

The background image shows a person's hand with red-painted nails holding a silver credit card. The card has a chip, the number 1234 5678 9876 5432, and the name CARDHOLDER. The hand is positioned over a laptop screen. The screen displays a flight search interface with the text 'Search Flight' and 'Flying to'. A blue airplane is visible in the background of the screen. The entire image is overlaid with a teal gradient and geometric shapes.

Travel Trends

**A Close Look at How
Google Hotels Is Reshaping
the Digital Travel Ecosystem**

jumpshot®

Executive Summary:

Google Hotel Finder is reshaping the travel industry with unprecedented speed. Its traffic has nearly doubled in less than a year, and it now garners more than 30 million unique visits per month. As a result, growth is slowing on travel behemoths such as TripAdvisor and Expedia. Google's impact is felt even more strongly on meta-search sites, which have seen single-digit declines in 2018 accelerate into 10-20% declines in 2019.

A Brief History of Technology Disrupting the Travel Industry

The travel category was among the first to be disrupted by technology and remains dynamic today, punctuated by periods of disruption and reconsolidation.

The Rise of the OTAs

As internet adoption went mainstream in the late 1990s, many in the travel industry predicted widespread “dis-intermediation” – newly empowered consumers would book directly with hotels and airlines, bypassing the “middlemen,” and causing thousands of travel agents to lose their jobs.

Those predictions were partially correct. Certainly, technology reshaped the travel industry with tremendous speed, and while many travel agents did lose their jobs, they were largely replaced by influential online travel agencies (OTAs), such as Expedia.com, founded in 1996. Over the years, more OTAs emerged, followed by waves of consolidation. Expedia bought Travelocity and Orbitz in 2015. Today, Expedia and Booking.com are the two main players in the U.S.

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Executive Summary:

The Emergence of Metasearch

While the OTAs battled it out, a new wave of “metasearch” sites emerged – in a sense, a new kind of “middlemen” was finding success by helping consumers navigate the increasingly complex travel landscape. Instead of massive dis-intermediation, the intermediary ecosystem between consumers and travel brands is still dynamic and full of opportunity.

For hotel and airline brands, the challenge remains the same – selling as much directly to consumers as they can, while maximizing incremental (non-cannibalizing) sales through OTAs. It remains a work in progress, and harder than many thought given the original widespread predictions of dis-intermediation. In recent years, hotel chains have publicly battled with OTAs over commissions, and launched many campaigns to maximize direct sales (e.g., Hilton’s “Stop clicking around” campaign and Marriott’s “It pays to book direct” campaign).

Meta-Metasearch & the Revamp of Google Hotels

With consumers continuing to find value in travel intermediaries, Google has stepped in. Search is, after all, what Google does best. And while various other Google initiatives, such as those designed to grow their eCommerce presence have met with mixed results, Google is increasingly looking for categories where it can leverage its core strength. Its launch was quiet and phased, with updates in late 2018 and early 2019. As this report details, it has garnered significant and growing traffic, slowing the growth of TripAdvisor and Expedia, while causing several metasearch sites to decline.

Online Travel Agencies (OTA) shook up the travel space by eliminating the middleman of travel agents

Methodology: Unless otherwise noted, data in this report refer to the number of unique site visitors per month, in millions. Data are from the U.S. in the time period January 2017 through July 2019.

Google Hotel Finder Growing Fast, Changing the Game

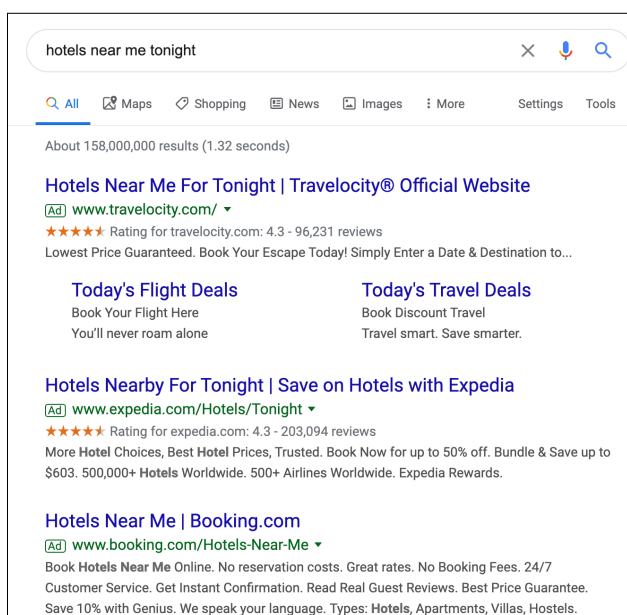
Google has been fine-tuning its results for hotel-related searches for years but has significantly ramped up efforts in the last 18 months. The result has been a huge surge in traffic that is reverberating throughout the industry.

