

TWO SIDES OF THE SAME INDUSTRY: AN ANALYSIS OF THE RELATIONSHIP
BETWEEN HOTELS AND ONLINE TRAVEL AGENCIES.

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Abstract

Nowadays most people know brands like Booking.com, Expedia and Airbnb. When someone wants to book an accommodation, they usually book through an intermediary, known as Online Travel Agency or OTA. However, it is not well-understood what is the true influence that OTAs have on hotels, the core strength of their business, nor is it known what the impacts are on consumers. This dissertation tries to define the scope of influence that they have over hotels' booking channels and the impact on consumers. Since OTAs' ramifications span the entire world, this paper only defines their influence in Belgium, so as to reduce the scope of this research.

This academic paper starts with an analysis of the background of OTAs. Then gives an explanation of OTA business models, pros and cons and what can be expected in the future. The analysis of different types of OTA or related businesses offers an understanding as to how they impact consumers. Next, an overview of the hospitality industry in Belgium is provided with data from 2007 to 2017. Changes in legislation throughout the European Union which are relevant to the subject are explained and the impacts on hotels and OTAs are analysed. After that, a quantitative survey about Belgian consumers is presented, from the way they book accommodations to what services they expect. Lastly, qualitative interviews with hotel managers complete the study. They provide an understanding as to how OTAs influence hotels and how hotel managers cope with this relationship.

Keywords:

- Hotel industry
- Travel Agencies
- Technological Change
- Belgium

JEL classification system:

L830 - Sports; Gambling; Restaurants; Recreation; Tourism

Z310 - Tourism: Industry Studies

Resumo

Hoje em dia, marcas como *Booking.com*, *Expedia* e *Airbnb* são conhecidas por grande parte da população. Quando alguém pretende fazer uma reserva de acomodação, a tendência é optar por reservar através de um intermediário, sendo mais conhecido no léxico do turismo como *Online Travel Agency* ou OTA. No entanto, não é verdadeiramente perceptível a influência que as OTAs exercem sobre os hotéis- que são a sua principal força, nem é conhecido os impactos nos consumidores. Esta tese académica pretende, assim, definir o âmbito de influência que as OTAs têm sobre os canais de reserva da indústria hoteleira e o seu impacto nos consumidores.

Ainda que, os ramos das OTAs abrangem todo o mundo, de forma a reduzir o âmbito da pesquisa, o foco desta dissertação apenas se debruçará sobre a sua influência no mercado belga.

Esta tese académica começa por analisar o contexto das OTAs, apresentando os modelos de negócios das OTAs, os seus prós e contras, e o que é expectável no futuro acerca desta matéria. Será ainda analisado os diferentes tipos de OTAs e negócios relacionados, propondo ainda uma explicação de como impactam o consumidor. Em seguida, é apresentada uma visão geral da indústria da hotelaria na Bélgica, entre 2007 a 2017. Incluindo ainda, uma análise sobre as mudanças na legislação na União Europeia, assim como o seu impacto nos hotéis e OTAs. Seguidamente, é apresentada uma pesquisa quantitativa sobre os consumidores belgas, desde a forma como reservam acomodações e serviços relacionados e as suas expectativas. Por fim, é apresentado entrevistas qualitativas com gerentes de hotéis de modo a completar o estudo, explicando como os OTAs influenciam os hotéis e como os gerentes de hotéis lidam com esse relacionamento.

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1. Introduction

Over the last twenty years, we have seen the appearance of the Internet. With its appearance and worldwide spreading came many new types of businesses. One such new business model was the one for “Online Travel Agency”, better known as OTA. At first, OTAs were the logical evolution of traditional travel agencies, going from the brick-and-mortar offices to the online space. OTAs first offered a win-win relationship to hotels, providing new flow of customers through advertising hotel rooms at discounted price on their online platform. However, the growth of OTAs was so fast and unpredictable that they imposed themselves as unavoidable partners for hotels. OTAs managed to build an unshakable position in the customers’ mind by heavily advertising themselves on the Internet and always trying to improve their services to consumers. The relationship with hotels, which was supposed to be win-win, quickly became something that hotels could not do without. It created a dependence for them, not able to sell much rooms through direct channels, but only through intermediaries such as OTAs. However, when a hotel sells a room through an OTA, they have to pay a commission varying on average from 10 to 20% ([chapter 4.3.2.](#)), highly impeding their profitability.

The situation being as such, it is normal that relationship between the two entities (OTAs and Hotels) has become strained in recent years. While, OTAs are getting increasingly popular, pleasing evermore demanding consumers, hotels are struggling to get back direct bookings. In order to win back clients, hotels are researching new booking channels and updating their services to the liking of their customers. For example, the situation has reached a spike in 2018 due to shady practices, such as corporate room rates sold by OTAs to normal customers (McCune, 2018).

