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# Quality Counts:

## The economic impact of OTA travelers in France

While the path to full industry recovery from the COVID-19 pandemic is a steep climb, bright spots are on the horizon. Optimism increased as the industry experienced early signs of recovery in the summer months. Positive developments and vaccine effectiveness further bolstered outlook.

The industry is experiencing periods of recovery. But 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 1,251 domestic and international travelers in France 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 French travel industry and broader economy.

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

## Key research findings

Traveler Preferences	Traveler Spending Behavior
Comparing properties in one location is the top motivation for using OTAs.	OTA travelers are valuable to the recovery of local tourism.
A third of international travelers to Paris choose to book via OTAs.	OTA travelers spend similar amounts as direct bookers on accommodations, but more on hotel restaurant and spa services.
Most of domestic and international travelers use OTAs to plan or research their trip.	OTA travelers engage with local businesses and are more likely to visit a cultural or historic site and taste local cuisine compared to direct bookers.

## French travel in the next normal

According to Banque de France, health restrictions and vaccine distribution will last through 2021 and economic activity will return to 2019 levels by mid-2022.<sup>1</sup> Rebuilding the French economy will likely last through 2023, but French optimism for travel is climbing. According to research from Expedia Group Media Solutions, more than half of French travelers (51%) feel optimistic about taking a trip in the next 12 months.<sup>2</sup>

While demand continues to fluctuate, emerging traveler behaviors are defining a “new normal” for the industry. What does this “new normal” look like in France, 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 French traveler sentiment trends for 2021:<sup>3</sup>

- **When will they go?** Almost two thirds French travelers had trips planned that they had to cancel due to the COVID-19 pandemic. Looking ahead, about one third of French travelers expect to travel for business or leisure in the first four months of 2021, increasing to nearly half during the spring and at two thirds in the summer. Older generations are the most likely to travel during this period, and 60 percent of travelers aged 56-74 expect to take a trip between April-June 2021 and 67 percent in July-Sept 2021.
- **How will they get there?** More than half (53%) of French travelers would travel by car during the pandemic, while just one in 5 would take a train and 16 percent would fly. Two thirds (62%) of car users are willing to drive up to six hours for a leisure trip during the pandemic, and 89 percent say car travel feels safe. About six in 10 would feel comfortable flying with an empty seat next to them and more than a third of travelers (34%) expect to fly again after the pandemic.
- **What will impact their booking decisions?** A third of travelers want to understand more about social distancing measures or protocols and cleanliness standards. Three quarters of travelers expect to make accommodation decisions based on implemented pandemic measures, such as hygiene protocols, enforcement of masks, and reduced capacity.

<sup>1</sup> Banque de France, June 2020

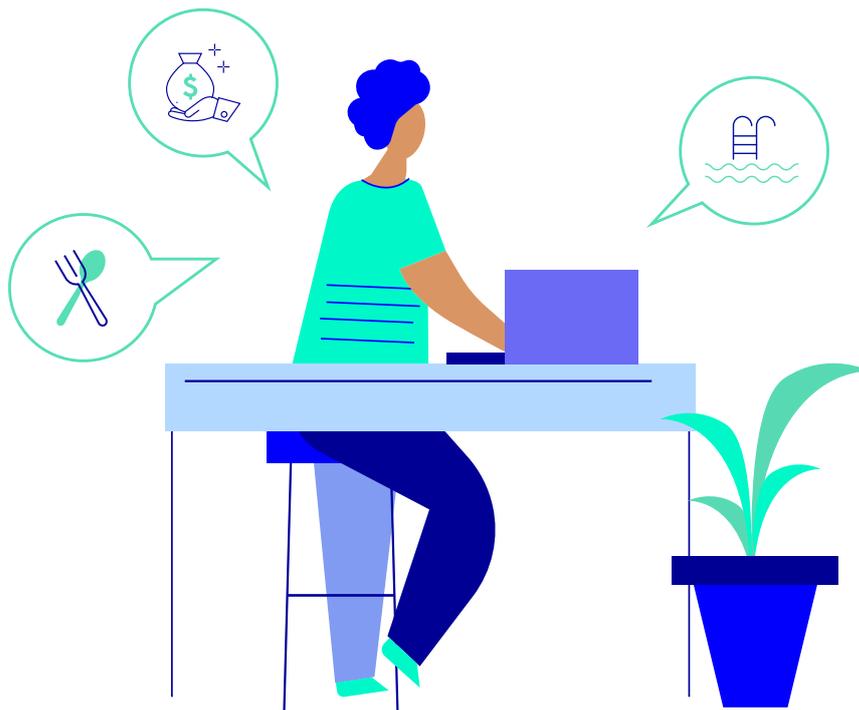
<sup>2</sup> Traveler Sentiment and Influences 2020-2021, Expedia Group Media Solutions, Oct 2020