A hotel-related search on Google typically returns several paid listings “above the fold” at the top of the search engine results page (SERP). In the example below, three paid listings are featured, all from OTAs including Travelocity, Expedia, and Booking.

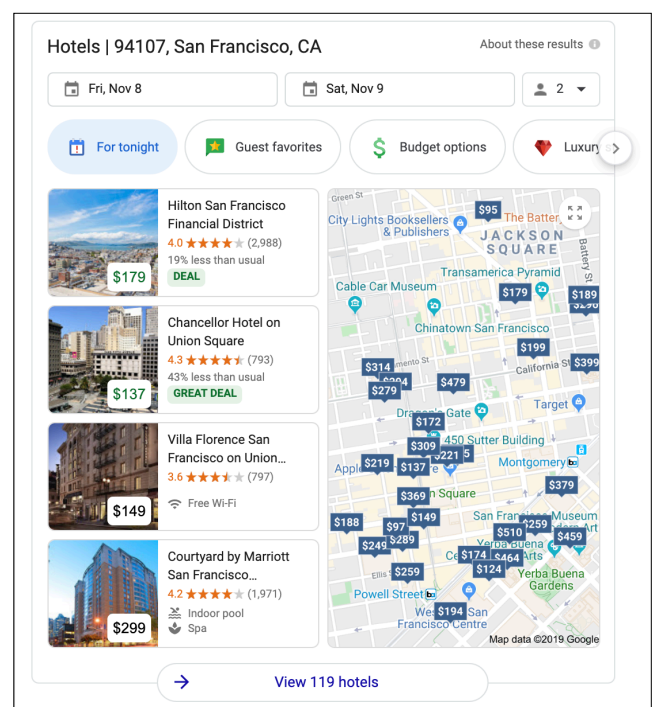
Organic search results – Google’s historical *raison d’etre* – appeared at the bottom of the first page of results (not shown here). In this case, they were links to Hotels Tonight, Kayak and Hotels.com.

Example Desktop
Google SERP:
“hotel near me tonight”