The purpose of this work is to determine what is the influence OTAs have over hotels’ booking channels. Whether hotels can manage to work without OTAs, or if they are intrinsically linked to each other. Moreover, the second purpose is to determine what are the impacts that OTAs have on consumers in Belgium. Thus, these two purposes became the research question: **What is the influence of online travel agencies on hotels’ booking channels in Belgium and how does it impact consumers?**

1.1. Research motivation

As a member of the Millennial generation, using the Internet was considered a normal part of day-to-day life in my teenage years. Hotels were booked through Booking.com, and later on, for an intimate, local homestay experience, Airbnb was consulted. Because of the ease with which these OTAs could be consulted, booking directly at a hotel never crossed my mind. However, my employment at the Spanish subsidiary of a French OTA (Weekendesk) gave me more insight into the relationship between OTAs and hotels. Realising that even though OTAs and hotels are competing, they also need each other. An OTA needs an hotel to display his rooms on their platform. Whereas an hotel needs an OTA in order to attract more customers and have its offers reach a larger population. Also that OTAs and hotels both offer different benefits. On the one hand, OTAs collect data on their customers, so that they can provide them with personalised, tailored offers. On the other hand, hotels are more likely to offer loyalty programs, with discounted prices.

My experience at Weekendesk sparked my curiosity, and I delved deeper into the subject. As a regular customer of OTAs like Booking.com and Airbnb, I wanted to know more about the peculiar relationship between OTAs and hotels: two sides of the same industry. However, when researching the subject, I realised the extent of this industry ramifications worldwide and its presence in every country. Hence, in order to reduce the scope of research and provide a complete analysis, I decided to focus this dissertation on the Belgian industry. This decision was because it is the geographical market I have most experience with and there was very little research about this intricate relationship between OTAs and hotels in Belgium, nor the impacts on consumers.

1.2. Methods

The research was conducted in the following manner. In the first chapter, the emergence of OTAs and their initial relationships with hotels is discussed. Next, all actors pertaining to online travel businesses in relation with hotels' booking channels process are analysed through the literature review. For example, the OTAs, meta search engines ([chapter 2.4.](#)) and review platforms ([chapter 2.5.](#)). In this case, the literature review serves to give an overview of the situation and provide a deeper understanding to readers about the actors concerned in the process (OTAs, meta search engines and hotels) of selling rooms through intermediaries.

After the literature review comes the methodology chapter where methods and choices for the research are explained and justified. The purpose of this chapter is to give an overview of how the research was conducted.

The chapter critical analysis provides a statistical overview of the Belgian tourism sector. Subsequently, information about the relevant European Union (EU) law and Belgian law will be given and their impact on OTAs and hotels will be described. The following part aims to provide a perspective from consumer views, habits and needs when booking an accommodation to what hotel managers think about OTAs and their current goals.

Lastly, the conclusion offers an answer to the research question, explaining the overall influence that online travel agencies have on hotels' booking channels in Belgium and how that influence is impacting consumers.

2. Literature review

2.1. Historical development

2.1.1. Economic context

After the Second World War, a thirty-year period of unprecedented economic growth followed in France and Belgium. In these so-called “les trentes glorieuses”, the Belgian Gross Domestic Product (GDP) grew with a whopping 5% per year. This growth rate is in sharp contrast with today’s GDP annual growth of merely 1.73% according to (Banque Mondiale, 2018).

As a result of this economic growth, unemployment dropped significantly. According to (McNeill, 1998), the high employment rate and the profit margins boosted the average wages. As a result, consumption increased – also in the tourism sector. As demand was rising, supply had to follow. New types of hotels appeared: large facilities which could accommodate between 100 to 800 people. This was an important development, as the hotel industry before the Second World War was mostly characterized by small inns which accommodated 20 to 40 people. Moreover, a shift was visible in the purpose of travelling. While the focus was mainly on business travel in the past, holiday travel started gaining importance in this period of upheaval. This was caused by the creation of hotel groups. As explained in (Corrèze Tourisme, 2016), the use of the franchised model allowed a fast and massive expansion of hotel chains, such as Holiday Inn, Hilton, Sheraton and Accor. The globalisation developments at the time allowed the hotel chains to divide their fixed costs over larger geographic areas, making their endeavours more profitable. Furthermore, the standardisation of their products nationally and internationally allowed the chains to save money on marketing, advertisement and commercial operations.

However, this expansion of the hotel industry did not last long. After the first oil crisis in 1973, many countries suffered from a soaring inflation and high unemployment. As the amount of bankrupt companies grew, consumption dropped significantly, also in the tourist sector. This drop in consumption was further aggravated by the fact that there did not exist any technology that allowed consumers to easily compare prices. In an attempt to bring back customers, many small hotels created groups called ‘voluntary chains’. These groups of hotels worked together

so they could benefit from the economies of scale regarding advertisement, management, trained professionals and branding. According to (NGuyen, Thibaudot, Portier, & Piter, 2015), this helped them to achieve lower costs and higher visibility. At the same time, these voluntary chains imposed less restrictions than franchises. For example, hotels were allowed to keep their name and were able to be financially and legally independent. This allowed them to keep the management of the facility into their own hands and retain their sense of authenticity. However, members of these associations were required to live up to certain quality standards. For example, they were required to have a certain number of rooms, a certain number of stars and a variety of services. Furthermore, they were required to pay annual fees. Surely, not all hotels joined these associations: some hotels, usually family-owned businesses, decided to stay independent.

