
**STRATEGIES FOR IMPROVING DIRECT DISTRIBUTION CHANNELS
FOR HOSTELS IN LA CANDELARIA (BOGOTÁ, COLOMBIA)**

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ABSTRACT

La Candelaria neighborhood, located in the center of Bogotá (Colombia), is the epicenter of the culture and history of the city, thus generating a large flow of tourists, and its main accommodation offer consists of a series of hostels, which sell their product using different channels. The scope of this research is to propose strategies to strengthen the direct distribution channels of these hostels to generate more income, based on digital marketing strategies and interpretation of hotel indicators.

To achieve the objective of the research, accommodations in the area with the highest concentration of hostels in the city were analyzed. Some of them are run independently, others are part of a hostel chain. The variables that were analyzed are RevPAB (Revenue per Available Bed), ADR (Average Daily Rate), occupancy percentage, sales by OTA (Online Travel agencies) and number of sales by other direct channels.

This is the first investigation carried out in Colombia and Latin America, in which the behavior of hostel sales is analyzed, and valid strategies are presented to improve the marketing of hostels anywhere in the world. The results shown in this article are the product of the analysis of the marketing channels used by the hostels that were object of study of the present paper during 2018.

The latter research work leads to recommending strategies focused on the consolidation of direct channels, making use of digital tools such as the hostels' websites and social networks, which generate a lower cost compared to the use of other channels such as OTA.

KEYWORDS: Marketing new brands, Hostels, distribution channels, digital marketing, hotel indicators.

INTRODUCTION

This research work was carried out to propose strategies to strengthen the direct distribution channels of the hostels, to generate higher revenue and to ultimately benefit hostel accommodation service providers. The final product of this research shows practices related to distribution channels and how effective hostel management can lead toward a more profitable and less dependent relationship with external channels to generate sales. The current research was carried out with the intention to help the owners, managers, or administrators of the hostels become aware of the reality of their company, and likewise, manage to enhance their internal resources to increase sales, avoiding absolute dependence on technological platforms such as Online Travel Agencies (OTA); and it seeks to contribute to the enrichment of digital marketing processes in accommodation establishments of this category, suggesting specific strategies, within the reach of any provider, regardless of the size of their business, allowing for growth in sales, decreasing the costs and expenses associated to targeting potential customers.

To achieve the aforementioned objective, ten hostels located in La Candelaria neighborhood of the city of Bogotá were analyzed, taking into account that this area concentrates the largest number of hostels in the city (El Tiempo, 2018) and that due to its characteristics, it attracts a significant flow of tourists every year. Additionally, the different distribution channels currently used by the hostels assessed were analyzed, determining the characteristics of each one, based on the information obtained from interviews, observation and bibliographic references, which allowed us to contrast the theory with the real experiences of each establishment. Furthermore, the extent to which these channels affect the occupancy and the main accommodation indicators of the target hostels was determined. Moreover, the participation of the different distribution channels used by the hostels under study, and the behavior of the main indicators of accommodation, was determined, using the surveys carried out in each hostel under study, and making a retrospective projection of the departmental income statements. Finally, strategies were proposed to strengthen direct distribution channels, whose evidence suggests the importance of considering the key characteristics to optimize the establishments' website, being their websites one of the main distribution channels whose effective use may represent a significant increment of direct sales (Fernández, Vall-llosera, Moya, 2020).

This is the first investigation where an analysis of sales behavior has been conducted throughout the different distribution channels of the aforementioned hostels, and strategies are proposed for their implementation in accommodations of this type anywhere in the world; although, there have

been some investigations in Latin America with similar characteristics, they have only focused on hotels, leaving hostels out of the scene.

LITERARY REVIEW

This section seeks to contextualize the reader on the importance of hostels and the way they are promoted, the use of distribution channels, and the importance of digital marketing. Recommendations made by experts regarding the characteristics of a good website for a company that provides hospitality services, will also be found.

HOSTELS

A hostel is the accommodation establishment in which “shared spaces are used”, however, some of them may offer private rooms with independent bathrooms (Hostelbookers, 2010); additionally, in the law: Norma Técnica Sectorial (NTSH) 013 of 2016, a hostel is defined as an “establishment, which provides accommodation services in private or shared rooms, and bathrooms. In addition, it must include shared use areas, without prejudice to providing other complementary services ”(ICONTEC, 2016, p. 2)

The motivation of a hostel is to provide an inexpensive accommodation service, “favoring integration among them [travelers] throughout their common spaces as a way of cultural exchange” (Vögler, 2013, para. 5). According to Hostelbookers, 41% of their customers are over 30 years old (2010). Among the main characteristics of the hostels are that their physical plant contains both shared and private rooms; in most cases, it has a kitchen for free use, social spaces where travelers can share and interact, and an information point tour; in some of them, you can even find a laundry room or a restaurant and bar (Alemán, 2018).

On the other hand, they are characterized by having a differentiating and personalized service, without neglecting the importance of staff training, and the human quality of the people who are part of the staff. In the case of hostels located in Colombia, they must have the National Tourism Registry (RNT), which certifies the formality of the establishment and provides security to customers. In their facilities, the establishments have security and surveillance cameras, lockers, and safes for the care of travelers' belongings, which provide tranquility during the trip and help improve the experience (Alemán, 2018).