Above the fold: Paid Listings



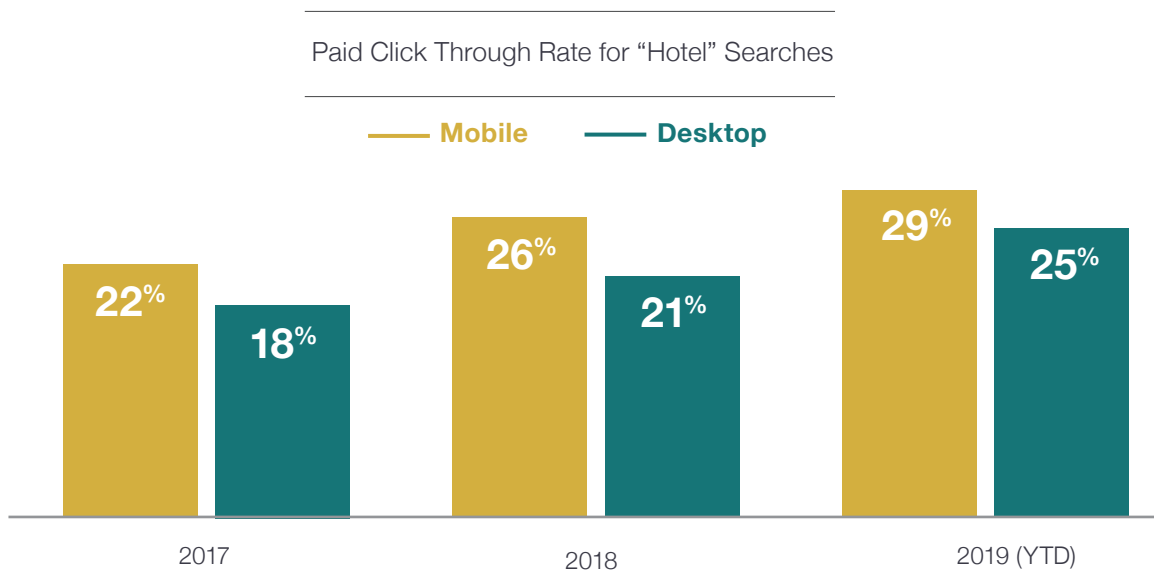
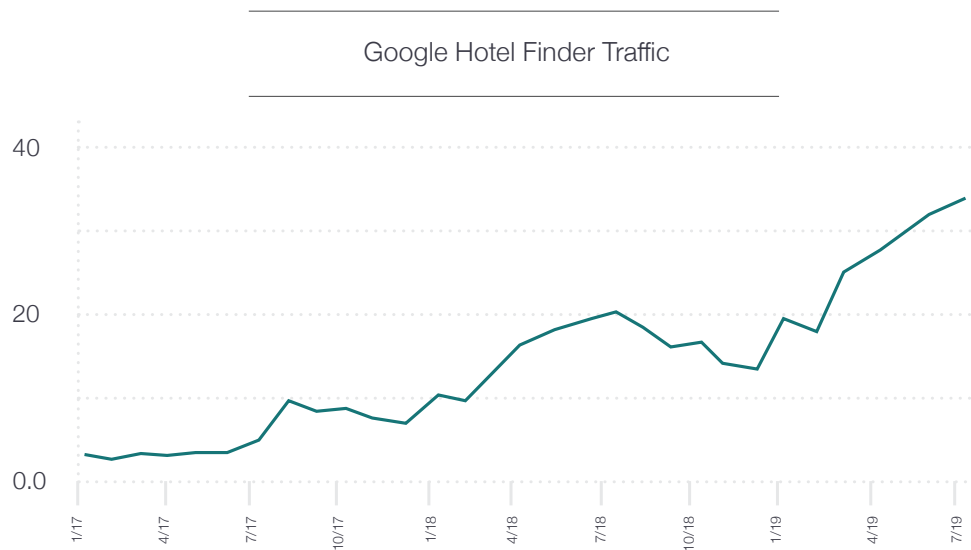
Below the fold: Google Hotel Finder



Google Hotel Finder Growing Fast, Changing the Game

In between the paid and organic listings is the game-changer – Google’s Hotel Finder “widget.” Located at the URL google.com/travel/hotels, the widget includes map with hotel prices, deals from featured hotels, and a built-in search capability. Traffic to the widget has exploded, now garnering nearly 35 million unique visits a month – up from 10 million at the start of 2018 (below).

Visitors can book directly from the widget (for which Google charges a commission), or click through on any number of links. Nearly 30% of the clicks on the widget are paid, a figure that is rising across both mobile and desktop platforms (at bottom).