Despite the fact that large hotels groups, voluntary chains and independent hotels did everything they could, by 1990, hotels were only at 60% of their full capacity. This was barely enough to make break even and be sustainable. On top of that, travel agents generally did not cooperate with the hotels, as the commission paid by hotels was merely 8% at the most, if paid at all. This 8%-commission was a far cry from the one given by the airline industry. As a result of these poor marketing channels, consumers did not know how to reach the hotels. This resulted in a significant loss of clients. It is important to mention that, at that point in time, the public usage of internet was not permitted. Thus, even if a travel agent decided to work with a hotel, this agent was not able to showcase all available hotels, nor offer the best prices. It goes without saying that when internet usage became public and the first OTAs appeared, hotels jumped at the opportunity to use these new channels to reach potential clients.

2.1.2. Technological context

2.1.2.1. *Transportation*

As consumers had a higher purchasing power during “les trentes glorieuses”, consumption increased. Consumers had access to a higher standard of living: they could now afford household appliances, cars and holidays. It is during this period that almost every family got their own car. Moreover, with the evolution of technology, buses and trains became more available, safer and faster. This facilitated the movement of the population. As a result, international holidays became more accessible. However, according to (Smithsonian, 2012), intercontinental transportation was relatively expensive. Thus, many Europeans spent their holiday on the continent. France, the Netherlands, Spain and Italy were popular destinations among Belgians.

In 1995, the Schengen Agreement came into force. This treaty obliged the contracting states to put an end to all types of border control (such as passport control) at their mutual borders. From that moment, the Schengen Area operated as a single jurisdiction for international travel with a common visa policy. This enabled easier movements between European country. Consumers were now able to go to another country for just a day, as they were no longer required to get visa approval or to wait long lines at the border because of passport controls. It can be concluded that the Schengen Agreement functioned as a catalyst for international holiday travel.

Moreover, in 1994 the Channel Tunnel was constructed. This tunnel connected the United Kingdom to continental Europe. Intercontinental travel became even more accessible with the apparition of the high-speed train, such as the Eurostar, the Thalys and the TGV, and the implementation of the Euro currency in 1999. Transportation did not only become more easy and accessible; it also became more affordable. Ryanair and EasyJet changed the European airline landscape forever with their low-cost business model, making use of the Internet. The credo “book through your local agent” was now replaced with “book on our website”. As a result of these aforementioned developments, it was now easier, cheaper and faster than ever to travel. Holidays were no longer only about long stays: short city trips and weekend-getaways emerged. Several mini trips per year started replacing the big, annual holiday.

2.1.2.2. Reservation systems

In 1841, “Thomas Cook” created the first traditional travel agency. Consumers were now able to ask their local travel agency for information about their upcoming travels. In order to pick their next destination, they could browse through brochures of several destinations and listen to the advice of professionals. Once a destination was chosen, the travel agent would provide the customer with an itinerary, a hotel reservation and a flight ticket and fax the customer’s information to the hotel. Before 1936, the travel agencies were only accessible to the upper class. After the introduction of paid holidays, travel agencies became widespread in First World countries.

Travel agencies had a monopolist position: consumers wishing to travel had no other way to organise and book their trip. This changed with the emergence of the ‘Minitel’ in 1983. This small, home-based computer was accessible through telephone lines and allowed users to use the phone book, send e-mails, access information services and purchase train or flight tickets. However, this device was rarely used at home: it was mostly used by travel agents. The year 1993 marked an important milestone for the tourism industry, as this was the year that the restrictions over the use of the commercial Internet were lifted. This allowed companies to launch their own website. Information was now one click away, and booking a holiday was now possible from the comfort of one’s home.

2.1.3. Sociological context

At the beginning of the XX century, hotels only existed for travellers and citizens of the upper class which were moving from one place to another. This can be explained by the fact that an annual leave was not available for the general public. However, (Courrier International, 2006) explained how this changed on the 27th of June in 1936, when the Belgian parliament passed a bill which allowed workers to go on a paid holiday. This new law was implemented in August of said year. As a result, hotels were not only limited to the upper class but (much to the complaint of the rich) also available to the middle and lower class.

(Le Monde, 2013) explained in this article how the end of the Second World War marks a shift from the industrial society to the consummation society. As mentioned before, “les trentes

glorieuses” was a time of full employment and high living standards. As a result of this economic growth, according to (Gobille, 2008), social factors began to influence the population. From several strikes, to the protest of the population, working conditions were significantly improved. Not only were wages increased, it also became a social norm to go on holiday once a year. Furthermore, consumers wanted their life to be about more than just work: they wanted to escape their daily routine. As a result, the demand for leisure activities grew, including holidays. The popularity of leisure activities increased even more after the emergence of the Internet. Before this information revolution, information was not easily accessible: the only ways to acquire information, was to access a library or consult someone else. The introduction of the Internet enabled access to large, world-wide pools of information. Armed with more knowledge, population began to move more. It was not holidays once a year anymore or business travel, but also city trips on weekends or road trips. Leisure activities were evolving. The reason for populations to undertake more trips than before, was simply because they had more free time (appearance of paid holidays) and higher wages than before.

