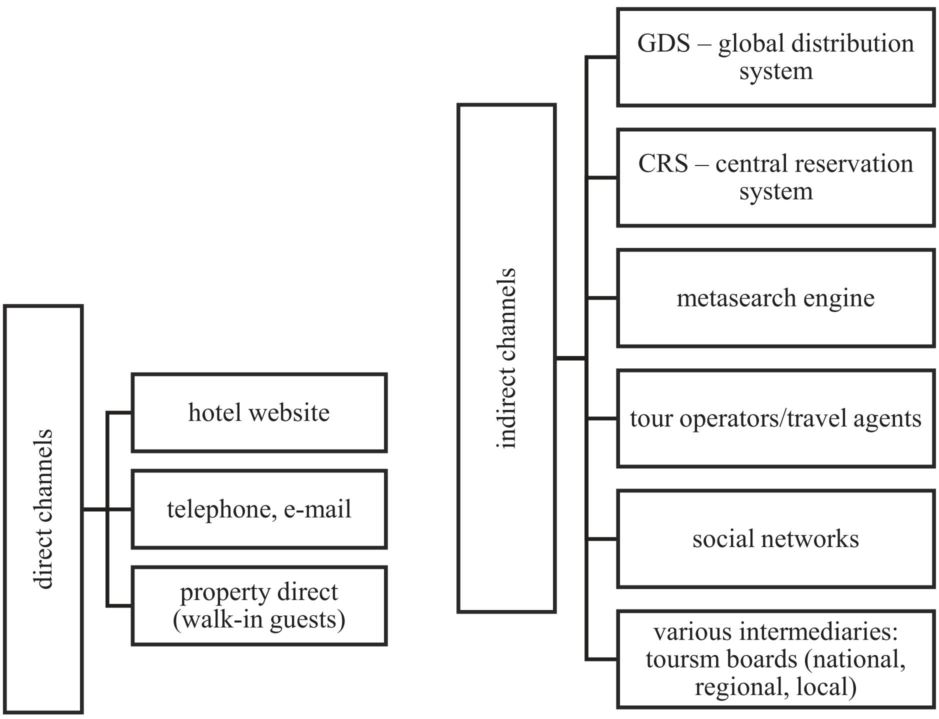

Figure 1. Distribution channel in hotels

Source: adapted from Dadić et al. (2021), Szende (2021), and Hayes et al. (2022).

In the view of hoteliers, electronic distribution systems are cost-effective and labour-efficient compared to telephone reservations. Emmer forecasted the effect of electronic distribution systems in the hotel industry and recommended that hotels should use a global distribution network to maximise benefits by providing the negotiated rate for high-volume agencies and corporate customers and keeping the package information simple (Kracht and Wang, 2015).

Marcussen found that the importance of online distribution has been growing exponentially due to the change in tourist behaviour (Stangl et al., 2016).

Carrol and Siguaw stated that since the development of electronic marketing, customers can gain more information about the room, not only on the hotel websites, but also on the indirect channels (Radzi et al., 2015).

According to Hayes et al. (2022), distribution channels increase the number of sellers' locations (points of distribution), and as a result, increase the options and the complexity of pricing and selling. Different distribution channels exist because they appeal to different types of buyers. Distribution channels in the hotel industry are generally classified as either direct or indirect. A direct channel is one in which the ultimate product or service user buys directly from the seller. Indirect channels involve one or more intermediaries and may take a variety of forms.

From a different pricing perspective, distribution channels are important for two key reasons. The first is that some buyers prefer to use a specific channel when making their purchases, and they are willing to pay more or may feel they should pay less when they use that channel. The second reason why distribution channels affect pricing is that channel operators, including intermediaries of all types, change sellers for their services. For hotels, the cost related to selling on different channels can vary dramatically. The careful selection of distribution channels chosen to be used by managers is one way of overseeing these costs (Hayes et al., 2022).

Due to Szende, having a solid knowledge of distribution channels can lead to a successful distribution strategy that balances the costs by maximising the booking sales at the hotel's average daily rate (Ibrahim et al., 2022).

