

Duff on Hospitality Law

Online Travel Update: OTAs Regain Majority Share, Hoteliers Need to Act Like Retailers, and TripAdvisor's Transparency Report

By Greg Duff on 4.17.23 | Posted in Online Travel Update

As evidenced by the stories in this week's Update, this past week was a relatively quiet week in online travel. Not surprisingly, many of this past week's headlines featured the recent report by *Phocuswright* suggesting that the online booking channel pendulum has once again swung back in the OTAs' favor. Enjoy.

- **How Do You Attract and Convert More Online Bookings? Act Like a Retailer, Not a Hotelier.** A recent survey conducted by Travelport revealed that travelers, particularly younger travelers, want the same "simple, easy and supportive experience" they receive from every other online sector (other than travel). So how do hoteliers address these issues? Provide simplified and intuitive shopping experiences, easy support and transparency. Other key takeaways from the 2000 consumer survey include (a) 59% of consumers report that getting exactly what they want is more important than price, (b) 84% of younger (18-41) consumers want human led customer support (so much for ChatGBT) and (c) 49% of consumers would pay more for travel to save on carbon emissions.
- **TripAdvisor Releases Biennial Review Transparency Report.** TripAdvisor has released its biennial Review Transparency Report. According to the Report, of the nearly 30 million reviews received by the online review platform, 4% of the reviews were determined to be fake or fraudulent in 2022. TripAdvisor's fraud detection process identified 72% of the fraudulent submissions before they were posted online. TripAdvisor also reported that it removed more than 24,000 reviews as originating from paid review companies and imposed ranking penalties on more than 33,000 businesses for fraud.
- **OTAs Once Again Receive the Majority of Online Bookings.** According to a recent report by *Phocuswright*, OTAs are again enjoying the majority of online hotel bookings. Prior to

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the pandemic (largely driven by hoteliers' much-publicized direct booking efforts and robust loyalty programs and then favorable public perceptions during the pandemic), hoteliers were able to reduce their reliance on OTAs. Now, during this post pandemic period, OTAs have taken back some of their lost share. Prior to the pandemic, OTAs' share had dropped as low as 49% of online gross bookings, but that number has now rebounded to 52%. For reference, each percentage point can represent \$1B in business (or \$100M - \$200M in commissions). So why the shift? Experts point to OTAs' advantage in marketing (marketing investments have again ramped up post pandemic) and improving technology. How a possible 2023 recession might again affect the two sides' relative market share remains to be seen.

Consumers want an easy, modern travel retail experience, research says

April 14, 2023 via WIT

"Customers prefer shopping in every other retailing sector over travel." We often, and obviously, think of money when the term "currency" is used, but a new study points out a glaring truth that's normally forgotten – that time is our most valuable currency.

Online Travel Agency Musafir Hires Advisors to Raise \$50 Million for Acquisition

April 12, 2023 via Skift Travel News

Skift Take The Sharjah-headquartered online travel agency has big ambitions in the corporate travel space, but so too do other players in these regions. Matthew Parsons Share Online travel agency Musafir is on the lookout for acquisitions to fuel growth across the Middle East and India.

Tripadvisor says it's catching more fake reviews

April 12, 2023 via Phocus Wire

In its latest Review Transparency Report, the company said its detection process picked up 72% of submissions before they were published on the platform, up five percentage points on its 2020 figure.

Google Maps Is the Potential Killer App In This Age of AI

April 10, 2023 via Skift Travel News

Back with another short video on thoughts on AI+Travel, the fourth in the series over last few months. Let's talk about the most used app while traveling, Google Maps, and what could happen as it adds the conversational AI elements to it.

In the Recovery Era, Hotel Bookings Have Tipped Again Toward Online Travel Agencies

April 10, 2023 via CoStar Group

Online travel agencies are taking back some of the distribution market share they lost to hotel chains during the years leading up to the pandemic, as companies such as Expedia Group and Priceline parent Booking Holdings have ramped up marketing investment and product

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improvements to sell more room nights to prospective U.S. lodging guests.