DISTRIBUTION CHANNELS

Channel development theory explains how companies focus on “increasingly complex product offerings” (Gómez, 2006). Likewise, Stanton (1998) mentions how companies can make use of existing channels or the implementation of new ones to generate a competitive

advantage and improve customer service; these channels can be direct or indirect (as cited in Gómez, 2006). Additionally, this theory proposes that channels have “behaviors”, since the more intermediaries they have, the more difficult they are to control, while the shorter it is, despite limited coverage, the easier and more effective its management will be (Velázquez, 2012).

The selection of the channels must be made based on the type of service and the scope that is intended; for this, certain factors of the target customer must be taken into account, such as: who are you? What do you buy? Where do you buy? How do you buy? And when do you buy it? Do also take into account the geographical conditions and the size of the market (Velázquez, 2012). Furthermore, it is argued that "each type of channel will offer different control over the product and its commercialization" (Giner, 2019, para. 9), so the correct choice of the channel is very important for the provision of the service or product to be expected.

When talking about channel development, three strategies should be used that depend on what is expected with the product; The first one is the exclusive strategy, where the service is sold through a single intermediary, and this must establish a minimum of sales for the product and not ally itself with the competition. Second is the selective strategy, where the number of intermediaries is limited, and these are selected according to different factors related to importance, prestige, sector, etc. Finally, the intensive strategy, where the sale is made through multiple agents to reach the largest possible market share, this is normally used in frequent consumer goods (Giner, 2019).

DIGITAL MARKETING

To reach the customer effectively and make them purchase through the channels that the company expects, Marketing theories must be taken into account to understand the consumer, therefore, the theory of the 4 F's of digital marketing proposed by Paul Fleming (flow, functionality, feedback, and fidelity) (Nava, 2016), who reformulated Jerome McCarthy's theory of the 4 P's in 1996 (price, product, place, and promotion).

The theory of the 4 F's is explained below:

1. Flow: It is the “capacity for interactivity that exists on the internet”. The information presented here must be "clear, constant, complete and specific", in addition to having the possibility of being shared.
2. Functionality: What is presented must be useful, otherwise, it will go unnoticed; additionally, it must be accessible, fast, and fluid. The above immediately captures the user's attention as this factor requires that "navigability has to be intuitive".

3. Feedback: It is there where a two-way dialogue with the client is established since you not only receive information but also have the possibility of interacting and giving your point of view (feedback).
4. Fidelity: Convert the target customer into a regular one who feels identified with the service (Nava, 2016).

This allows for the creation of communities that provide content and strengthen the website (Sánchez, 2010). Based on the latter premised, one of the digital tools that make use of the aforementioned concept is OTA, since, due to the technological boom, online channels have had great growth, the main distribution channels for accommodation establishments are OTA, which function as a business showcase, thus generating accommodation establishments to increase their sales (Clerk, 2013). OTA are web pages that are dedicated "to the sale of services within the travel sector." Besides, these platforms contribute to the user leaving reviews or criticisms about destinations, hotels, restaurants, etc. It allows the client to access the information they want in real-time. Additionally, it provides them with the possibility of making reservations and buying online according to the characteristics and the price that best suits them (Entorno Turístico, 2015). Therefore, for the area of competence of this work, OTA is understood as the online technological platform, which allows accommodation establishments to market their services and access their customers, making use of it as a business showcase, in which customers have the possibility to choose the product, make their reservation and make the payment online (Clerk, 2013).

RECOMMENDATIONS FOR HAVING A GOOD WEBSITE

Regarding the characterization of websites; there are some basic parameters that a web page of a hospitality establishment must have, for its sale to be effective, the eight key points for the design of a website are:

1. The website must be adaptable for any device, be it mobile or in the computer version.
2. The website must be optimized through the use of keywords and ease of access through search engines.
3. Make use of a CMS (Content Management System) or be constantly updated, since it is very important to keep the information that appears on the website up to date, not only in terms of rates but also in relevant information of the establishment's accommodation and the destination.
4. It is important to show the description of the place, the facilities it has, the nearby places of interest, and everything that may interest the buyer; it is always important to show whatever makes it attractive.

5. It must have a very good quality photo gallery of the facilities, rooms, food and beverage service, etc.; all this to give the customer a general view of the establishment. Additionally, you must use user-friendly colors.
6. Information on location and contact forms; either by adding maps, images of the area, telephones, etc.; to allow the location of tourists in the area. Additionally, provide information if you have activities for children, etc.
7. It is necessary that prices are easily accessible, and that the rates are clear according to the services provided.
8. The booking engine allows the accommodation establishment to be available to its client 24 hours a day and provide the immediacy that is needed when making a reservation without the need to wait for a response from the accommodation establishment (ED for hotels, 2015) (Fernández, Vall-llosera, Moya, 2020).

METHODOLOGY

This research was carried out during 2018 from January to December. Where a direct observation was made of the monthly behavior of the main accommodation indicators of 10 hostels in La Candelaria.

