

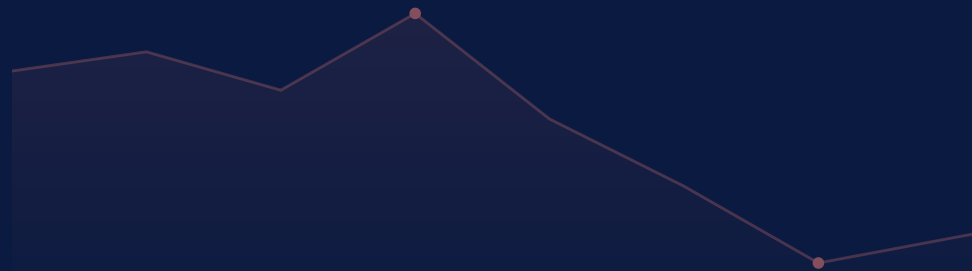


NORTH AMERICA · UNITED STATES · CANADA · MEXICO

The Leakage Index.

**The profit number that sits below your RevPAR line —
and what the top quartile recovers.**

A portfolio-level read on OTA distribution drift, virtual-card capture, chargeback exposure, and back-office reconciliation gaps. Benchmarked by chain scale and across three national markets, with every figure sourced. Built for VPs, owners, and Regional Directors of Operations.



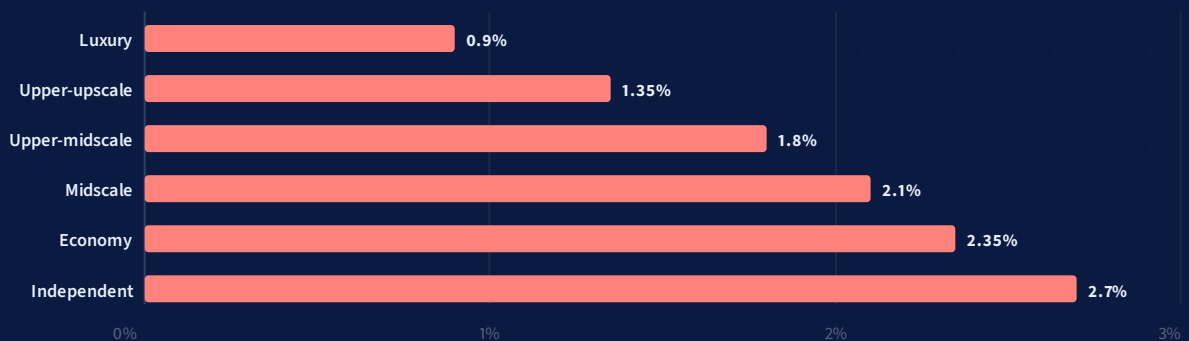
EXECUTIVE SUMMARY

What the topline doesn't show.

Revenue management has spent a decade perfecting the demand side — rate, occupancy, RevPAR. This benchmark measures the other side: the **recoverable revenue that leaks between a hotel's own systems and its bank**, after the sale is already won. We call it the Leakage Index.

DEFINITION · THE LEAKAGE INDEX

Recoverable revenue lost to distribution, payment, and reconciliation error, expressed as a percentage of room revenue. Unlike fraud loss, this is revenue the operator is contractually entitled to — sitting in OTA commission reconciliations, expired virtual cards, uncontested chargebacks, and uncharged no-show fees.

FIGURE 1 · LEAKAGE INDEX BY CHAIN SCALE — MIDPOINT, % OF ROOM REVENUE¹⁷

KEY FINDINGS

-0.4%

The cushion is gone. U.S. RevPAR fell ~0.4% in 2025 — the first non-recessionary annual decline ever recorded — with ADR growing below inflation.¹ Margin can no longer be rebuilt on rate alone.

3x

Borders change the risk. A portfolio spanning the U.S., Canada, and Mexico runs three different profiles — Mexico's card-chargeback rate has historically run ~3x the global average.¹²

~20%

Most disputes are lost when handled in-house. Merchants win only ~20% of the disputes they contest; large operators with dedicated representment teams win the majority (52%), versus 36% of mid-market firms.¹⁰

01 — THE ENVIRONMENT

Margin pressure is now structural.

U.S. hotel RevPAR finished 2025 at **\$100.02**, down **~0.4% year over year** — the first non-recessionary annual decline ever recorded.¹ ADR rose just 0.9% to \$160.54 while occupancy slipped to 62.3%.¹ With rate growing below inflation, margin can no longer be rebuilt on the topline.

North America splits three ways. **Canada posted a record year** — occupancy ~66%, ADR ~CAD\$216, RevPAR ~CAD\$143.² **Mexico led the region early in 2025** before its largest markets — Cancún, Mexico City, the Mexican Caribbean, and Pacific Central — retreated, with ADR down 7.5% and RevPAR down 8.2% in the back half.³ CBRE pegged broad North American RevPAR growth near +2.0% for the year.⁴ That is the topline. The harder problem sits below it.