2.1.4. Recent developments

After the commercial restrictions on the Internet were lifted in 1993, internet started expanding at a rapid pace. The end of the twentieth century and the beginning of the twenty-first century saw the emergence of numerous OTAs. In 1996, Microsoft launched Expedia. This travel agency provided offers for both hotels and airlines, but mostly gained popularity with its fare aggregator for airlines. In 1998, Priceline started a new booking model, the so-called “Name Your Own Price”. The year 2000 saw the emergence of another major player in the field: TripAdvisor. On this platform, consumers could read reviews about hotels, restaurants or tour operators from previous customers. This induced a shift from branding power to community power: a large headache for tourism businesses, as it became more difficult to control their image and reputation. Customer satisfaction (and, consequently, good reviews), became more important than blind advertisement.

After 9/11, security requirements, such as border controls and online protection, increased exponentially. Once again, hotels had a hard time to reach full occupancy. To overcome this problem, they made use of the newly emerged OTAs. On these platforms, hotels offered their rooms at discounted prices. According to (Fraenkel & Lunius, 2007), the OTAs made a profit

of up to 30% on each hotel room they booked. At first, OTAs were a blessing for hotels. The discounted prices attracted a lot of consumers, who became faithful clients. These low prices did not pose a problem for the hotels, as the rooms probably would have stayed empty otherwise. However, for the hotels, there was also downside to this development. As it took the hotels a long time to organise their booking options and to display interesting offers on their website, consumers started preferring booking via OTAs to booking directly at the hotel. As a result, hotels became heavily dependent on OTAs.

The emergence of social media also had a large impact on the industry. Compared to traditional media, social media made it significantly easier to share information to a large group of people. This becomes clear when one compares the period of time it took a certain medium to reach 50 million users. Whereas it took the radio 38 years, the television 13 years and the Internet 3 years, Facebook reached 50 million users in merely 12 months. Even more, Twitter reached this milestone in only 9 months! Not only was it now easier to reach large groups of people, social media changed the way information was shared. Users were now able to share what happened in their life, their likes and their dislikes. From a business point of view, this development was very beneficial, as they were now able to tailor their advertisements to the preferences of specific (groups of) customers. The spreading of social media also boosted the popularity of the tourism sector (Pulver, 2015). Consumers were now constantly surrounded by travel photos from their peers. This increased their desire to go further, travel and discover.

Finally, the emergence of smartphones is of importance. In 2007, Apple launched its first smartphone. This was the true beginning of the mobile revolution. With the introduction of the smartphone, it was now possible to keep that unlimited amount of information in your pocket, making it accessible at a moment's notice. The spread of this new technology affected many aspects of day-to-day life. Firstly, social media became omnipresent in consumers' lives (Mercklé, 2016). Chatting, exchanging pictures and sharing experiences had never been so easy! Secondly, smartphones replaced several products. Paper books, televisions, video games, iPods, paper agendas, computers, alarm clocks were no longer necessary: the introduction of the smartphone allowed one to hold all these devices in one hand. Surely, this also affected the tourist sector. Mobile applications of different companies made it possible to book a trip directly on one's phone: using a desktop was no longer necessary.

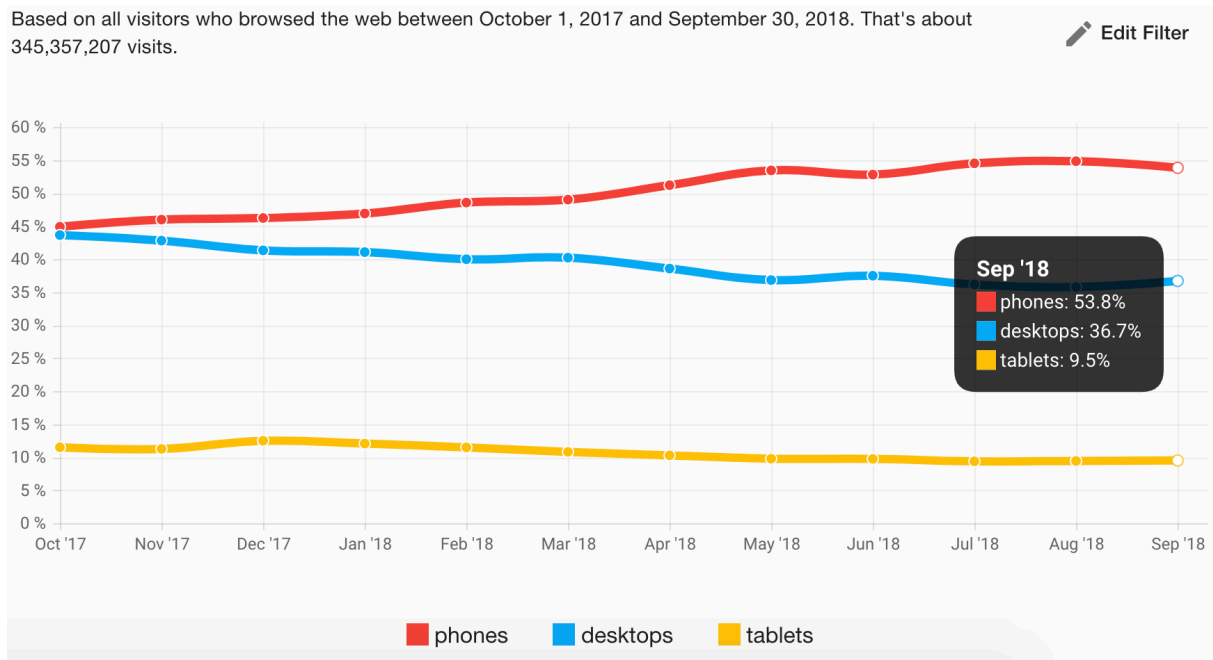


Figure 1: Web traffic volume per devices in Belgium (How we browse the web, 2018)