The information consigned in the data analysis is confidential, as are the testimonies obtained during the interviews, therefore, no proper names will be used of any of the interviewees, nor of the establishments that contributed to the development of this investigation.

SAMPLE SIZE

To carry out this research, the number of hostels that are in the area under study was identified and it was determined that the population size is 43 hostels, which had a National Tourism Registry (RNT - Certification granted by the Vice Ministry of Commerce, Industry and Tourism) for the year 2018, according to the sample formula for finite populations, the following variables were determined (See table 1):

Table (1) Aspects for the definition of the sample size

| Aspect | Value | Meaning |
|---------------|--------------|--|
| N | 43 | Total population under study |
| Z | 1,645 | 90% safety percentage |
| p | 5% | Expected proportion |
| q | 95% | 1-p |
| d | 10% | Accuracy / Maximum Allowable Total Error |

Note. Those are de aspects for the definition of the sample size. Source: Self-made

The following formula was applied according to the information in table 1:

Equation 1. Formula to identify the sample size in finite populations.

$$n = \frac{N \times Z_{\alpha}^2 \times p \times q}{d^2 \times (N - 1) + Z_{\alpha}^2 \times p \times q}$$

Source: (Herrera, 2011)

Therefore, it was determined that the sample size would be 10 hostels that were selected randomly and according to their willingness to support and provide the necessary information to carry out the present investigation.

The hostels evaluated are providers of accommodation services located in La Candelaria neighborhood between Carrera 1 and 6; and 7th and 13th streets.

In the same way, interviews were conducted with the managers, administrators, and employees of the different hostels evaluated and Colombia Hostels staff, to determine the strategies implemented in the daily operation and detailed information on the industry and its behavior in the study area.

VARIABLES

To carry out this research, a monthly record of the main accommodation indicators was kept for each 1 of the 10 hostels under study. the indicators that were taken into account were the percentage of occupancy, ADR, RevPAB, percentage of the utility of the accommodation department; to obtain detailed information on the sales behavior of each of the hostels.

Regarding sales, the percentage of participation of each of the channels over total sales was determined, the value of commissions paid to third-party channels such as OTA, and the monthly expense generated as a result.

For the analysis of the indicators, a projection of the income statements was made for the accommodation department, making use of the information provided by each hostel, to obtain the cumulative value as of December 2018, for each of the hostels where the behavior of the variables described above was evidenced. The results were obtained according to the indicator average values of the 10 hostels.

The different distribution channels were analyzed, carrying out a field study, in which the behavior of the in-house channels and the customer purchase experience were observed at all contact points (Customer Journey), this to identify strengths and weaknesses for each particular case.

Finally, the good promotional practices used to strengthen the sales channels used by the hostels were taken into account, which was revealed by the different actors in the interviews carried out throughout the investigation and the evaluation of the characteristics of the website, under the aspects proposed by ED for hotels, (2015) and Fernández, Vall-Ilosera, Moya (2020).

RESULTS

SALES CHANNELS

As evidenced in Table 2, the largest sales channel used by guests is OTA, where 60% of reservations were received, followed by other direct channels with 20% that correspond to walk-in, referrals from other hostels, and marketing via Social Media. Finally, 18% of the reservations came through the website. Likewise, it is also evident that the channels with the least participation are the telephone reservation and the reservation through travel agencies with a 7% participation for each. The boxes that do not have any value, mean that the hostel in question does not use this channel for the sale of its products.

Table 2 Distribution channels of the hostels under study and their percentage of participation on the sale

| Channel | Web site | Phone Reservation | Other Direct Channels | OTA | Travel Agencies |
|----------------|-----------------|--------------------------|------------------------------|------------|------------------------|
| Hostel 1 | 25% | | 5% | 70% | |
| Hostel 2 | 20% | 5% | 5% | 70% | |
| Hostel 3 | | 4% | 18% | 78% | |
| Hostel 4 | 1% | | 2% | 96% | 1% |
| Hostel 5 | 3% | 15% | 34% | 48% | |
| Hostel 6 | 20% | 2% | 28% | 35% | 15% |
| Hostel 7 | 30% | | 10% | 55% | 5% |
| Hostel 8 | 15% | 5% | 10% | 70% | |
| Hostel 9 | 30% | 10% | 20% | 40% | |
| Hostel 10 | | | 65% | 35% | |
| Average | 18% | 7% | 20% | 60% | 7% |

Note. Those are the distribution channels used by the hostels understudy-
Source: Self-made

As mentioned above, the highest percentage of sales is made through OTA, thus generating the highest percentage of commission payments concerning total sales, as shown in table 3, of the total commissions paid to OTA, the highest payment generated by reservations was in the Booking.com portal, followed by the www.hostelworld.com portal with a 3.19% share of the 10 hotels analyzed. On the other hand, the percentage of commission payment to Travel Agencies is the lowest with a 0.27% participation over the total commissions paid, bearing in mind that travel agencies are the least used channel among hostels of the sample. Finally, the expense generated by direct distribution channels is 3.27% of total sales, among which are those related to the positioning of the website, payment of advertising on social networks, etc.