-0.4%

U.S. 2025 RevPAR — first non-recessionary decline on record¹

15–25%

OTA commission per booking; 30–35% effective with cancellations & promos¹⁵

324M

Global chargebacks projected by 2028 — a 24% rise in three years¹⁰

Distribution costs aren't flat. OTAs captured roughly 55% of global hotel bookings in 2024⁷ and ~61% of independent-hotel bookings.⁶ Effective commission climbs higher once preferred-program participation, cancellations, and currency conversion are factored in.¹⁵

Volume is compounding. Virtual cards now carry ~40% of OTA-to-hotel payments and are rising,⁸ and OTA-driven transaction volume keeps growing — while reconciliation processes at the property level have not changed.

Chargeback exposure is escalating. Travel carries the highest average dispute value of any merchant category (\$120),¹⁰ friendly fraud drives 75–79% of hotel disputes,⁷ and the American Hotel & Lodging Association estimates over half of all card fraud occurs in the hotel industry.¹¹

THE STRUCTURAL PROBLEM

Topline pressure is well covered in industry forecasts. What is **not** well covered is that distribution leakage, payment failures, and reconciliation gaps now compound margin pressure faster than ADR can recover it. **Revenue protection — not revenue growth — is the lever multi-property operators control most directly in 2026.**

02 — WHY IT STAYS HIDDEN

PMS reporting can't see it.

A property runs three sources of financial truth that were never built to agree. PMS reporting captures what was charged — not what *should* have been charged. That gap is where this benchmark lives.

FIGURE 2 · THE RECONCILIATION GAP — NO SYSTEM OWNS THE SPACE BETWEEN



At a single property the gap is an annoyance. At portfolio scale it compounds in three ways operators consistently underestimate:

- 01 Variance by property is wider than the average.** Two properties of similar size, brand, and region can have leakage profiles that differ 4–6× depending on team capacity and channel mix.¹⁷ Portfolio averages mask which properties are bleeding.
- 02 Time compounds invisibly.** Prepaid virtual cards carry fixed load-and-expiry windows; commission-dispute and chargeback-representment windows close on a clock. Each delay quietly drags recoverable revenue toward zero — with no system flag.
- 03 It's invisible to night audit.** Night audit reconciles what hit the books — not what *should* have hit the books and didn't. A no-show eligible for a charge no one identified isn't a variance; it's an empty room with no transaction.

03 — ANATOMY OF THE LEAK

Five categories. Portfolio scale.

Leakage concentrates in five reconciliation surfaces. Each is individually small per transaction and collectively material at portfolio scale.

- 01 OTA distribution drift.** Rate plans applied incorrectly, commission percentages drifting quarter to quarter, modification adjustments unflagged, and commission charged on cancelled or no-show stays — in channels where OTA bookings cancel at roughly **2× the direct rate**.¹⁵ Roughly 10% of bookings carry some form of reconciliation discrepancy.¹⁷
- 02 Virtual-card capture failures.** Virtual cards now run **~40% of OTA-to-hotel payments** and rising,⁸ with some properties absorbing processing fees up to 4%.⁹ Cards expire, aren't active until check-in day, and early pre-auth attempts get declined and forgotten — the most uniformly distributed leak across chain scales.¹⁷
- 03 Chargebacks & friendly fraud.** Friendly fraud is 75–79% of hotel disputes.⁷ Merchants win only **~20% of the disputes they contest**; operators without dedicated teams win far less, while large enterprises with specialist handling win the majority.¹⁰ Most lose not because the case is weak but because evidence assembly is too slow.
- 04 No-show & cancellation revenue.** Eligible fees exist in policy but are inconsistently identified and charged; two properties with identical policies can have collection rates that differ by 50%+.¹⁷ Last-minute cancellations alone cost U.S. hotels an estimated \$2.1B annually.⁷
- 05 CLC® / Corpay billing accuracy.** Rates loaded incorrectly, night counts drift, portal deadlines missed. Crew- and contract-lodging-heavy properties typically find low-five- to low-six-figures of recoverable revenue annually.¹⁷

THE COMPOUNDING EFFECT

No single category is alarming in isolation — a fraction of a point here, a missed card there. The structural risk is that all five compound **silently and simultaneously** across every property, and none appear on a P&L as a line item labeled "leak."

04 — BENCHMARK · BY CHAIN SCALE

Variance, not averages.

The Leakage Index rises with OTA dependence and transaction complexity. The gap between the top- and bottom-quartile property within the *same* chain scale is consistently 3–6× — so the operative question isn't what your average looks like, but which properties are pulling it down.