Nowadays, mobile traffic in Belgium has taken over traffic from desktop users. The website “How we browse the web” crunched data from Belgian users and came to the result that as of September 2018, 53.8% of all the web traffic in Belgium came from smartphones. Whereas, desktop users only amount to 36.7% of the total traffic.

2.2. Online travel agency business model

In order to reduce the scope of research regarding OTAs and provide a valid analysis, this chapter will only analyse online travel agencies pertaining to Belgium or mainly used by Belgians.

2.2.1. Booking.com

Booking.com is the biggest OTA on the Belgian market. Booking.com is part of “Booking Holdings” (until recently known as Priceline Group), one of the two biggest OTA groups in the world. Some even say that Booking Holdings and the Expedia group (which will be discussed later in this chapter) form a duopoly on the OTA market. “Booking Holdings” owns multiple large brands worldwide. The most well-known are:

- ❖ Booking.com, an online platform for accommodation reservations.
- ❖ Priceline.com which combines packages for hotels, rental cars and airlines tickets (mainly in the United States).
- ❖ Kayak.com, a travel meta-search engine.
- ❖ Agoda.com, another online accommodation reservations platform focused on Asia and the Pacific region.
- ❖ Rentalcars.com.
- ❖ Opentable, a restaurant reservation system.
- ❖ Cheapflights, an airline ticket fare-aggregator.

Like any other business, Booking.com needs to offer value proposition to their customers. In this case, these customers are travellers and hotels. To travellers, Booking.com offers the following value proposition (Innovation Tactics, 2017):

1. Low prices. As mentioned in [chapter 4.2.](#), Booking.com has a rate parity agreement with hotels. This agreement guarantees that the prices on an hotel’s website cannot be lower than the prices on Booking.com. Without such an agreement, consumers would find hotels on Booking.com, but complete the reservation on the hotel’s website. Even though rate parity agreements are now

permitted less and less, Booking.com still manages to offer low prices on its best hotels.

2. The amount of choice. At the time of writing, Booking.com has more than 1 million establishments in their database. Using filter and sorting options, Booking.com helps its customers find what they are looking for.
3. Reviews from previous customers. The platform has over a hundred million reviews from consumers that previously booked an accommodation via Booking.com, as well as a star rating system. This reduces the risk that future clients will be disappointed.
4. Mobile application. Mobile devices are becoming more and more important in today's digitalising society. Booking.com mobile application provides easily accessible information about plenty of accommodations and allows the consumer to book an accommodation in a quick and easy fashion. Moreover, Booking.com also provides its users with a personalized travel guide after booking.

Next to travellers, Booking.com also offers a value proposition to hotels (Innovation Tactics, 2017):

1. Incremental revenue. If a room is not booked for a night, income is lost. The added value of Booking.com is that it helps to fill rooms that have a high likelihood of staying empty otherwise.
2. Flexibility. The platform enables hotels to decide which rooms they offer through their online service, as well as their rates. It allows hotels to promote special discounts during low season or to have higher prices during high season. They can also increase the commission paid to Booking.com in order to rank higher on the platform.
3. Wide reach. A large OTA like Booking.com can help hotels reach potential customers on the other side of the globe. As achieving this kind of global reach requires heavy investments, it is unlikely that hotels would have been able to reach

these customers on their own. They also translate the hotel content on their platform in more than 40 languages. The platform has major presence on every relevant advertising channels, many local offices and an online presence in over 200 countries.

4. **Guaranteed income.** A hotel is only required to pay Booking.com when it receives a booking through the platform. With this model, there is no risk of paying for advertising with no return.
5. **Billboard effect.** Research by (Anderson & Han, 2017) shows that OTAs like Booking.com bring about a so-called ‘billboard effect’ for hotels. This effect occurs when customers visit websites of OTAs for information (for example, about pricing), but ultimately book directly on the hotel website. The OTA pays for the Customer Acquisition Cost (CAC) but do not generate income. This is caused by the fact that OTAs invest massively in advertisements on search engines, inducing Cost-Per-Click (CPC) or cost-per-thousand impressions (CPM) expenditures.
6. **Market research.** Booking.com shares its market insights with hotels. Not only does the platform give sales forecasts per area, it also shows hotels how they are performing on Booking.com compared to their competitors.

OTAs need several key partners in order to perform properly. In particular, Booking.com maintains partnerships with hotels and property owners. However, it also needs to be affiliated with meta search engines (see chapter 2.4 [Meta search engines](#)). Booking Holdings owns one of the biggest one, namely Kayak.com. However, Booking.com also works closely together with TripAdvisor and Google Hotel Ads which are also big players on the market. This close business relationship with meta search engines is done in order to gain more visibility in general.