<sup>3</sup> 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 are more profitable for a hotel than OTA travelers. This economic impact study shows that, prior to the pandemic, OTA travelers stayed the same number of nights as direct bookers and spent approximately the same amount of money on accommodations and on-property. But OTA travelers spend more on hotel services, like the restaurant and spa, and at local businesses such as cultural venues and historic sites. As markets rebuild their local tourism industry, the contribution of OTA travelers cannot be overlooked.

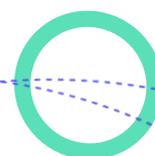
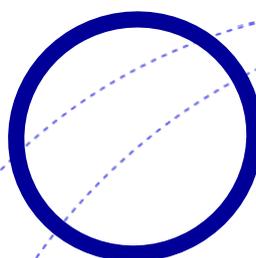
OTA travelers **support the recovery of local tourism**, spending similar amounts on accommodations, but more on hotel restaurant and spa services



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 six key behaviors that defined OTA traveler spend in France in the months prior to the pandemic.

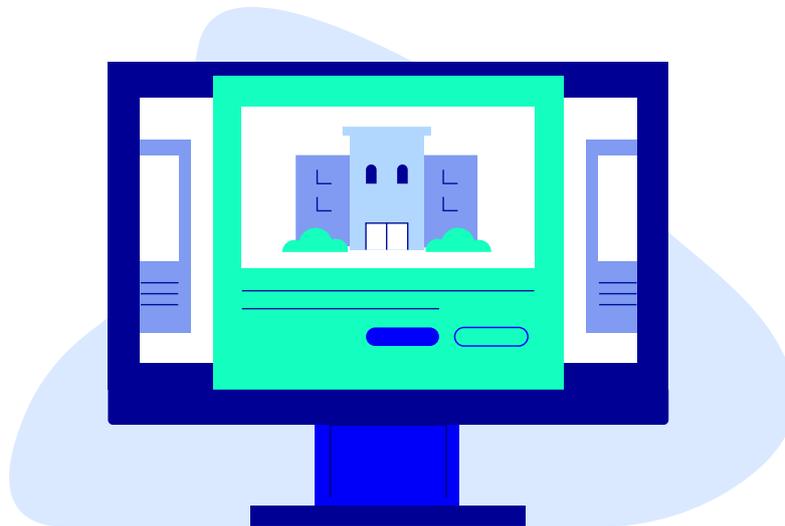
- The average trip spend for international travelers is more than twice that of domestic travelers, with both groups spending nearly a quarter of their trip expenditures on accommodations. International travelers spend three times more than domestic travelers on hotels, both groups spend approximately the same on alternative accommodations, and domestic travelers spend more on alternative accommodations than hotels.
- Domestic and international OTA travelers spend a similar amount per trip compared to direct bookers. Despite the perception that OTA travelers are searching for cheaper rates, international OTA travelers spend three percent more than direct bookers on accommodations and domestic travelers spend eight percent more.
- International OTA travelers and direct bookers spend an equal amount on-property, with international OTA travelers spending the same or more in several profitable categories: room service (+14%), spa treatments (+8%), hotel restaurant for breakfast (+3%), and the hotel restaurant for dinner (equal). Domestic OTA travelers spend slightly less than direct bookers on-property but spend five percent more at the restaurant and 26 percent more on hotel bar services, a significant source of revenue for properties.
- Domestic and international OTA travelers are an important source of economic stimulus for both destinations and the supporting communities, spending a similar amount to direct bookers on meals and drinks, activities, and car rentals. However, both domestic and international OTA travelers are more likely to engage with local businesses. Domestic OTA travelers are 56 percent more likely to visit a historic site, 52 percent more likely to go to a cultural venue, and 30 percent more likely to try local cuisine. International OTA travelers are 10 percent more likely to visit a historic site, 11 percent more likely to visit a cultural venue, and three percent more likely to try local cuisine.
- OTA domestic and international travelers stay the same amount of nights compared to direct hotel bookers. On average, domestic OTA travelers and direct bookers stay nearly four nights, while international OTA travelers and direct bookers stay just over six nights.
- OTAs capture about a quarter of all domestic and international hotel bookings, and significantly more when looking at popular destinations. OTAs represent a third of international hotel bookings for Île-de-France (Paris), followed by the Auvergne-Rhône-Alpes (32%) and Centre-Val de Loire (31%) regions. Domestic preference to book via OTAs is highest for the Occitanie region (38%).



