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Quality Counts:

The economic impact of OTA travelers in the United Kingdom

While the path to full industry recovery from the COVID-19 pandemic is a steep climb, bright spots are on the horizon. After an introduction of virus variants led to a lockdown in the United Kingdom, vaccine effectiveness and accelerated distribution are creating a positive outlook for the coming summer months.

The industry is experiencing periods of recovery. However, the way people travel – and how they make decisions – has changed. This report examines how COVID-19 altered traveler behavior, including spending patterns, and outlines effective strategies that accommodation providers can use to attract and engage travelers.

The research journey

This report contains information from studies conducted by BVA BDRC for Expedia Group. The research studied the behavior of 1,390 domestic and international travelers in the UK to:

- Compare the spending patterns of OTA (Online Travel Agencies) travelers and direct hotel bookers;
- Assess the volume of bookings captured by OTAs;
- Evaluate the contributions of OTAs to the UK travel industry and broader economy.

Supplemental studies from Expedia Group were used to form an analysis of how COVID-19 is changing UK traveler spending and habits.

Key research findings

| Traveler Preferences | Traveler Spending Behavior |
|--|---|
| Finding the best rate is the top motivation for international travelers to use OTAs. | OTA travelers spend more on accommodations, with domestic OTA travelers spending twice as much as direct bookers. |
| A quarter of international travelers to the UK choose to book via OTAs, with preference for OTAs increasing due to the pandemic. | OTA travelers stay more nights compared to direct bookers. |
| At least half of travelers who use an OTA for planning or researching end up purchasing their travel from an OTA. | OTA travelers are an important source of economic stimulus for both destinations and the supporting communities. |

UK travel in the next normal

Rebuilding the UK economy to pre-crisis levels will likely last through 2023-2024 as predicted in PWC's recovery models, while accommodation and other hard-hit sectors are expected to return to growth in 2021.¹ The early return of the accommodation sector is off to a promising start, with the UK government targeting late spring as the reopen date. Expedia Group Media Solutions data shows more than a third of UK travelers (37%) are optimistic about taking a trip in the next year, indicating an increase in pent-up demand.

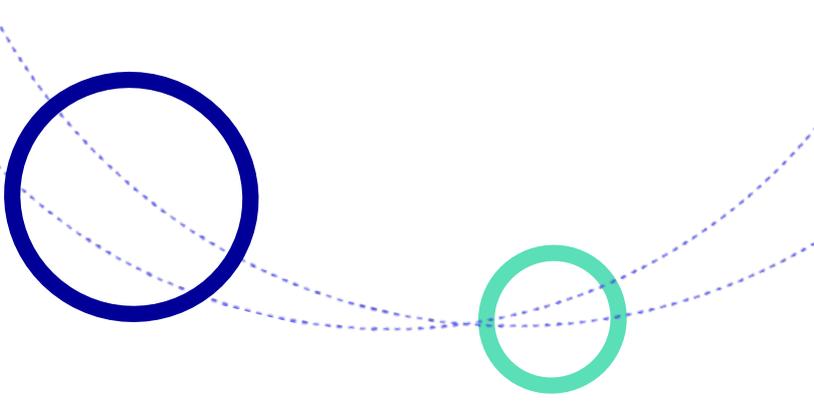
While demand continues to fluctuate, emerging traveler behaviors are defining a "new normal" for the industry. What does this "new normal" look like in the UK, and how can lodging providers best prepare their properties to navigate a situation that is hard to predict?

Recent research from Expedia Group Media Solutions reveals key UK traveler sentiment trends for 2021:²

- **When will they go?** Almost seven out of 10 (68%) UK travelers had trips planned that they had to cancel due to the COVID-19 pandemic. Looking ahead, more than half (52%) expect to take a leisure trip between April and June and are most likely to travel between July and September 2021, with two thirds (64%) expecting to take a leisure trip during that period. UK Gen Z and millennial travelers are 50% more likely than other generations to take a leisure trip in early 2021, while Baby Boomers are most likely to take a trip in the second half of 2021.
- **How will they get there?** About half (48%) of UK travelers will travel by car during the pandemic, while just one in five will take a train (19%) and one in seven (14%) will fly. About six in 10 feel comfortable flying with an empty seat next to them and more than half (52%) expect to fly again after the pandemic. For future air travel, six in 10 UK travelers will be comfortable traveling if social distancing measures are in place.
- **What will impact their booking decisions?** When thinking about future travel, flexibility and financial peace of mind, along with enhanced hygiene measures, are vital for UK travelers. An easy refund process (51%) is the leading decision-making factor when it comes to future travel, closely followed by enforcement of masks (48%) and the overall cost of the trip (46%). More than half (58%) of UK travelers say they will be comfortable with leisure travel this year, provided a vaccine is widely available.