Alongside key partners, Booking.com also has to develop key activities. These activities can range from providing great customer support to improving their websites and mobile applications. Booking.com is constantly improving its conversion rates and the customer’s

journey leading up to the reservation. Booking.com also develops loyalty programs, new travel-related services and monitors the moves from big competitors.

Regarding its revenue model, Booking.com mainly operates under the “Agency Business Model” (Innovation Tactics, 2017). This means that hoteliers have to pay a commission over each reservation. As a result, hoteliers do not run the risk of paying for advertising without any returns. However, this commission can get fairly high. Depending on the demand for a hotel, the commission ranges from 8 to 30%. Hoteliers can also choose to pay a higher commission in return for a higher rank on Booking.com. The platform revenue model also encompasses third-party advertisements, the merchant business model (detailed in [chapter 2.2.2 Expedia](#)).

One of the main advantages of Booking.com for hotels, is that it draws large amounts of potential customers to its platform. In order to achieve this, Booking.com is required to invest large sums in advertisements. The advertising expenditures of Booking Holdings are shown in [appendix 1](#). As Booking.com is the largest entity within Booking Holdings, these numbers give a good impression of Booking.com publicity expenses. In 2017, Booking Holdings spent 4,14 billion U.S. dollars on performance advertising. This is a type of advertisement that has measurable results. This includes CPC (cost-per-click), CPM (cost-per-thousand impressions) and Cost-Per-Acquisition (CPA) models. The remainder 1 billion expenses are related to sales and marketing as well as brand advertisement.

This chapter stated the main points of Booking.com business model. The full business model canvas of Booking.com can be found in [Appendix 2](#).

2.2.2. Expedia

Expedia was founded in 1996 by Microsoft (Expedia, 2018), which spun it off later on. It is one of the two largest OTA worldwide with Booking.com. However, even though both of them use the platform business model, they are considerably different. Just like “Booking Holdings”, the “Expedia group” owns several travel businesses.

- ❖ Expedia, which sells package deals comprised of hotels, rental cars, activities, insurances and flights.

- ❖ Trivago, a travel meta search engine with a very high presence in Europe, especially Germany and Belgium.
- ❖ Egencia, a travel business which focuses on corporate travel.
- ❖ HomeAway, an accommodation travel platform very similar to Airbnb.

The Expedia group is present in more than 75 countries and operates about 200 travel websites around the world (Innovation tactics, 2017), Expedia being the biggest entity. Just like Booking.com, they have two customers they need to provide value to: travellers as the demand side of the industry and hotels at the supply side. Expedia value proposition to both sides is similar to Booking.com one, thus it will not be repeated here.

Normally, Expedia operates under the merchant business model. This means that Expedia is purchasing hotel rooms far ahead of time at discounted prices. When a customer is interested in a room, he will pay Expedia, who will pay the hotel after the customer's stay. Depending on the contractual agreement with the hotel, Expedia is able to return un-booked rooms to the hotel 24-hours before the deadline. Thus, transferring risks back to the hotel. By using the merchant business model, Expedia is able to offer to their customers lower-priced packages. However, in their Belgian market, Expedia is using the agency business model. This means that their value proposition in Belgium is very similar to Booking.com. The only difference is that they have their own loyal customers, which would rather book complete packages than only the room. As Expedia has partnerships in every travel category (not only hotels, but also airlines and car rentals, for example), Expedia is able to sell product packages and thereby target another segment of the population (Innovation tactics, 2017).

Just like Booking.com, in order to advertise its offers, Expedia collaborates with TripAdvisor and Google Hotel Ads, while holding the majority of the shares in Trivago, also one of the biggest meta search engines in Europe.

According to an interview with one of Expedia brand marketing senior executive, Vic Walia, at the Programmatic Summit 2016 (Walia, 2016), Expedia is using data to boost advertisement. As the company is sitting on a treasure trove of data with 7 billion flights searched in 2015 and 40 million unique visitors monthly on average, users tell them a lot of information. *"They are telling who they are, where they live, where they want to go, whether or not they have kids, what activities they like to do when they go to visit different cities"* Walia said. With all this

information, Walia explained that at Expedia, they built microsegments matching with the information provided by users. Thus, they can tailor-made advertisements for these people and deliver the right ad, to the right person. Walia provided an example, explaining that they know people in Los Angeles usually book holidays to Las Vegas. Walia said that “*When they showed people in Los Angeles that they had Vegas on sale, they saw a 10% lift in transactions, versus people who did not see an ad from Expedia*”. This kind of practice allows company with massive amounts of data to target the right consumers at the right time, without the consumers even being aware of it. This kind of advertisement work at scale, for companies to know where to invest into more targeted advertisement in order to uplift conversion rates.

Recently, Expedia’s business model has begun to shift (Innovation tactics, 2017). The merchant business model is still the most important model outside of Belgium, generating 55% of the total revenues in 2016 (which equals \$4,85 billion). However, the agency business model has started to become more important, generating 27% of the total revenues (which equals \$2,4 billion).

To conclude, even though Expedia is lacking slightly behind Booking.com in Belgium, they are still one of the major OTA business worldwide, with a huge impact on consumers.