## 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 nearly a quarter of all domestic bookings and international bookings. According to Expedia Group research, 27 percent of French travelers indicate they will book via an OTA for their first trip after the COVID-19 pandemic ends, representing a slight increase in preference.<sup>4</sup>

## More than a quarter of French travelers are likely to book **via an OTA**



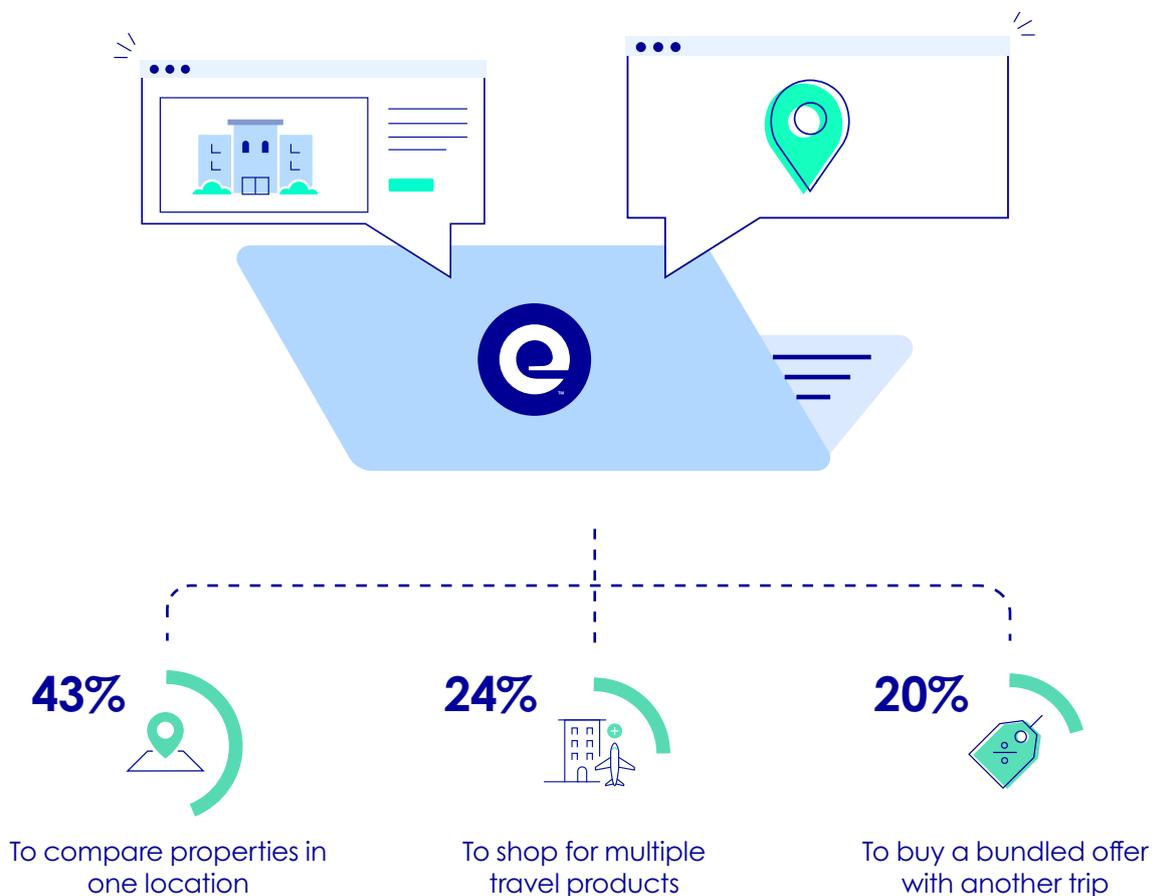
These are the top motivations driving preference for OTAs compared to direct booking channels among domestic and international travelers to France:

- Domestic travelers prefer to book via OTAs to get the best nightly rate (62%), compare properties in one location (35%), and get the best room (27%).
- International travelers prefer OTAs to compare properties in one location (43%), shop for multiple travel products (24%), and buy a bundled offer with another trip (20%).
- Both groups also use OTAs to find promotions and earn reward points.