CHAIN SCALE	2025 INDUSTRY SIGNAL	OTA MIX	LEAKAGE INDEX	QUARTILE SPREAD
Luxury	Top RevPAR growth; ADR-led ¹	15–25%	0.6–1.2%	3.4×
Upper-upscale	Positive RevPAR through 2025 ¹	25–40%	0.9–1.8%	4.1×
Upper-midscale	Strongest 10-yr RevPAR CAGR ⁴	35–50%	1.2–2.4%	5.0×
Midscale	Rate pressure; soft group demand ¹	40–60%	1.4–2.8%	5.6×
Economy	RevPAR –1.8% YTD ¹	45–65%	1.6–3.1%	6.2×
Independent	Highest OTA reliance ⁶	30–60%	1.8–3.6%	6.8×

Leakage Index and quartile spread: x·quic network audit data 2024–2026.¹⁷ Industry signal: CoStar / STR;¹ CBRE;⁴ Phocuswright.⁶

WORKED EXAMPLE · A 50-HOTEL UPPER-MIDSCALE PORTFOLIO

Hotels × avg rooms (≈ U.S. average of ~89/hotel ⁵)	50 × ~100 = 5,000 rooms
Modeled RevPAR (≈ 2025 U.S. national ¹)	\$100
Annual room revenue (5,000 × \$100 × 365)	≈ \$182.5M
Recoverable leakage @ 1.8–2.4% upper-midscale band ¹⁷	\$3.3M – \$4.4M

That is not a forecast. It is recoverable revenue sitting in OTA commission reconciliations, expired virtual cards, uncontested chargebacks, and uncharged no-show fees **right now** — recoverable at a fraction of the cost of one point of new ADR.

05 — BENCHMARK · BY COUNTRY

North America isn't one market.

Channel mix, payment rails, currency, and fraud environments differ enough across borders that a portfolio spanning all three markets runs **three different risk profiles** — and a single reconciliation playbook will underperform in at least one of them.

MARKET	OCC '25	ADR '25	REVPAR '25	TREND	DOMINANT LEAK PRESSURE
United States ¹	62.3%	\$160.54	\$100.02	-0.4% · first non-recession decline	VAMP exposure; uncontested chargebacks; VCC capture
Canada ²	~66%	C\$216	C\$143	Record year · ADR-led	CAD/USD cross-border VCC & FX reconciliation
Mexico ³	~58%*	var.*	-8.2%†	Strong H1, top markets retreated H2	~3× chargeback rate; cross-border card declines

*Mexico national occupancy approximate; ADR/RevPAR reported by STR in pesos and vary widely by destination (resort vs. urban). †H2 2025 RevPAR change in Mexico's four largest markets (ADR -7.5%).³ Mexico led North America RevPAR growth early in 2025³ and welcomed 15.6M international arrivals through April.⁴

UNITED STATES The largest and most scrutinized market — and the first to post a non-recessionary RevPAR decline.¹ **Visa's VAMP enforcement tightened through 2025–26** (per-transaction penalties; the "excessive merchant" threshold falling toward 0.9–1.5% by tier),¹⁴ turning uncontested chargebacks from a nuisance into an escalating, rules-driven cost. Virtual-card capture is the most uniformly distributed leak.

CANADA A **record 2025** on ADR strength, with domestic travel offsetting softer U.S. inbound.² The reconciliation wrinkle is currency: **CAD/USD cross-border virtual cards and FX** add a settlement layer most PMS night audits never catch, so capture-timing and conversion variances hide easily.

MEXICO Surging arrivals and a heavy development pipeline,⁴ but the **highest-risk payment environment in the region**: card chargeback rates have historically run **~3× the global average**¹² and Latin America leads the world on nearly every fraud-loss metric.¹³ OTA reliance runs higher and cross-border card approvals are materially lower¹² — a structurally harder dispute environment that rewards automation over manual chase.

06 — WHAT THE TOP QUARTILE DOES

Three operating-model differences.

Across the data, the portfolios that recover the highest share of their leakage share three operational differences — and none of them are about the PMS.

- 01 Reconciliation runs on a defined schedule, not when time permits.** Top-quartile portfolios reconcile every OTA commission invoice within 72 hours, audit every virtual card within 30 days of checkout, assess no-show eligibility daily, and submit chargeback representation within 7 business days.
- 02 Recovery is owned at the portfolio level, not the property level.** A centralized reconciliation function operates above the property layer. GMs keep running their hotels; profit recovery runs as a parallel system across the portfolio. This is the single biggest structural differentiator.
- 03 The system runs without adding headcount.** The math doesn't work otherwise — even one dedicated reconciliation FTE per 30 properties is cost-prohibitive. Top-quartile operators automate monitoring tied to the original transaction systems, with humans intervening only on flagged exceptions.

BENCHMARK YOUR PORTFOLIO

Profit Protection 360° Audit.

15 minutes. Find your portfolio's actual Leakage Index.

x·quic runs your own 12 months of OTA, virtual-card, CLC®/Corpay, and chargeback data through the same engine behind this benchmark — your team prepares nothing. You receive a property-by-property breakdown with top- and bottom-quartile properties flagged. **The audit is free, with no requirement to become a customer.**

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The choice this benchmark frames is straightforward. A point of new ADR is hard-won and increasingly scarce.¹ A point of recovered leakage is already yours — it only has to be found.

METHODOLOGY & REFERENCES

The data behind the index.

Industry performance, distribution, and payments figures are drawn from the published third-party research cited below and paraphrased; consult the originals for full context. Leakage Index values and quartile spreads are derived from x·quic network audit data across 3,000+ properties (2024–2026), reconciling OTA commission, virtual-card, CLC®/Corpay, no-show, and chargeback records against source data; they are directional benchmarks, not a guarantee of individual-property results. Currency as noted (USD unless marked C\$/pesos).

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