2.3. Alternative model

2.3.1. Airbnb

In 2008, the accommodation service provider Airbnb was founded. Serving more than 200 million customers in 65.000 cities located in over 190 countries, this platform has rapidly gained popularity in the last few years and is now valued at more than \$31 billion. As most online travel platforms, Airbnb provides value proposition to two sides: hosts on the supply-side and customers on the demand-side (Innovation tactics, 2017).

Firstly, Airbnb value proposition for the supply-side will be discussed. Airbnb enables property owners to rent out a room in their own house, an apartment or a flat. This provides these property owners with a new income source: they are now able to earn money through accommodations they were previously not (always) using. The accommodations have higher rates on a per-night basis than in the case of long term rental (Cadwalladr, 2013). The homes, rooms and apartments provided by the hosts creates a critical mass of supply and a variety of choice. Two types of hosts can be found on Airbnb. Rental hosts offer various types of listings, ranging from regular houses to exotic stays in castles and igloos. Event hosts take the experience to another level by guiding their customers through local activities, such as museums, clubs and restaurants. Airbnb also provides security: all guests are ID checked and hosts can see how other hosts rated the customers (Innovation tactics, 2017). The platform also offers a booking calendar management, enabling hosts to easily manage bookings coming in. Lastly, cleaning and management services are available.

Next, Airbnb value proposition for customers. They can easily book rooms or apartments and have the choice between many different types of homes. By living in a home instead of a hotel, customers get to have a more authentic experience in their selected destination. *“An experience lived during a school trip to Japan, the class booked houses around Japan through Airbnb and got to live a very authentic experience in traditional Japanese houses. The stay was unforgettable because of how authentic it became, thanks to living in traditional houses.”* (Personal experience lived in April 2017 during IBS school trip to Japan). Moreover, for several major cities, Airbnb provides their customers with a destination guide written by local hosts. These destination guides provide personal and local recommendations, making the destination more attractive to potential customers. Another advantage of Airbnb is its low price. In many

cities, booking through Airbnb is generally cheaper than booking a hotel. In [appendix 3](#), you can see a comparison done by “ (Busbud.com, 2016)”, which shows the difference in pricing regarding Airbnb’s accommodations versus hotels. In this comparison, more than 220.000 listings on Airbnb were compared to hotels. However, as the used methodology is not explained in the comparison, it is unclear whether the researchers compared similar accommodations or a wide range of accommodations in different segments. If the comparison is taken at face-value, from Los Angeles to London, accommodations on Airbnb are generally cheaper than hotels. However, as seen in the same appendix, this is not always the case: from Barcelona to San Francisco, hotels are usually more affordable. Another added-value of Airbnb is that all transactions are cashless. Customers are aware that they pay only online and through the Airbnb platforms, which avoids the risk of fraud (Innovation tactics, 2017). Finally, customers have the option to rate their host. Based on these reviews, other customers can decide whether they want to book a room with a certain host or not. In order to provide a seamless experience for both sides, the platform continuously improves its rules. Airbnb manages wrong behaviours, such as harassment or trashing the accommodations through rating systems. Customers can rate hosts and similarly, hosts can rate customers. Through these ratings, the platform is able to weed out bad behaviours, providing both good guests and hosts. The platform is able to swiftly manage any issues that may pop up through their multi-tiered customer service. The automatized customer service is for low-severity issues and there is also the possibility to contact a customer agent regarding severe issues. Hosts that receive high ratings are rewarded with the title ‘super host’, which makes them stand out on the platform.

Moreover, attention must be paid to Airbnb’s revenue structure (Innovation tactics, 2017). The platform charges hosts and customers a service fee per transaction. Customers will pay a transaction fee ranging from 5 to 15% of the price, whereas hosts will pay a fee ranging from 3 to 5%. The fees paid by hosts are lower than those paid by guests in order to attract more hosts. After all, as not everyone has a spare room they are willing to rent out, hosts are not easy to find. The fees paid by the host are dependent on the cancellation policy chosen by the host. A host that chooses a flexible cancellation policy only has to pay 3%, whereas the moderate policy is 4% and the strict policy 5%. Thus, hosts can decide whether they want to pay more in exchange for certainty that they will receive their money from the customer. The platform incentivises its hosts to opt for flexible cancellation policy, since it is the best option from the perspective of the customers. Event hosts have to pay a 20% service fee, whereas their guests do not have to pay. This can be explained by the fact that there are a lot of event hosts available.

Finally, Airbnb also pass on some of its costs to the consumers. It is a feature for hosts. In case hosts want to have more visibility among customers, they can enable the “advertisement feature” (Marin, 2016). In that case, when an internet user clicks on a paid Airbnb ad from Google Ads¹ for example, then make a booking, the host will have to pay for the advertisement. Hosts can also decide not to enable the feature. However, in that case, a potential customer that arrives on Airbnb’s website through a paid advertisement will not see the accommodation providers that did not allow the feature.

