

# SMART PAPERS



BUSINESS IMPACT  
BRIEF

An industry insight into  
Online Travel Agents'  
response during Covid-19

**Best business practices for online booking**

**APUINSIGHTS**  
Product of APU Commercial Information Services LLC



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ONLINE TRAVEL  
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ECONOMIC  
RECOVERY



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# INTRODUCTION



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The travel and tourism industry had been one of the fastest growing markets worldwide, until coronavirus crisis hit the planet. This was the second devastating event that disrupted the entire sector after the 9/11 attack<sup>1</sup>. The Covid-19 outbreak has upended the way consumers live and travel and as a result the

global economy suffered from USD 5.5 trillion losses in 2020 due to travel cancellations and other implications caused from the pandemic. Despite the fact that the recovery will not reach very soon pre-Covid performance levels, a gradual bounce back is



expected in many regions with emerging new trends in the post-Covid travel<sup>2</sup>. Market Analysis Insight Solutions has provided an optimistic scenario for the global online travel market to reach 1,786 million by 2027 at a CAGR of 11.2 percent for the forecast period 2021-2027<sup>3</sup>.

Nevertheless, online travel agencies (OTAs) business is very promising, as it is foreseen to play a key role in driving the industry's economic recovery. According to Expedia's Traveler Sentiment Study, held from 14 to 20 July 2020, more and more consumers turn to OTAs to plan and book their trip than going directly to the hotel or accommodation reservation. Nine in ten respondents from a sample of 143 participants feel safer to use an online agency in the post pandemic world of travel<sup>4</sup>.

**[1]** Romashko, B., (2020, December). *The future of OTAs: What to expect from their new adaptive strategies.* Hospitality Net.

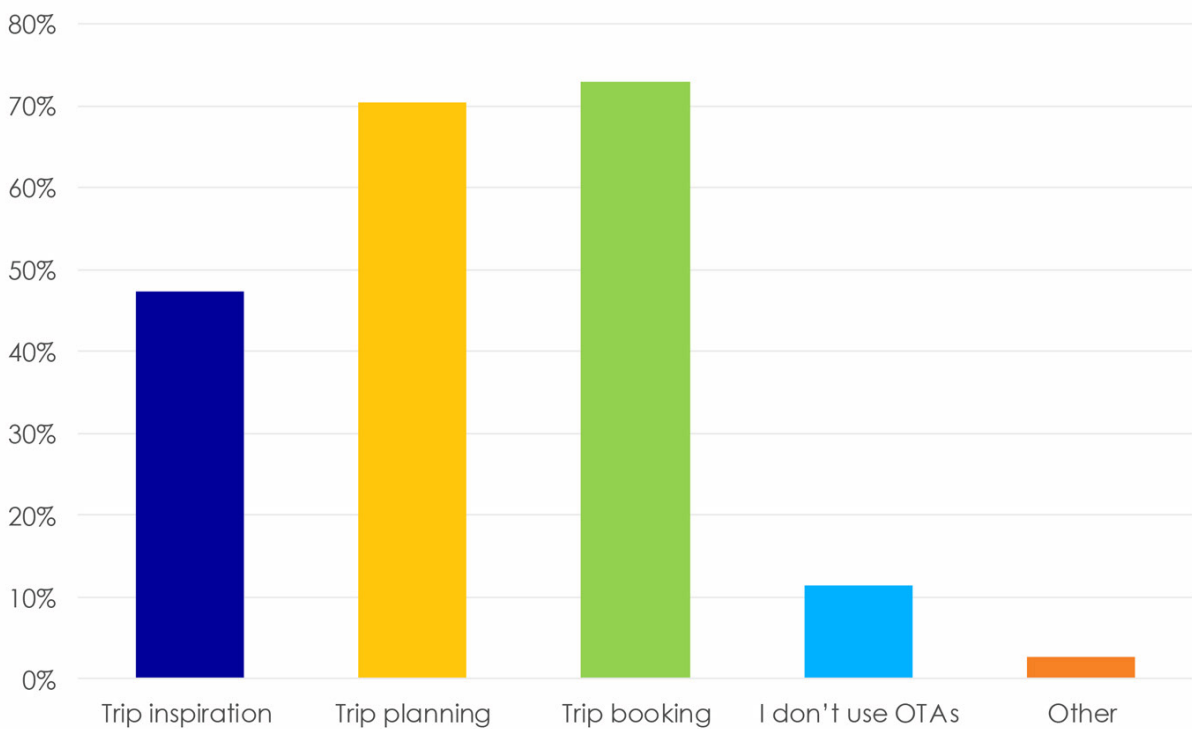
**[2]** Menze, J., (2020, October). *Expedia claims OTAs in crucial position for travel industry recovery.* Northstar Travel Media LLC.

**[3]** Market Insight Solutions. (2021, January). *Global online travel market size, forecast, insights, Covid-29 impact.* openPR.

**[4]** Expedia Group Media Solutions. (2020, July). *Traveler Sentiment Study: Understanding attitudes to leisure travel in the time of Covid-19.*



# TRAVELERS TURN TO OTAs THROUGHOUT THE PURCHASE JOURNEY



Expedia Group Media Solutions - Traveler Sentiment Study, dsc.out, July 2020  
 P1:Q22. Do you use an online travel agency like Expedia, Hotels.com, Vrbo or others for any of the following?  
 P1:Q23. Would you use an online travel agency like Expedia, Hotels.com, Vrbo or others to book travel?

**Fig 1.** Expedia Group Media Solutions. (2020, July). Traveler Sentiment Study: Understanding attitudes to leisure travel in the time of Covid-19.



Another Expedia study revealed new travel preferences and patterns across 1,900 US and international visitors from November 2019 to February 2020 and from June to August 2020. More than a half of this sample, (57%) are more likely to book their travel through an OTA than in pre Covid-19 period, while two out of three use them to plan beforehand or research their trip<sup>5</sup>. Some of the most top drivers of this increasing trend are: value for money, meeting customer expectations on hotel stay options that meet customer demands, earning rewards, and the bundle offering, including air travel and transportation<sup>6</sup>.

Traveler Preferences	Traveler Behaviors
Travelers are 57% more likely to book their travel through an OTA now than before COVID-19	Domestic OTA travelers spend 16% more per trip and 5% more on-property than direct bookers
More than two-thirds of travelers say value is the most important factor in booking decisions	Domestic OTA travelers stay nearly 5 nights, compared to just over 4 nights by direct bookers
Two out of three travelers use OTAs to plan or research their trip	Domestic OTA travelers are good for communities, spending 12% more on meals and drinks, 6% more on activities and 27% more on car rentals

**Table 1.** Key findings on traveler preferences and behaviors after Covid-19. Study reveals increasing importance of OTA travelers in economic recovery. Expedia Group. (2020, October). Hotel-Online.com.

[5] Menze, J., (2020, October). Expedia claims OTAs in crucial position for travel industry recovery. Northstar Travel Media LLC.

[6] Expedia Group Media Solutions. (2020) Quality Counts: The value of OTAs travelers.

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# CONCLUSION



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