¹PWC, [UK Economic Outlook](#), January 2021

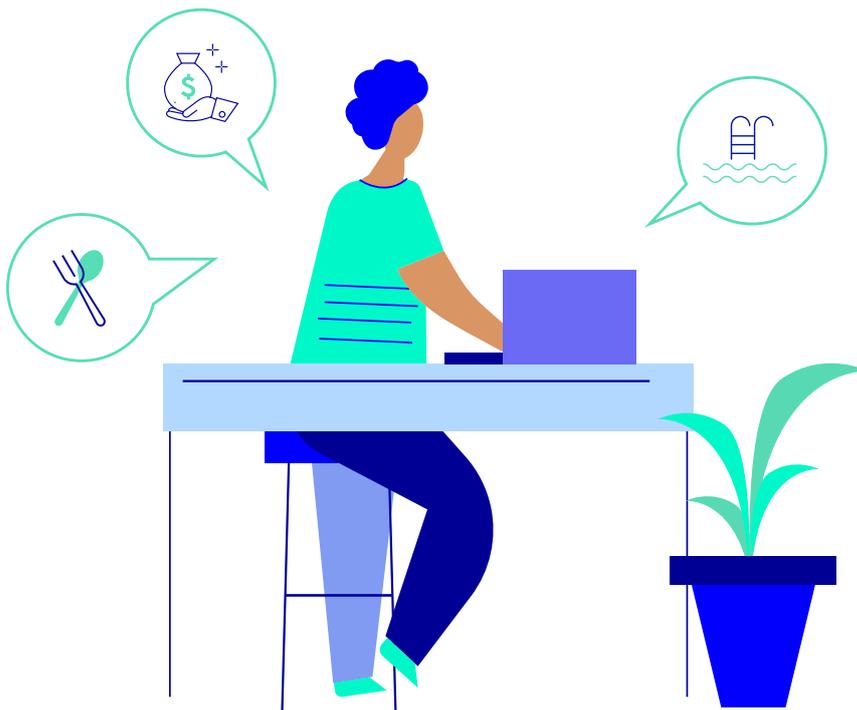
²[Traveler Sentiment and Influences 2020-2021](#), Expedia Group Media Solutions, Oct 2020



OTA travelers are important for recovery

A common misperception is that direct bookers, or travelers that book directly on a hotel website, are more profitable for a hotel than OTA travelers. This economic impact study shows that, prior to the pandemic, OTA travelers stayed more nights than direct bookers and spent more money on accommodations and on-property. As markets rebuild their local tourism industry, the contribution of OTA travelers cannot be overlooked.

OTA travelers are important to UK tourism recovery, staying more nights and spending more on accommodations and on-property.



While it is too early to see the lasting impact of COVID-19 on traveler spending behavior, trends point to the increasing importance of OTA travelers to the recovery of the global travel industry.

This research found seven key behaviors that defined OTA traveler spend in the UK in the months prior to the pandemic.