Ibrahim et al. (2022) suggest researching hotel distribution channels in various geographical and touristic situations to bolster the findings and ensure their generalizability (Dieck and Fountoulaki, 2018) because each country's hotel distribution management is unique (Law et al., 2014), depending on the social context that fosters innovation, proactivity, and risk-taking attitudes (Stangl et al., 2016).

Research methodology

This study employed a quantitative, descriptive research design to examine distribution strategies, digital engagement, and customer segmentation practices among hotels operating in Lithuania's three major cities: Vilnius, Kaunas and Klaipėda. The study aimed to identify structural patterns, strategic priorities, and technological adoption levels within the hotel sector.

The target population comprised accommodation establishments officially registered and operating in Lithuania's urban centres. A purposive sampling technique was used to ensure participation from hotels with varying sizes, affiliations (independent vs. chain), and star classifications.

Out of 54 hotels contacted, a total of 42 completed responses were received, yielding a response rate of 77.8%. The sample included: 67% from Vilnius, 8% from Kaunas and 25% from Klaipėda.

Primary data was collected via a structured online survey, distributed through e-mail between January and March 2024.

The survey was pre-tested with five hotel managers to ensure clarity and relevance, after which minor adjustments were made.

Collected data were analysed using descriptive statistical techniques, including frequency distribution, percentage analysis, and cross-tabulations. The results were visualised using bar charts generated via Microsoft Excel.

To interpret seasonal trends and channel effectiveness, responses were categorised by booking channel and seasonality (high season: May–September; low season: October–April). Additionally, a comparative analysis was performed to contrast booking behaviour and performance across different customer segments and hotel types.

Results

A majority of respondents (over 60%) operate as independent establishments, while a smaller share (less than 40%) belongs to hotel chains or CRS cooperatives. This confirms the dominance of independently managed accommodations in Lithuania and highlights both the opportunities and challenges related to brand visibility, particularly in OTA negotiations.

Figure 2 shows hotel classification based on star ratings. 'Three-star plus' hotels dominate the sample, followed by 'four-star' accommodations. This supports the conclusion that mid-range hotels form the backbone of Lithuania's hospitality sector, appealing to a wide customer base.

The data shows that Lithuanian hotels pursue multiple customer segments simultaneously, with a primary focus on corporate clients (both individuals and groups) and leisure travellers (Fig. 3). This dual-targeting approach is consistent across independent and chain-affiliated hotels.

Figure 4 presents hotel distribution by room capacity. Most establishments fall within the 111-140 range, representing a strategic middle ground suitable for both group and individual bookings. Very small and very large hotels are less common, suggesting a trend toward scalable, flexible operations.

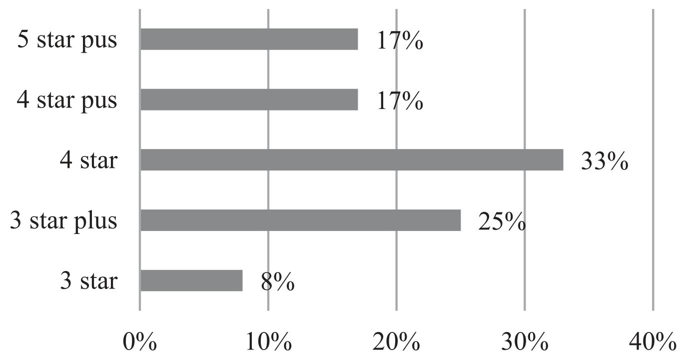

Figure 2. Hotel classification by star rating

Source: own research.