Table (3) Expenses generated by the distribution channels for each hostel for the year 2018

| Hostel | OTA commission percentage on total sales | Booking commission participation percentage on total Sales | Hostelworld commission participation percentage on total sales | Expedia commission participation percentage on total sales | Travel Agencies commission percentage on total sales | Percentage of participation of the total commissions on the total sales | Percentage of participation of expenses in distribution channels over total sales |
|-----------|--|--|--|--|--|---|---|
| Hostel 1 | 11,58% | 6,31% | 3,16% | 2,10% | 0,00% | 11,58% | 2,97% |
| Hostel 2 | 11,40% | 7,33% | 4,07% | 0,00% | 0,00% | 11,40% | 2,65% |
| Hostel 3 | 14,50% | 6,69% | 5,58% | 2,23% | 0,00% | 14,50% | 4,28% |
| Hostel 4 | 16,19% | 10,41% | 5,78% | 0,00% | 0,12% | 16,31% | 2,96% |
| Hostel 5 | 7,72% | 4,59% | 3,13% | 0,00% | 0,00% | 7,72% | 3,99% |
| Hostel 6 | 5,20% | 2,83% | 1,42% | 0,94% | 1,93% | 7,13% | 3,05% |
| Hostel 7 | 7,69% | 4,94% | 2,74% | 0,00% | 0,68% | 8,36% | 0,43% |
| Hostel 8 | 11,91% | 7,08% | 2,68% | 2,15% | 0,00% | 11,91% | 1,46% |
| Hostel 9 | 6,60% | 4,86% | 1,74% | 0,00% | 0,00% | 6,60% | 4,92% |
| Hostel 10 | 5,80% | 3,17% | 1,58% | 1,06% | 0,00% | 5,80% | 6,03% |
| Average | 9,86% | 5,82% | 3,19% | 0,85% | 0,27% | 10,13% | 3,27% |

Note. Percentage of expenses generated by the distribution channels for each hostel on total sales for the year 2018. Source: Self-made

Table 4 Website analysis for each hostel

| Hostel | Adaptability to any device | Keywords (search engines) | Updating the website with relevant information | Description of the place / facilities/ places of interest | Good quality photo gallery | Different forms of contact/images of the area / map | Pricing | Booking engine | Remarks |
|--------|---|--|--|--|---|--|--|--|---|
| 1 | Yes, it has the functionality of adaptability for any device. | When searching the name of the hostel in a metasearch engine, it comes out first after paid advertising. | According to the information on the page, it is shown that if it shows relevant information, it talks about its history and how the business idea came about. | According to this information, it illustrates a brief summary of the places of interest near the location of the hostel. | It has only a couple of good quality photos, but they do not show the complete facilities of the establishment. | It shows the means of transport that can be reached and the approximate value that it can cost; In addition, it shows phones and has access to the Facebook and TripAdvisor pages. It has a link to google Maps to be able to see the location of the hostel on the map and make it easier to get to it. | Explicitly shows the rates according to the type of room and the number of beds. | To make the reservation and payment, it is redirected to another page (PMS), there, if you see photos of the rooms and it shows the different rates according to the type of room. | The page is not very friendly, to be able to navigate you have to guess where everything is |
| 2 | Yes, it has the functionality of adaptability for any device. | When searching the name of the hostel in a metasearch engine, it comes out in third place after the Booking ads. | The page shows stories of its guests, the team that makes up the operation of the hostel, shows the other hostels of the brand; additionally, it has an area of important articles | Shows tours and activities that can be done in the area; While the services it provides are shown only at the time of booking. | Has a reduced number of photos | Shows the means of transport, has direct access to a map from Google Maps; In addition, it shows the contact information and there is a box that allows you to leave your information to be contacted. | Show them only at the time of booking | To make the reservation and payment, it is redirected to another page (PMS), there, if you see photos of the rooms and it shows the different rates according to the type of room. | It is a bilingual page. In order to access specific information, you must see the entire page, there is no possibility of going to a specific area. The reservation button is available all the time, it remains immobile on the main page. |

| | | | | | | | | | |
|---|---|--|--|---|--|--|---|---|---|
| 4 | Yes, it has the functionality of adaptability for any device. | When searching the name of the hostel in a metasearch engine, it comes out in first place. | Displays the history of the hotel as relevant information. | It shows the facilities on the main page and gives a brief introduction to La Candelaria sector. | It has images of all areas, but they are not of such good quality, some are very dark | It has a WhatsApp access button to be able to communicate directly, additionally, it shows the links to social networks, and contact telephonenumber. | Rates are only visible until the time of purchase. | Redirect to another page with your booking engine, show some images of the hostel. | An easy-to-access and user-friendly modern web design. |
| 5 | Yes, it has the functionality of adaptability for any device. | When searching the name of the hostel in a metasearch engine, it comes out in third place. | Shows the essentials about the hostel, and guest feedbacks; it also shows information about the work team. | It shows the activities that can be done in the area, and the schedules. | The photos are of very good quality and attractive, it also has a link to your corporate Instagram account, so it shows new photos all the time. | It shows phone information, access to your social networks, and a WhatsApp line. It also has a direct access link to the Google Maps map. | When you show the rooms, you explicitly show the rates. | It does not have the reservation button on the main page, you must go to the description of the rooms to make the reservation. It does NOT have a booking engine; the reservation must be made via email. | Excellent design, visitor friendly. |
| 6 | Yes, it has the functionality of adaptability for any device. | When searching the name of the hostel in a metasearch engine, it comes out in first place | It has a blog where it shows information of interest of all the places where this hostel is located and has a daily cultural agenda. | Makes a description of the hostel and shows the facilities and activities that can be done in the area. | Excellent quality photos. | Show the map using the Google Maps link, it also has information on how to get there by public transport, and nearby key points in the area to make access easier for customers. | Rates are only visible until the time of purchase | It has a booking engine that is only visible when looking for more information about the rooms. | The design of the page is very nice but, when making reservations, it is not very friendly. |