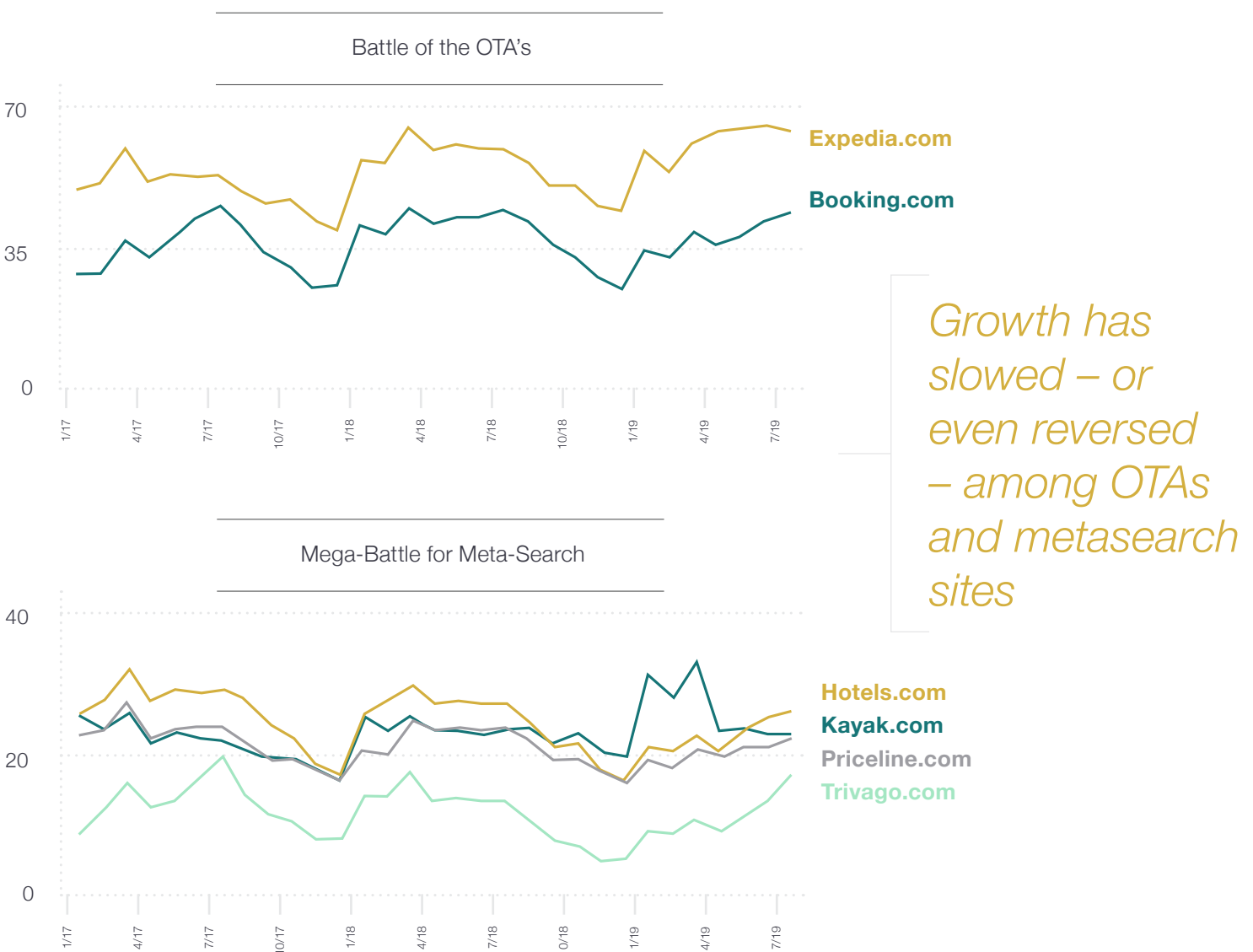


Slowing Growth for OTAs and Metasearch Site

As Google consumes more search and traffic, growth rates are slowing – and in some cases, reversing -- elsewhere in the travel ecosystem.

Among major OTAs, Expedia's 2019 growth rate is 4.1%, less than half the 11.1% they saw in 2018. For Booking.com, the deceleration is even more dramatic, with 2019 YTD traffic down 9.3% YOY, after posting 12.5% growth the year before. As a result, Expedia has pulled significantly ahead of Booking. Booking closed the gap in late 2017, but since then, Expedia has pulled away – and has seen 62% more traffic than Booking in 2019.

Traffic declines are even more pronounced at meta-search sites, which are more directly affected by Google's growing strength. Hotels.com, Priceline and Trivago all saw single-digit declines in 2018, only to see them magnify to 10-20% declines so far in 2019.