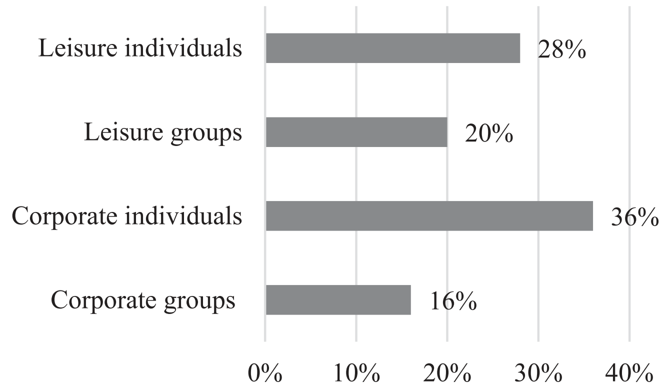

Figure 3. Target customer segments of hotels

Source: own research.

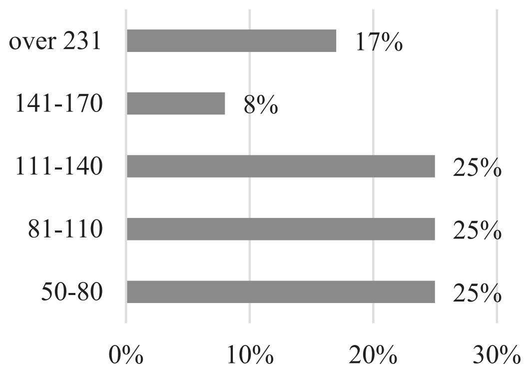

Figure 4. Hotel size by room capacity

Source: own research.

Analysis of distribution channels and performance metrics reveals strong digital engagement. Notably, 100% of respondents identified Booking.com as their most effective OTA. This total reliance highlights the need for awareness around commission fees and risks associated with platform dependency.

Figure 5 highlights the use of GDS by Lithuanian hotels. Only 15 hotels utilise GDS, while 27 do not. The low uptake may indicate barriers such as cost, technical challenges, or lack of perceived value in the domestic market.

Google Hotel Search dominates among metasearch platforms, which highlights the growing importance of price comparison engines and real-time visibility. This tool enables direct booking competition with OTAs (Fig. 6).

Approximately 58% of hotels actively use social media and mobile applications, while 42% do not (Table 1). This indicates a clear gap in digital maturity, particularly in engaging younger, tech-savvy international tourists.

Table 1 displays the distribution of booking channels in 2024. Online travel agencies (OTAs) represent the most frequently used distribution channel, followed by direct bookings and other internet-based booking channels. The strong role of direct channels

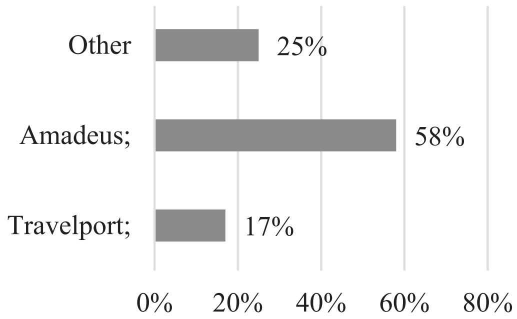

Figure 5. Global distribution system utilisation

Source: own research.

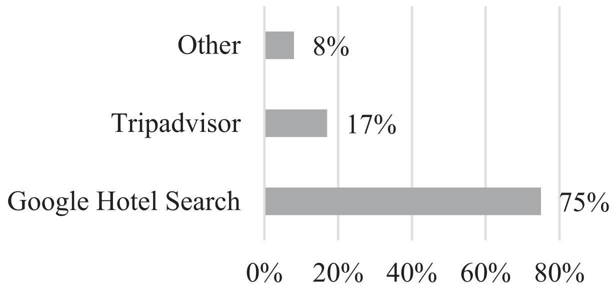

Figure 6. Metasearch platforms utilisation

Source: own research.