| | | | | | | | | | |
|---|---|--|--|--|--------------------------|--|--|---|---|
| 7 | Yes, it has the functionality of adaptability for any device. | When searching the name of the hostel in a metasearch engine, it comes out in first place | It shows the other services it provides; on its main page it talks about the most important of the business. | Upon entering the city (Bogotá), he talks about where it is located, the most characteristic of its decoration and the nearby places of interest, it shows the amenities that the establishment has. | Excellent quality photos | It shows the different ways to get there (transportation), it has a link to a google Maps map and at the bottom, it shows your telephone line. | Rates are only visible until the time of purchase | It is the first thing you see when entering the page - The booking engine is enabled all the time to make it easier for the buyer to access. | It is a friendly page, but the information a bit disorganized. |
| 8 | Yes, it has the functionality of adaptability for any device. | When searching the name of the hostel in a metasearch engine, it comes out in eighth place | No relevant information. | He gives a brief description of the hostel and talks about some of the services it provides. | Low quality photos. | It shows a link to google maps, however there are no contact numbers. | Rates are only visible until the time of purchase | The button is available all the time, however, it is not as effective; if there is no availability, redirect to other hostels and if there is availability, redirect to the Booking.com page. | It is a page provided by the Government. |
| 9 | Yes, it has the functionality of adaptability for any device. | When searching the name of the hostel in a metasearch engine, it comes on the second page between the last positions | No relevant information. | He gives a brief description of the hostel and talks about some of the services it provides. | Good quality photos. | It shows a link to google maps, however there are no contact numbers. | Rates are only visible until the time of purchase However, it shows some of its promotions on its main page. | It has the basics, does not go too deep into the purchase information, allows you to make online payments. | It is not very friendly; it is a page provided by the Government. |

Note. Website analysis for each hostel according to the characteristics proposed by ED for hotels (2015) and Fernández, Vall -Ilosera and Moya (2020). Source: Self-made

DIRECT CHANNELS

The direct distribution channels studied in this research are the website, the telephone reservation, and the other direct distribution channels. In the table 4, each of the web pages of the hostels that have their own is analyzed according to the characteristics proposed by ED for hotels (2015) and Fernández, Vall-Ilosera and Moya (2020).

INDIRECT CHANNELS

For this document, traditional travel agencies and OTA will be considered as indirect channels, these two channels were considered, in the surveys carried out for each hostel, it was determined that these were the indirect channels used by hostels in the sample.

The financial information of the projected income statements according to the information provided by each of the hostels in the sample, it was determined that for 2018, the percentage of participation in payments made to third-party commissions is on average for the hostels in the sample 10.08% of the total accommodation income generated by each one.

ACCOMMODATION INDICATORS

According to the information acquired by conducting the surveys, a retrospective projection of the departmental income statements was carried out, month by month, analyzing the main accommodation indicators during 2018 for each of the hostels in the sample to determine the behavior of these according to the departmental utility and the expenses generated by the distribution channels, taking into account only that concerns to accommodation.

The average occupancy for the hostels in 2018 was 69%, as can be seen in Figure 1, hostels 5 and 7 were the ones with the highest occupancy percentage with 85%, and Hostel 10 the lowest occupancy with 34%.

On the other hand, hostel 7, it has the highest indicators for the other hostels; with an average rate (ADR) of \$ 125,574 and a Revenue Per Available Bed (RevPAB) of \$ 106,305 which are indicators that are based on their behavior concerning occupancy. While the other hostels, which, although they have a good occupancy, their rates are very low, generating a low RevPAB for the other hostels and the volume of sales is not adequately reflected in the income.