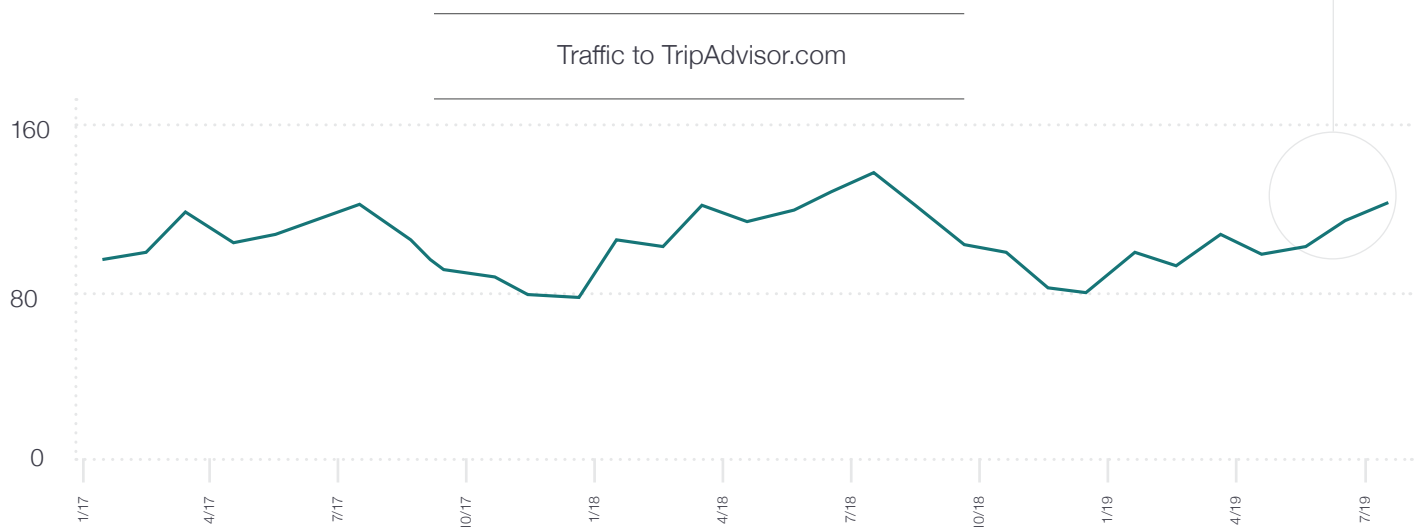
TripAdvisor Diversifies As Core Business Growth Slows

TripAdvisor remains the most-visited travel site online, regularly garnering more than 100 million unique visitors per month.

Travel purchases are heavily researched, and many visitors are attracted to TripAdvisor's vast reservoir of reviews and user-generated content. TripAdvisor has excelled in packaging that content in ways that are highly optimized for search engines, and highly consistent with the language consumers use when search (e.g., "things to do in..."). As a result, much of its traffic comes from (free) organic search.

While TripAdvisor's reach in the category is unmatched, its growth is slowing. TripAdvisor had a strong 2018 – with traffic up 9% for the year, and hitting a new high during its seasonal July peak. But 2019 has been a different story, with traffic largely slipping back to 2017 levels. Similarly reported here, TripAdvisor's reported Q3 2019 revenue was down 7% year-over-year, fueled by an even larger decline in its hotel-related revenue. TripAdvisor attributes the decline directly to Google's hotel initiatives and SEO strengths.

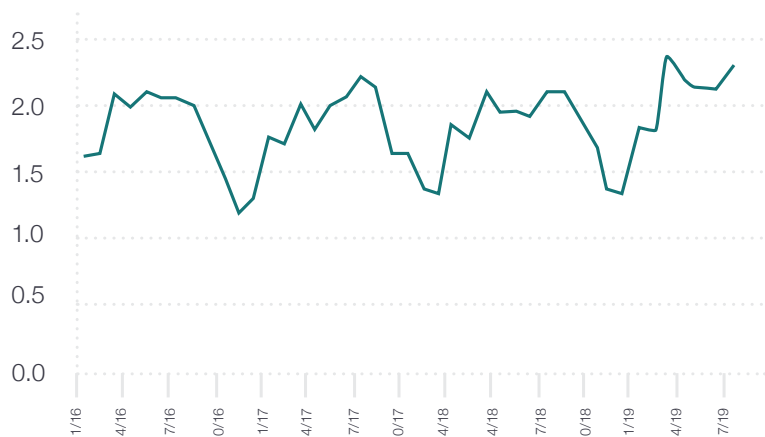
*TripAdvisor's 2019 traffic
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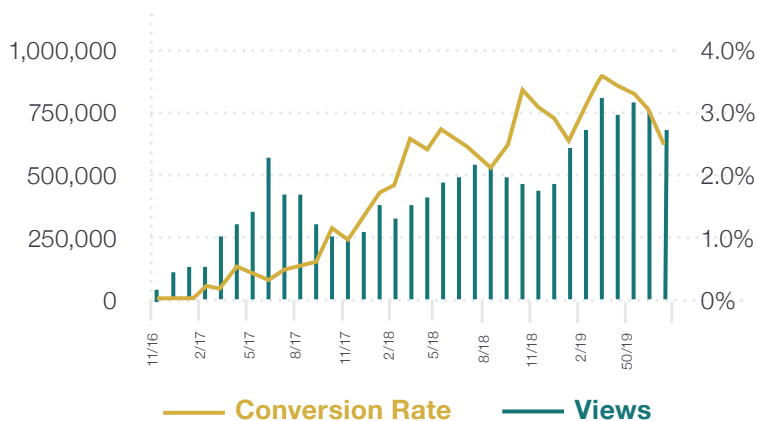
While its core business slows, TripAdvisor has sought to diversify its revenue sources and capitalize on broader trends toward experiences. On TripAdvisor-owned Viator, for example, views and purchases related specifically to activities and interests continue to grow. Other travel brands are similarly seeking to capitalize on the trend toward experiences. Airbnb, for example, has significantly grown its views and conversion rate for its experiential offerings.

