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# The Distribution Layer in the AI-First Era

Pre-Stay

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**Max Starkov argues that the rise of AI platforms as travel discovery tools is reshaping hotel distribution faster than most properties are prepared to handle but that chasing AI visibility without fixing the fundamentals of guest retention is a strategic mistake. The hotels most at risk, he contends, are independents that have neither invested in the tech stack needed to feed AI systems nor built the first-party data infrastructure to keep guests coming back.**

## BACKGROUND

The hotel distribution layer is shaped by the digital customer journey. Online distribution emerged as travel consumers moved online, while GDS distribution lost share as travelers preferred the convenience and choice of online channels over traditional agencies.

Mass adoption of AI platforms like ChatGPT, Claude, and Gemini is rapidly transforming the distribution layer for travel discovery, planning, and, soon, bookings.

Therefore, AI should be at the center of every property's technology decision, every process and procedure, and every operational and guest experience touchpoint.

The Digital Customer Journey and its pre-stay phases (Dreaming/Inspiration, Planning, and Booking Phases) are exceedingly complex, like a meandering river with dozens of digital touchpoints (Google claims 48).

AI platforms are now among the many digital touchpoints, accounting for 15%–17% of travel discovery (Amadeus, Future Partners).

Having established the impact AI is having on the distribution layer, let's examine its key components. Today's Digital Distribution "Master" Layer consists of two equally important layers:

- Guest acquisition layer
- Guest retention layer

## THE GUEST ACQUISITION LAYER

The traditional digital guest acquisition layer comprises distribution strategies and best practices, specialized technologies such as cloud-first and mobile-first PMS, CRS, Channel Manager, WBE, and RMS, and digital marketing such as content marketing, search marketing, social media, and metasearch.

The explosive growth of AI platforms like ChatGPT and their agentic AI applications introduced another component to the digital acquisition layer: the need to "project" your hotel's ARI (Availability, Rates, Inventory) onto AI platforms to be included in trip recommendations and, in the near future, enable bookings.

This is the reason we will focus here on the distribution layer in the age of AI. IDC, the premier global market intelligence and advisory firm for the information technology industry, projects that 30% of all travel bookings will be executed by AI agents by 2030.

Enabling ARI on AI platforms is being done with the help of B2B AI connectors. AI connectors are "digital bridges" that link AI platforms like ChatGPT or Claude with external applications, enabling them to read data and execute tasks. In hospitality, B2B AI connectors are supposed to autonomously access ARI data from hotel PMSs, CRSs, WBEs, or Channel Managers, provide ARI recommendations, and facilitate bookings.

I do not think the time has come yet for travel consumers themselves to connect their personal AI agents to hotel reservation platforms via AI connectors. At this point, hotel ARI data is enabled on AI platforms via B2B AI connectors that remain invisible in the background, hidden behind the hotel brand.

Ex. DirectBooker, a B2B AI connector founded by Tripadvisor and Google Travel executives Steve Kaufer, Richard Holden, and Sanjay Vakil, just announced supply agreements with five hotel chains, including Best Western and Radisson Hotel Group.

AI platforms urgently need to monetize their traffic, since AI computing is exceptionally expensive. The quickest way to do so is to partner with well-established hospitality and travel brands and start earning affiliate commissions.

Google recently cited partnerships with global OTAs (Booking, Expedia) and global chains (Choice, IHG, Marriott, Wyndham). All of these travel brands have one thing in common: huge loyalty programs and widely recognizable brand names, making them appealing booking entities.

With this in mind, the question arises: What should independent hotels do?

Upgrading your property's tech stack to cloud-first and mobile-first technologies, such as PMS, CRS, RMS, WBE, and Channel Manager, has been a priority for more than a decade. What is new now is the growing need for your property to become an AI-first hotel company and to transform its tech stack accordingly.

To start benefiting from the exploding AI platforms, surpass your competition, and compete with OTAs for mentions, referrals, and direct bookings from AI platforms, take immediate action:

- Demand that your cloud PMS, CRS, or Channel Manager integrates with Google's UCP and AI platforms like ChatGPT via MCP or A2A using B2B AI connectors like DirectBooker. This will ensure your hotel's ARI data is projected onto AI platforms, search results, and trip recommendations (Cendyn is already enabling hotel direct booking rates to be visible in AI search results in partnership with DirectBooker. SiteMinder is already pushing live rates into ChatGPT via MCP).
- Invest in AEO (Answer Engine Optimization) to get the property's product and unique value proposition extracted and made visible in Answer Boxes and AI overviews (e.g., on Google Gemini).

- Invest in GEO (Generative Engine Optimization) to have the property cited by name and featured in AI trip planning recommendations (e.g., on ChatGPT).
- At the same time, do not forget to invest in traditional SEO to ensure your website ranks highly for relevant search results on Google and other search engines. Search marketing on Google and all its formats, Google Ads (GA), Google Hotel Ads (GHA), and organic listings (SEO), consistently contribute to over 50% of hotel website bookings. Google is not going anywhere. In Q1 2026, Google's search revenue grew by 19% YoY.