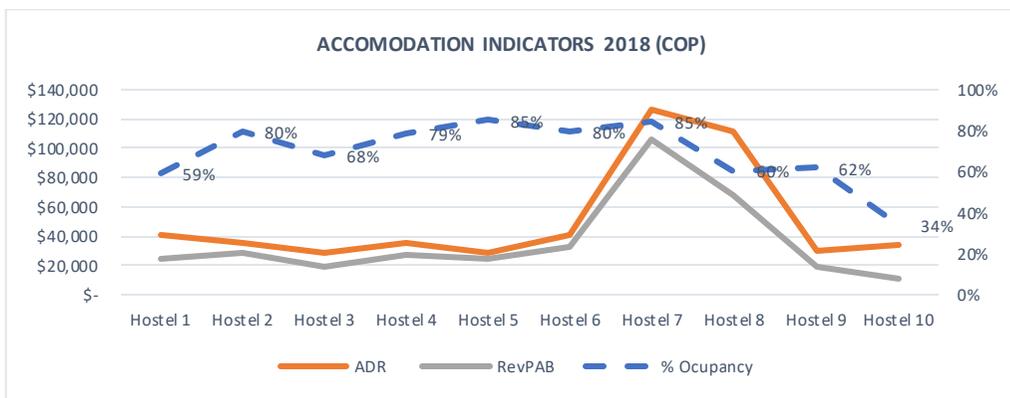


Figure 1 Average accommodation indicators of the hostels under study for 2018

Source: Self-made

Regarding the total number of beds, it is evident in Figure 2 that hostel 7 is the one with the highest number of beds available with 52,490 for the year 2018, and the one with the fewest beds was hostel 2 with 5,475 beds available for the year 2018.



Figure 2 Total number of beds available for each hostel for the year 2018

Source: Self-made

The average occupancy for the 10 hostels under study closed 2018 at 69% with an average total of 15,958 rooms available, while the ADR is \$ 51,044, which is less than 50% of that registered by hostel 7 and a RevPAB of \$ 36,009, which is approximately 33% of that registered by the hostel 7. Therefore, it can be concluded that, although the help of the different channels generates a considerable flow of guests, this is not reflected in the other indicators (see table 5).

Table 5 Accommodation indicators for each hostel

| Hostel | % Occupancy | Available Beds | ADR (COP) | RevPAB (COP) |
|-----------|-------------|----------------|------------|--------------|
| Hostel 1 | 59% | 7.440 | \$ 41.241 | \$ 24.470 |
| Hostel 2 | 80% | 5.475 | \$ 35.319 | \$ 28.021 |
| Hostel 3 | 68% | 10.220 | \$ 28.320 | \$ 19.116 |
| Hostel 4 | 79% | 14.600 | \$ 35.371 | \$ 27.700 |
| Hostel 5 | 85% | 10.950 | \$ 29.082 | \$ 24.747 |
| Hostel 6 | 80% | 14.600 | \$ 40.553 | \$ 32.289 |
| Hostel 7 | 85% | 52.490 | \$ 125.574 | \$ 106.305 |
| Hostel 8 | 60% | 13.394 | \$ 111.213 | \$ 67.258 |
| Hostel 9 | 62% | 18.100 | \$ 30.472 | \$ 18.817 |
| Hostel 10 | 34% | 12.308 | \$ 33.293 | \$ 11.363 |
| Average | 69% | 15.958 | \$ 51.044 | \$ 36.009 |

Source: Self-made

Regarding the departmental utility (figure 3), the average of the 10 hostels is 40% after separating the fixed and variable expenses including the payment of commissions. This demonstrates the importance of strengthening direct (effective) channels that are mostly lower cost, in order to increase the departmental utility of each hostel, in the expected proportion.

As can be seen in the figure, the hostel with the highest utility is hostel 6 with a profit from the accommodation department of 42.87% and the lowest is hostel 4 with a profit from the accommodation department of 33.69%.

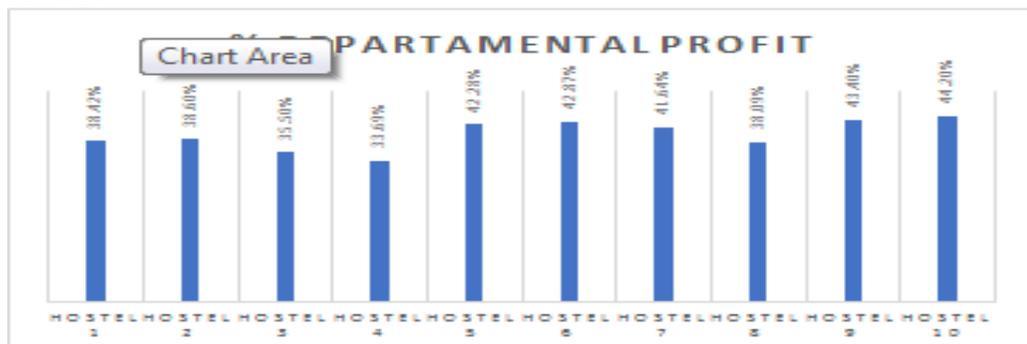


Figure 3 Percentage of utility of the accommodation department of the hostels under study for the year 2018

INTERPRETATION OF RESULTS

Based on the data previously presented, the results found in the analysis of each of the distribution channels used by the hostels under study will be explained below.

BOOKINGS MADE BY WEB PAGE

According to the information presented, based on the analysis of all the hostels in the sample that had a website, taking into account the parameters established by ED for hotels, 2015, an analysis was carried out to determine if the websites had the minimum characteristics to offer a good service to the potential customer who visits them. It was determined that, not all the establishments under study have a website, and concerning those that, if they do, although there are very complete pages, there are always opportunities for improvement. On the other hand, about the booking engine, in some of the pages analyzed, reaching this point is difficult and therefore does not complete the purchase.

Regarding the search for the web page in metasearch engines such as Google, when doing the exercise, most appear on the first page in the first five options, however, there are others, which appear up to the second page, thus limiting the access to your website.