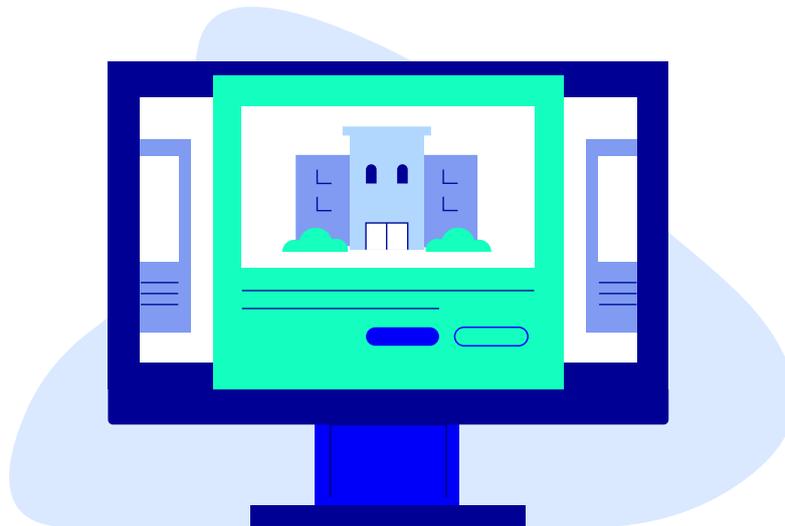
- OTA domestic travelers stay a full night longer than direct bookers, while international OTA travelers stay about the same. On average, domestic OTA travelers stay more than four nights while direct bookers stay about three. International OTA travelers and direct bookers both stay more than six nights.
- Both domestic and international OTA travelers spend more per trip compared to direct bookers. Despite the perception that OTA travelers are seeking bargain trips, international and domestic OTA travelers spend more on accommodations and more on-property than direct bookers. Domestic OTA travelers spend twice as much on accommodations and 24% more on-property and international OTA travelers spend 9% more on accommodations and 8% more on-property.
- OTA travelers are more likely than direct bookers to use several on-property paid services. They are twice as likely to use the mini bar and 50% more likely to use room service. Domestic OTA travelers are also more likely to use the spa, laundry, and resort services – like beach rentals – compared to direct hotel bookers. International OTA travelers are more likely to use paid services in every measured category, including the hotel restaurant for breakfast (+10%), lunch (+20%) and dinner (+5%). They are also slightly more likely to use room service, the mini bar, and spa services.
- Domestic and international OTA travelers are an important source of economic stimulus for both destinations and the supporting communities, spending time shopping, visiting historical and cultural sites, tasting local cuisine, or experiencing UK beaches. Domestic OTA travelers are 44% more likely to visit a cultural site, like a museum, and 27% more likely to try local restaurants compared to a direct booker. International OTA travelers are 22% more likely to visit historic sites than direct bookers, followed by tasting local cuisine (+12%), shopping (+11%), and visiting essential area pubs (+5%).
- Domestic OTA travelers are 56% more likely to visit a historic site, 52% more likely to go to a cultural venue, and 30% more likely to try local cuisine. International OTA travelers are 10 % more likely to visit a historic site, 11% more likely to visit a cultural venue, and 3% more likely to try local cuisine.
- OTAs capture about a fifth of all domestic bookings, more than a quarter of international hotel bookings, and significantly more when looking at popular urban destinations. OTAs represent more than a third of international hotel bookings for Scotland (38%) and slightly less than a third for London (32%). Domestic preference to book via OTAs is highest for London (37%).
- The average trip spend for international travelers is more than three times that of domestic travelers, with international travelers spending one-third of their trip expenditures on accommodations. Though domestic travelers spend less overall, they spend more than half of their trip expenditures on accommodations.

Preference for OTAs is on the rise

The spending patterns of OTA travelers make them valuable guests as properties reopen their doors. OTA customers tend to travel for leisure and place value on overall trip experience. Direct hotel channels rely on consistent business traveler bookings, which are stalled as a result of the ongoing COVID-19 pandemic. This puts OTAs in position to capture the first segment to travel. Prior to the pandemic, this study shows that OTAs captured a fifth of all domestic bookings and more than a quarter of international bookings. The preference to book via an OTA increased with each stay when multiple hotels were booked in one trip, increasing by 40% for the second hotel and 75% for the third hotel.

According to Expedia Group research, half of UK travelers indicate they will book via an OTA for their first trip after the COVID-19 pandemic ends, representing an increase in preference compared to pre-pandemic booking behaviors.³