Activity/Experiences Traffic on Viator



*TripAdvisor increasingly
emphasizes activities
and experiences
on Viator*

Airbnb Experiences

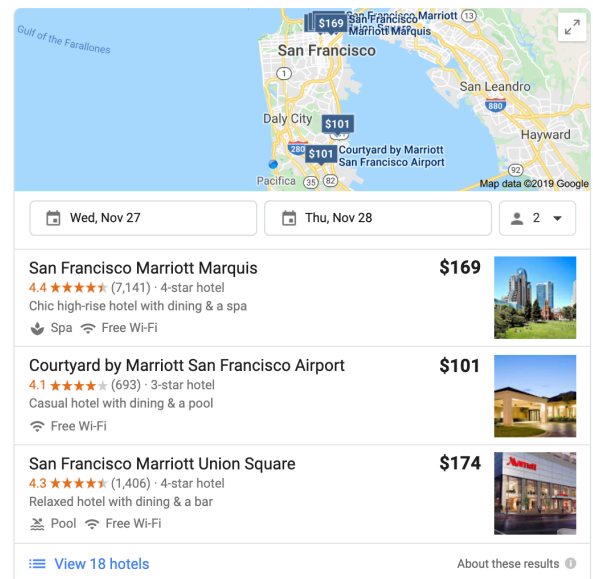
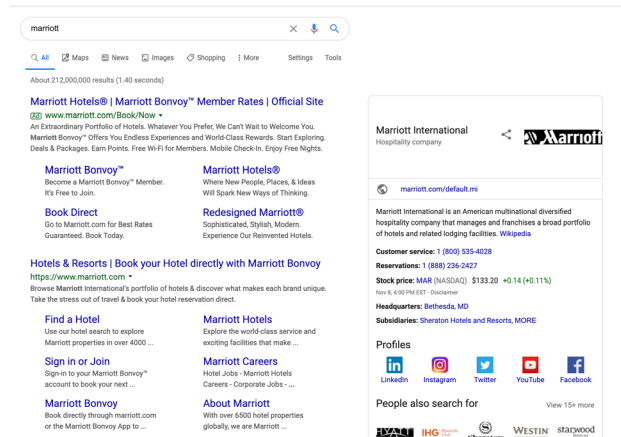


Competing in a Google-Dominated Ecosystem: Build Your Brand

Hotels and airlines looking to thrive must find new approaches to an old strategy: building their brands. In a Google-driven world, there is simply no better SEO hack than getting consumers to search for your brand name.

A Google search for Marriott, for example, delivers a very different SERP than a more generic search for hotels. In the example below, Marriott essentially owns the real estate above the fold, first with paid listings (emphasizing their recently revamped Bonvoy loyalty program and a “Book Direct” link), followed by an organic listing, and a Marriott-focused sidebar.

Google's Hotel Finder appears next, featuring deals from specific Marriott properties (typically near the searcher), meaning, of course, the Marriott is now competing with itself, all on one page.



Brand specific Google searches result in very different search engine results pages (SERP)