BOOKINGS MADE BY TELEPHONE RESERVATION

As mentioned above, only hostels 2, 3, 5, 6, 8, and 9 have a telephone reservation service in which they provide information via telephone and in some cases, they have the possibility of providing some kind of support via WhatsApp by doing use of the WhatsApp Business tool. The purpose of this channel is to provide immediate information to potential guests who want to have real-time answers about the hostel where they are going to stay. However, this is an ineffective distribution channel, as there are different barriers such as the time difference compared to other countries, the language, and even that these lines are not available all the time.

During the development of the research, it was possible to determine that, at the time of making some calls in order to verify the behavior of the channel in question, in some cases, the telephone was not answered, while in others they provided all the necessary information, therefore which identifies some shortcomings in the use of this channel.

BOOKINGS MADE BY OTHER DIRECT CHANNELS

According to the information collected in the field and the surveys carried out, it could be determined that the effectiveness of the use of other channels varies depending on the different strategies that are carried out by

each hostel under study. In the first place, it was determined that it may vary according to the alliances that are made with other providers in the area, since there are models of “co-promotion” with other providers of tourist services, for example, the travel agency that makes tours in La Candelaria promotes to the hostel and vice versa, thus generating a voice-to-voice chain that allows new guests to get to know the different hostels.

Second, another modality is the reference of other hostels, because in some cases the capacity of the hostels is full, in those cases, there are internal alliances between the hostels, in which customers are transferred when the capacity is full, which that generates growth in the group of the providers.

Third, there is the use of social networks, where they also answer questions to guests and put the information of common interest about the hostel, it is widely used by those hostels that do not have their website, however, when testing their behavior, it was determined that the response time is slow and in some cases, they respond until the next day. Also, the information is, in some cases outdated and there are not enough new posts.

Fourth, another of the modalities used is the motivation of the guests to generate content on social media that allows them to promote themselves, for which, they generate spaces for taking pictures aimed to Instagram, inside the hostels, where guests take photos and publicize the hostel so that through this means the public and potential guests know it.

Finally, one of the hostels is implementing a new tool, which consists of developing a mobile application; the hostel that carries out this project is part of a chain and what it seeks through the app is to publicize its different properties and tell attractively the important aspects of the place in which it is located, and also allows see activities that can be done in the area. On the other hand, it seeks in the future to allow the guest to make reservations by this means and make payments safely. Although it is a project that is under development, according to what was expressed by its manager, they seek to channel the largest number of reservations through this means.

The above to increase your sales and encourage the direct purchase of hosting services.

BOOKINGS MADE BY OTA

Regarding OTA, as mentioned above, all the hostels in the sample make use of this channel, and it has a quite considerable percentage of participation over total sales compared to the rest of the channels since it represents an average of 60% of the revenue generated for 2018. Although it is a fairly effective channel, the commissions are high and involve considerable expense, which on average represent 9.8% of total sales. The OTA most used by the hostels in the sample are Booking, Hostelworld, and Expedia.

The percentage of commission charged depends on the negotiation carried out between the OTA and the hostel, however, some standard commission percentages are generally paid to OTA, which were used as a basis for the analysis of the information and are listed below:

Table 6 OTA commission percentage

| OTA | % Commission |
|-------------|---------------------|
| Booking | 18% |
| Hostelworld | 15% |
| Expedia | 15% |

Note. Commission percentage paid to each OTA. Source: Self-made

According to the information collected, it was determined that Booking, although it is the OTA that generates the highest number of guests to hostels on average, 56% of those who enter through this channel (See table 7), it is also the one with a Highest commission percentage (18%) for 2018, it generated an expense of 5.82% of total sales, is the highest commission paid on average.

Although OTA are an important driver of demand, mostly international, and allow potential clients to become aware of providers of accommodation services, the payment of commissions generates a detriment to the departmental utility for accommodation and although they are helpful, it should not be the main source of demand in a hostel.

Table(7) Percentage of participation of each OTA in the total sales generated by that channel.

| OTA | Hostel 1 | Hostel 2 | Hostel 3 | Hostel 4 | Hostel 5 | Hostel 6 | Hostel 7 | Hostel 8 | Hostel 9 | Hostel 10 | Average |
|-------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|----------------|
| Booking | 50% | 60% | 50% | 60% | 55% | 50% | 60% | 55% | 70% | 50% | 56% |
| Hostelworld | 30% | 40% | 50% | 40% | 45% | 30% | 40% | 25% | 30% | 30% | 36% |
| Expedia | 20% | 0% | 20% | 0% | 0% | 20% | 0% | 20% | 0% | 20% | 20% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

Source: Self-made

BOOKINGS MADE BY TRAVEL AGENCY

This is one of the traditional channels used by accommodation services, which, although it is still in force, no longer represents strong participation when it comes to generating sales; In the sample of hostels, it was evidenced that only hostels 4, 6, and 7 make use of this channel and that on average they contribute 7% of the income.

Normally, they make alliances with local tourism agencies, where the main product is city tours or activities to carry out in the city, and through it, they promote the products; the commission paid to travel agencies is 12% and this expense represented 0.27% of total sales, on average for hostels.