Half of UK travelers intend to book via an OTA after the pandemic

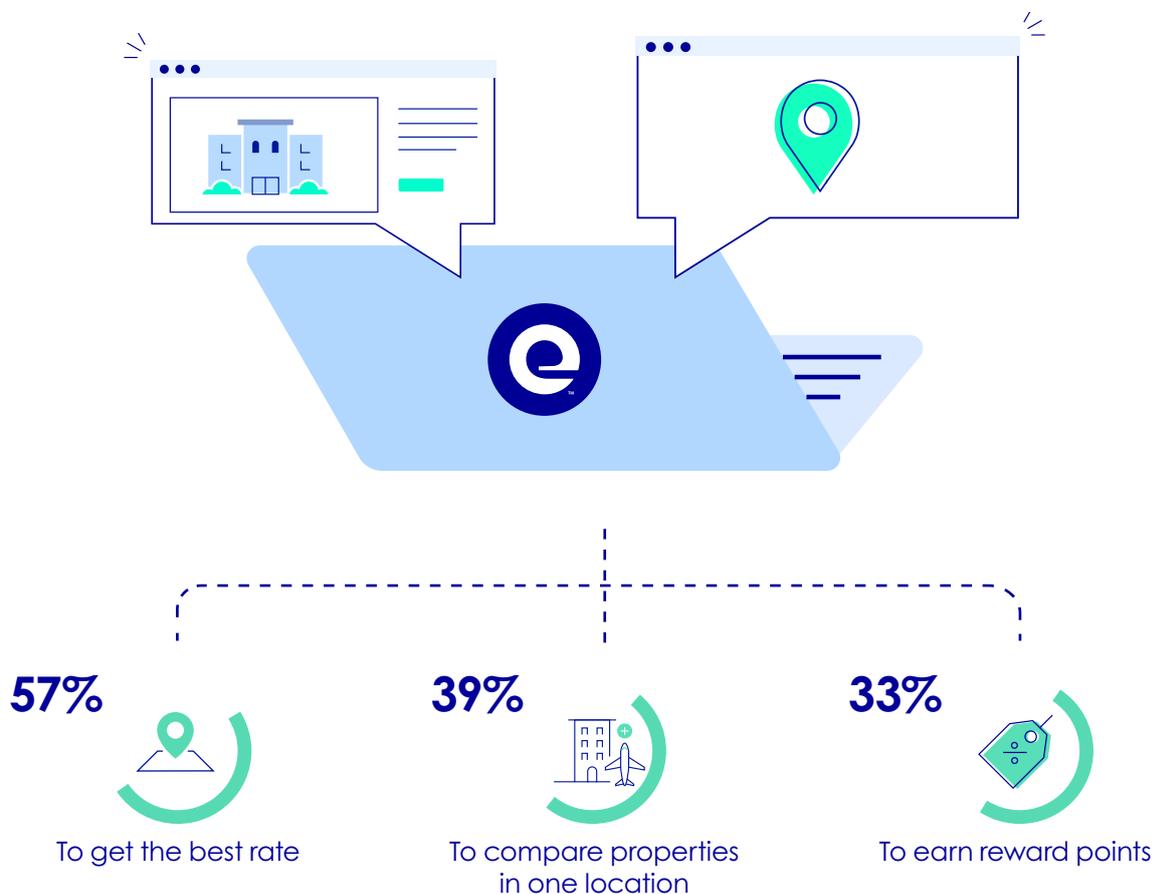


These are the top motivations driving preference for OTAs compared to direct booking channels among domestic and international travelers to the UK:

- Domestic travelers prefer to book via OTAs to shop for multiple travel products (27%), compare properties in one location (26%), and get the best room (26%).
- International travelers prefer OTAs to get the best rate (57%), compare properties in one location (39%), and earn reward points (33%).
- Both groups also use OTAs to find promotions and buy bundled offers with another trip.

³ [What Travelers Want](#), Expedia Group, Oct 2020

Top reasons international travelers to the UK use OTAs:



Making travel decisions

OTAs also play a critical role in the overall hotel purchase path. This is gaining importance as more travelers rely on OTAs to make travel decisions during the pandemic.

As a marketplace and one-stop shop, OTAs are widely used in the planning and research phases of travel booking to compare rates across multiple travel products. This study shows the majority of both domestic (52%) and international travelers (70%) use OTAs to plan or research at least one aspect of their trip, from hotels to flights, to car rentals, activities, and more. At least half of those who used an OTA for planning or researching ended up purchasing their travel from an OTA, especially among international travelers where 55 percent purchased their flight and 67 percent purchased their hotel via an OTA.

The next step on the road to recovery

COVID-19 redefined traveler behavior. However, the unprecedented events caused by the pandemic present an opportunity to re-examine our own behaviors and reset our strategies to appeal to travelers.

To help the industry understand emerging leisure and business travel trends in the “next normal,” Expedia Group is continuously surveying customers, suppliers, and business travel managers to reveal new influences shaping travel preferences.⁴ Embracing new behaviors will help accommodation providers in the United Kingdom shift strategies to meet evolving traveler needs, and support companies as they reimagine travel policies.

Do more to stand out

Nine in 10 UK travelers said hotels in similar price ranges look the same online and that they must do more to stand out. Accommodation providers can differentiate by offering value-added incentives like breakfast vouchers, free bicycle rentals, or upgrades to premium rooms.

Reputation, and cleanliness, matter

Three fourths of UK travelers read reviews before booking a property and rate the most influential reviews as those about “room cleanliness” (82%) and “overall condition of the hotel” (70%). Additionally, eight in 10 (84%) UK travelers believe if hotels do not respond to negative property reviews, then the review must be truthful.