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<sup>4</sup> [What Travelers Want](#), Expedia Group, Oct 2020

# Top reasons French international travelers are using 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 (65%) 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 66 percent purchased their hotel via an OTA.

# The next step on the road to recovery

COVID-19 redefined traveler behavior. However, the unprecedented events of last year 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.<sup>5</sup> Embracing new behaviors will help accommodation providers in France shift strategies to meet evolving traveler needs, and support companies as they reimagine travel policies.

## Do more to stand out

Nearly eight in 10 French 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.

## Flexibility is a must

French travelers prioritize flexibility, and less than one third would book a non-refundable room in exchange for a better rate. With COVID-19 cases rising in many regions, flexibility will remain top of mind for travelers in the short and long term.

## Reputation, and cleanliness, matter

More than two-thirds of French travelers read reviews before booking a property and rate the most influential reviews as those about “room cleanliness” and “overall condition of the hotel.” In addition, three quarters (74%) of French 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 of French travelers view five or more photos before making a booking decision, with 80 percent saying photos of the room are most essential to their decision, followed by photos of the bathroom (59%) and property exteriors (52%). 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

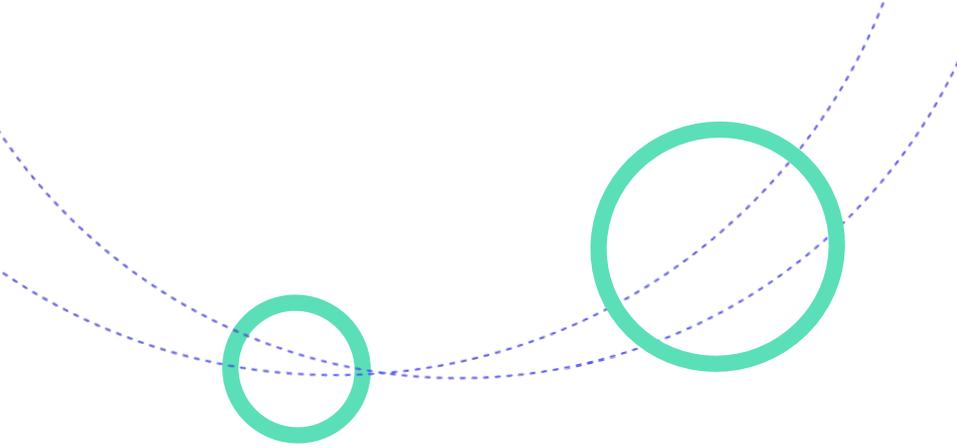
Two thirds of French travelers say climate change will alter the way they travel. They are more likely to stay at a property that offers the following sustainability amenities: serves locally sourced food (43%), offers complimentary bicycles (35%), and provides recycling bins in common areas (33%).

## Be communicative

Most French travelers (87%) want to receive information about the property, amenities, and surrounding area prior to check-in. More than half are willing to share their arrival time and 44 percent would share their special needs in advance of check-in to improve their stay.

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<sup>5</sup> [What Travelers Want](#), Expedia Group, Oct 2020



## 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.

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### Research methodology

Expedia Group partnered with BVA BCRC to study the behavior of nearly 1,300 domestic and international travelers to France 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 French 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=1,251) was compiled of n=738 international travelers to France and n=513 domestic travelers, equally distributed across male and female travelers approximately 50 years old.

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 (86%), and spending six nights away. The average international traveler was 50 years of age, traveling with family (81%), and spending 10 nights away. Further demographic data includes the mode of travel mode – flight or car – and whether the trip was for leisure or business.

Europe represented the largest region of origin for international travelers at 44 percent, followed closely by North America (43%), Latin America (7%), and the rest of the world (6%).