SUCCESSFUL PRACTICES

According to the observation and the interviews carried out, it was determined that several hostels are taking actions to strengthen their direct distribution channels, which, according to the information provided, have worked so far and have increased to some extent the sale by these means:

- Website creation.
- Implementation of social networks.
- Bilingual telephone operators.
- Alliances with tourism providers.
- App design.
- Promotions.
- Payment of advertising on Google.
- Market segmentation.

Additionally, according to the behavior of hotels, digital marketing is a tool that allows us to systematically use all sales channels, to adapt direct channels to each market segment, generating communication in the same direction from all channels, for which the use of historical data is important to determine consumer behavior, through tools such as CRM (Customer Relationship Management). On the other hand, the idea is forced, of the importance of the functionality of the company's website and strengthening it with tools such as Google Analytics (Horeca, 2019).

Instead, the importance of good quality images, knowing customer behavior, having visible rates, finally, having a booking engine that is friendly for the customer and that allows the purchase to be completed in a few clicks is maintained. The use of keywords in metasearch engines to make their discovery easier is also very important the speed, and the quality of the information to be able to make the purchase and the importance of having a payment gateway, reliable, safe and fast (Horeca, 2019).

Finally, regarding social networks, they are a space that allows the voice to voice, and the opportunity to stay close to customers, which is why it is

very important to know the objective of each social network and the segment to which it is intended to reach; additionally, they are a feedback tool that allows the improvement of internal processes in the organization.

CONCLUSIONS AND RECOMMENDATIONS

According to the analysis carried out on the distribution channels of the hostels, it was determined that different strategies can be used to be able to enhance the participation of direct channels over total sales. Additionally, with the analysis of the accommodation indicators, it was possible to determine the strong impact that OTA have on total sales and the high participation that their commissions have in the total expenses generated by this item, impacting the profit from the housing department.

Although OTA take a large part of the income generated by the sale of rooms, they are a great ally when it comes to positioning an emerging accommodation establishment, as it is a platform that allows the different establishments to be known and generates marketing strategies very effective to expand the market.

Therefore, it is extremely important to have robust direct distribution channels, to offer an excellent quality service to the client, making use of OTA as a platform, specifying the final purchase through direct distribution channels; for which the different strategies are described below are proposed.

STRATEGIES FOR IMPROVING DIRECT DISTRIBUTION CHANNELS FOR HOSTELS IN LA CANDELARIA (BOGOTÁ, COLOMBIA)

- Regarding the website, it is very important, in the first instance, to have one that is well equipped and that has updated information of interest to the user, additionally, it must have excellent quality images and show the spaces of the hostel that the customer will find when they arrive at the establishment, it is very important to be clear and honest with the conditions of the product that will be offered to the end customer from the first moment. Additionally, to make it more attractive, information of general interest to travelers can be published, because although most pages are limited to giving a brief description of the establishment, it can also be actualized with recommendations that allow them to better know the destination; in addition to trying to be as multilingual as possible, because according to the analysis, most of the guests who visit the hostels under study are of international origin. It must have a visible booking engine, easily accessible to the customer, that does not imply much effort to carry out the purchase, ideally, it should be visible throughout the website. As for the payment gateway, it must be secure and provide a sense of security to the client, it must

also be varied, offering different payment options, so that it is more versatile for the user. Regarding the rates, they must be explicit, they must show what it offers in its entirety, and what it does not, it must also be clear and easy to access to the client, giving them the possibility to compare between the different possibilities (room, type of bed, services, location, etc.).

- Regarding other direct channels, it is important to generate strategic alliances with tourism providers in the sector, which not only add value to the accommodation establishment, providing complementary services to guests; but also, it can be an important sales force, since they carry out voice-to-voice promotion, promoting the accommodation establishment with their clients, generating win-win relationships. This applies to partner hostels, tour guides, restaurants, and other tourism service providers.
- Another essential tool when it comes to strengthening direct channels is the proper use of social networks, it is important to encourage their use and determine the market segment in each of them, to create interesting content according to the public of each one. It is important to be constant because in most cases the networks are forgotten or even use the same content for all. Additionally, the response time must be constant, as many clients use this channel to obtain information.
- Create spaces within the hostels, in which the guest can take photos and create environments for sharing experiences, as this works as an excellent voice-to-voice strategy.
- Use of free tools such as Google and Facebook, to manage user traffic on the page and improve organic positioning, enhancing keywords in metasearch engines, this allows the client to find the hostel in the first position.
- Respond to comments from TripAdvisor and other opinion platforms, constantly and appropriately to stay in contact with the customer and generating visibility for the business.
- In the case of having a call center or by WhatsApp, it is important to have personnel who are permanently available to these channels, because due to the difference in hours, guests can try to communicate at times that perhaps are not normal working days in Colombia, in addition to the importance of the person answering calls or messages being bilingual to provide better customer service.
- Make use of an intensive strategy, which consists of promoting the brand in multiple channels to expand market share, maintaining control, and always benefiting our channels.

The foregoing will make it possible to progressively strengthen direct distribution channels, increasing their share of total sales, and making OTA a strategic ally that allows them to have an international position.

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