Transport guests with great photos

More than two thirds (67%) of UK travelers view five or more photos before making a booking decision, with 80% saying photos of the room are most essential to their decision, followed by photos of the bathroom (65%) and property exteriors (57%). Lodging partners should capture what is unique about their property, influencing guests in the dreaming or research phase of their travel journey to book.

Sustainability on the rise

More than half (57%) of UK travelers say climate change will alter the way they travel. They are more likely to stay at a property that offers the following sustainability amenities: serves locally sourced food (38%), provides recycling bins in common areas (35%), and has windows that open to reduce the need for air conditioning (29%).

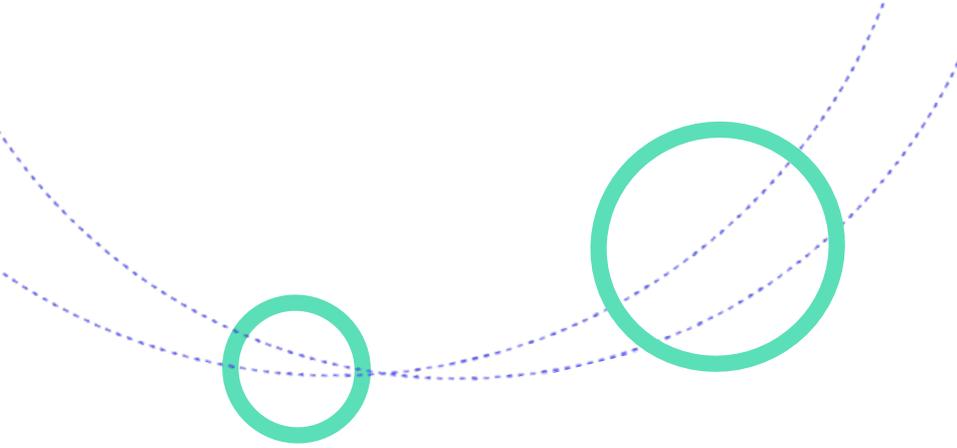
Be communicative

Most UK travelers (91%) want to receive information about the property, amenities, and surrounding area prior to check-in. More than two thirds (66%) are willing to share their arrival time and nearly half (45%) would share their special needs in advance of check-in to improve their stay.

Rethink travel policies

Risk management remains a focus for travel managers. Staying up to date on country-level requirements, working with their stakeholders to set safety protocols, and aligning travel policies with company needs will remain key considerations as business travel resumes.

⁴ [What Travelers Want](#), Expedia Group, Oct 2020



Research methodology

Expedia Group partnered with BVA BCRC BDRC to study the behavior of nearly 1,400 domestic and international travelers to the United Kingdom from November 2019 to February 2020. The goal of the research was to determine:

- Compare the spending patterns of OTA (Online Travel Agencies) travelers and direct hotel bookers;
- Assess the volume of bookings captured by OTAs;
- Evaluate the contributions of OTAs to the UK travel industry and broader economy.

BVA BDRC gained insight into the spending behavior of travelers by surveying them in one of two ways: after they booked a flight or after taking a recent business or leisure trip. The sample also includes domestic travelers who did not take a flight on their last trip. This ensured the research included information from travelers who used a wide variety of travel research and booking options.

All domestic travelers were required to have stayed in paid-for accommodation for at least one night in the past year. The total sample size (n=1,390) was compiled of n=896 international travelers to the UK and n=494 domestic travelers, equally distributed across male and female travelers with an average age of 45 for domestic and 58 for international travelers.

Additional insights were sourced from an Expedia Group Media Solutions study of 11,000 respondents in 11 countries to understand the impact of the pandemic on travel in 2021. Other resources include: "What Travelers Want," an Expedia Group survey of 34,000 travelers in 13 countries conducted in February and May 2020 and an Egencia survey of 2,300 travel managers conducted in June 2020.

Respondent profiles

Respondents were segmented by those with an air and hotel booking, and those with only a hotel booking. The average domestic traveler was 45 years of age, traveling with family (82%), and spending five nights away. The average international traveler was 58 years of age, traveling with family (82%), and spending 11 nights away. Further demographic data includes the mode of travel mode – flight or car – and whether the trip was for leisure or business.

North America represented the largest region of origin for international travelers at 63 percent, followed closely by Europe at 19 percent.