## GUEST RETENTION LAYER

The Guest Retention Layer consists of CRM technologies (read CDP for upscale properties, midsize, and smaller hotel brands) and guest appreciation/reward program initiatives.

Guest retention is the most ignored component of hotel distribution. Many hoteliers do not even consider guest retention part of the distribution layer. Many hoteliers do not even know, let alone monitor, what percentage of their guests are repeat guests.

If 30% or 40% of your guests on any given night are repeat guests, how could repeat business not be part of the property's distribution strategy?

Today, repeat business largely determines the profitability and even the survivability of any property.

Because this important component is often ignored, on average, less than 10% of guests at independent hotels on any given night are repeat guests. Compare this to major hotel brands like Marriott and Hilton, where over 62% of guests on any given night are repeat guests.

Today, it costs 15–20 times as much to acquire a new guest as it does to retain a past guest. Unlike new guests, past guests already know your property, your product, and your location. All you need to do is convince them that your property's value proposition has not changed.

Apart from hotels in once-in-a-lifetime destinations, any independent hotel has ample opportunities to increase repeat business and turn past guests into brand ambassadors.

Implement CRM technology and launch a guest-appreciation or rewards program to increase guest retention and turn past guests into loyal brand ambassadors. Pair this with impeccable service that exceeds expectations. Take targeted action to maximize repeat business.

## CRM TECHNOLOGIES

Today, less than 10% of independent hotels have implemented a meaningful CRM technology application as part of their hotel tech stack.

CRM technology ensures deep engagement with past guests, keeps “the conversation going,” keeps guests engaged, and steers them in the right direction: booking your hotel again when they return to your destination.

How does CRM technology do that?

Today, first-party data is more precious than gold. First-party data includes customer data from past guests, logged-in website users, opt-in email subscribers, and lists of corporate travel managers, meeting planners, wedding and event planners, SMERF group leaders, and others with whom the property has done business, or at least communicated.

This data comes from the PMS, CRS, WBE, the property's website, opt-in email sign-ups, and even customer lists sitting on the laptops of sales and marketing personnel.

CRM technology aggregates all of the hotel's first-party data, which is then cleansed, deduplicated, enriched, and appended on an ongoing basis. As a result, the CRM provides “a single source of truth” for guest data and creates 360-degree guest profiles, augmenting them continuously with guest preferences, social media ambassadorship, customer engagement data, etc.

This CRM data allows ALL hotel departments, including sales and marketing, operations, and guest services, to do their jobs more efficiently and effectively.

CRM technology automates marketing communications with past guests during the pre-arrival, stay, and post-stay phases, as well as with corporate and group customers, including guest satisfaction surveys, guest retention marketing automation, drip marketing campaigns, guest recognition program management, and loyalty marketing.

In the pre-arrival phase alone, CRM technology enables marketing initiatives that can:

- Differentiate between people with or without reservations for the property.
- Customize pre-arrival offerings by arrival day.
- Inform arriving guests a week or a month prior to arrival about everything happening at the property during their stay, dinner buffets, entertainment, spa specials, etc.
- Offer upgrades to arriving guests, e.g., a suite upgrade offer to guests with 2+ stays at your hotel over the past 12 months.
- Send an early check-in special upgrade offer to guests arriving in the morning.

With advanced mobile check-in, the opportunities for personalization are limitless.

## GUEST APPRECIATION/REWARD PROGRAM

For independents, a guest appreciation or reward program is much easier to implement and manage. Such a program can go a long way with guests and turn many of them into repeat guests.

A program like this could be based on perks such as early check-in, free breakfast or upgrades, or free room nights once a certain stay threshold is reached.

Hotels.com had a very simple program for over two decades: “Book with us 10 room nights, get the 11th one free.” This OTA amassed 70 million loyalty members before being merged into Expedia’s OneKey program.

I do not believe a points-based loyalty program is suitable for independent hotels, midsize hotel groups, and smaller hotel groups, unless they join a third-party loyalty program.

## CONCLUSION

Today’s Digital Distribution “Master” Layer consists of two equally important layers: Guest acquisition and guest retention.

In this age of AI, there is a growing need for your property to become an AI-first hotel company and to transform its tech stack accordingly. AI should be at the center of every property’s technology decision, every process and procedure, and every operational and guest experience touchpoint.

To generate trip recommendations and direct bookings from AI platforms like ChatGPT, demand that your cloud PMS, CRS, or Channel Manager integrate with AI platforms via B2B AI connectors. Invest in AEO and GEO alongside traditional SEO.

Ignore the Guest Retention Layer at your own peril. Implementing CRM technology and a Guest Appreciation/Reward Program can double or triple the number of repeat guests and enable ALL hotel departments to do their jobs more efficiently and effectively.