Table 1. Booking channel preferences in 2024 [%]

Specification	Never	Rarely	Occasionally	Sometimes	Often	Very often	Always
Direct (hotel web page, e-mail, phone, walk-in)	–	–	–	8	58	17	17
Hotel chains and cooperation with central reservation system	42	17	8	–	25	–	8
Online travel agency (e.g. Booking.com; Expedia, Agoda, etc.)	–	–	–	–	17	33	50
Global distribution system (e.g. Amadeus, Travelport, Galileo, Sabre, Worldspan)	42	25	8	8	8	–	8
Metasearch sites (Google Hotel Search, Tripadvisor, Trivago, etc.)	25	33	17	8	17	–	–
Tour operator / travel agency	–	17	8	25	33	–	17
Wholesaler (Hotelbeds, Gulliver, Tourico, Transhotel, etc.)	8	17	8	17	33	–	17
Event and congress organizer	–	–	25	25	25	25	–
Other distribution channel	–	33	25	25	8	–	–

Source: own research.

supports Relationship Marketing theory, which emphasises trust, customer loyalty, and greater cost control compared to commission-based intermediaries. The findings suggest strategic implications for hotels, including investment in customer relationship management systems, loyalty programmes, and improved direct digital booking platforms.

During the high season, the dominant distribution channels were OTAs and metasearch platforms (Table 2). These channels proved to be the most effective for capturing bookings during the peak travel months of May through September.

In contrast, during the low season, direct channels (phone, e-mail, website, walk-in) and wholesalers became more effective for securing bookings (Table 3). This pattern suggests a shift from digital discovery to planned and relationship-based transactions.

Table 2. Top distribution channels during high season (May–September 2024) [%]

Specification	1st choice	2nd choice	3rd choice	4th choice	5th choice	6th choice	7th choice	8th choice	9th choice
Online travel agency (e.g. Booking.com; Expedia, Agoda, etc.)	33	42	17	–	8	–	–	–	–
Direct (hotel web page, e-mail, phone, walk-in)	17	17	42	8	8	–	–	–	8
Tour operator / travel agency	33	8	17	17	8	8		8	–
Event and congress organizer	8	8	–	8	33	–	33	–	8
Hotel chains and cooperation with central reservation system	–	17	8	17	8	–	25	–	–
Wholesaler (Hotelbeds, Gulliver, Tourico, Transhotel, etc.)	–	8	8	17	8	17	–	25	17
Global distribution system (e.g. Amadeus, Travelport, Galileo, Sabre, Worldspan)	–	–	–	17	17	42	8	–	17
Other distribution channel	–	–	8	8	–	25	33	17	8
Metasearch sites (Google Hotel Search, Tripadvisor, Trivago, etc.)	8	–	–	8	8	8	–	33	33

Source: own research.

Table 3. Effective distribution channels during the low season (Oct–Dec and Jan–Apr 2024) [%]

Specification	1st choice	2nd choice	3rd choice	4th choice	5th choice	6th choice	7th choice	8th choice	9th choice
Online travel agency (e.g. Booking.com; Expedia, Agoda, etc.)	67	17	–	–	8	8	–	–	–
Direct (hotel web page, e-mail, phone, walk-in)	17	50	8	17	–	–	8	–	–
Wholesaler (Hotelbeds, Gulliver, Tourico, Transhotel, etc.)	8	8	8	8	25	17	17	8	–
Other distribution channel	–	8	8	8	33	25		8	8
Tour operator / travel agency	–	–	25	8	25	8	8	8	17
Event and congress organizer	–	8	25	–	8	17	17	17	8

Source: own research.

Conclusions

This study explored hotel distribution channel strategies in Lithuania's major cities, highlighting key patterns in channel use, digital engagement, and customer targeting. The following concise conclusions summarise the main insights:

1. Multi-channel strategies are widely used to expand reach and reduce reliance on any single platform, enhancing flexibility in a competitive market.
2. Direct booking channels remain strong, accounting for over half of bookings, despite the popularity and effectiveness of OTAs.
3. Seasonal adaptation is evident, with OTAs and metasearch dominating in the high season, and direct bookings and wholesalers gaining importance in the low season.
4. Digital engagement is uneven – while OTAs are fully adopted, GDS and social media usage remains limited, suggesting growth potential.
5. Hotels target both corporate and leisure segments, helping to smooth occupancy rates throughout the year and diversify revenue streams.

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