The rental platform had to face against strong hotel groups lobbyist in recent years according to (Nath, 2014), since it is believed that Airbnb took a huge share of customers from them. Lobbyists have tried to impose on the platform the same tax and regulations imposed on hotels. A good example is the situation in Barcelona where not everyone can become a host on the rental platform and has to be first validated by the city (O'Sullivan, 2018). Illegal hosts are facing fines or judicial procedures. Against these difficulties, the platform might be looking for new business opportunities. One such example is the platform going after hotel owners, even if it was first designed to be for homeowners. This shift from Airbnb to the common OTA business model was announced in an open letter published by (Airbnb, 2018). The letter addressed to boutique hotels and B&B owners state that the rental platform will add new types of property listings, dedicated to these new targets. Moreover, the platform boasts of its lower fees (Fox, 2018) compared to common OTAs, a difference which can be as high as 25% commission percentage (OTAinsight, 2018). Furthermore, these hotel owners would not have to compete against big brands or to sign long term contracts, retaining full control over their inventory.

To conclude, even though Airbnb model is majorly different from common OTA business model, it is still encroaching on OTA business shares with its latest move. Moreover, the platform which used to stand in stark opposition to hotel groups is now patching up with some of them. Of course, as Airbnb mentioned in their open letter, not every property is right for them nor will it be listed on their platform. They are mainly targeting hosts providing personal experiences to customers. Moreover, as the platform is always trying to provide new type of experience to consumers for their stay (Bruhn, 2018), they are becoming more important than ever within the online travel marketplace.

¹ Previously known as Google Adwords

2.4. Meta search engines

In the hotel industry, meta search engines are basically search engines which browse through online channels for available hotel rates and vacancies. Next, it showcases combined results in the form of a list. It takes results from the websites of both, the hotels and OTA platforms. Thus, meta search engines processes allow customers to quickly and easily compare hotel prices (Marketing terms, 2017). Among commonly known meta search engines are TripAdvisor and Trivago. Such search engines can drive direct bookings, depending on what prices are displayed, as well as amplify the online presence of both hoteliers and OTAs. A good way to explain the importance of meta search engines in amplifying online presence and driving bookings is the example of Booking.com and Expedia. They are paying billions of dollars in order to advertise and rank higher in meta search engines such as Trivago, TripAdvisor and Google Hotel Ads (See [Appendix 1](#) Booking.com marketing spending).

2.4.1. Trivago

Founded in 2006 with the purpose of being a travel fare aggregator website for hotel rates, Trivago has become one of the main players in the industry. According to (Trivago, 2018), they are comparing over 1.8 million hotels from more than 180 online travel agents worldwide. The aggregator platform also reports 120 million unique visitors per month and more than 190 million hotel reviews on their website. However, when looking at their chronology organisation chart from 2017 (see [appendix 4](#) chronology organigram Trivago), the platform only depicts 11,300 independent hotels, 180 hotel chains and 230 booking sites. Hence, in the about 1.8 million hotels compared worldwide, they did not specify if they were “listings²” or “individual hotels”. In this case, this paper will assume it is 1.8 million listings since the numbers are more logical.

Thus, the meta search engine encompasses 1.8 million hotel listings in more than 190 countries and the platform was even translated into 33 languages. The platform is another success story

² In this case, listings means that it can be offers from individual hotels or OTAs. Which means several listings for the same room in the same hotel, but prices can differ.

from the online travel industry. The Expedia group purchased 62% of Trivago's stocks in 2013 through secondary purchase³.

Regarding Trivago's inner working, it is very important to specify that they are not an OTA. Customers cannot book on Trivago's platform. The fare aggregator will only display prices and information about hotels and brands, then it will send customers to the service provider they chose to book with.

The platform's value proposition has four primary incentives. Namely, "involvement", "customisation", "convenience" and "brand status".

It creates involvement through endowing customers to participate in the website content. They are able to add texts about hotel descriptions, add missing hotels or brands and leave reviews. Next, the platform allows brands and hotels the ability to customise their profile, adding new pictures or information about the brand or hotel. Furthermore, it enables more convenience by facilitating hotel and brand price comparison. Customers using filters can refine their search results and pinpoint their exact needs. Lastly, the brand and status that Trivago has worked hard to produce is now paying off. The platform established itself as one of the world's largest hotel search engines. In 2015, Trivago generated more than 14 million bookings.

The platform revenue model generates income through two channels namely referral revenue and subscription fees (e.g. Hotel Manager Pro) (Trivago, Inc, 2018). Referral revenue is when a user searches for hotels on Trivago and later clicks on one of the deals displayed. The customer will be referred to the advertiser platform where he will be able to complete the booking. In this case, the advertiser (an OTA or a hotel) has to pay a certain amount of money to Trivago for each referral. The amount is determined by advertisers through bidding for the user click. It is the commonly seen "Cost-Per-Click" revenue model. The second channel generating income for Trivago is the subscription fees revenue model. Through offering a value-added service to brands or hotels with the Hotel Manager Pro feature (Trivago, Inc, 2018), Trivago also earns a sizeable profit. This feature enables hotels to edit their page description on Trivago by adding high quality pictures, hotel description and relevant information about the

³ It is the purchase of stock in a company from a shareholder rather than purchasing stock directly from the company.

hotel in general. Moreover, they can access profiles of visitors in order to better understand their potential customers and design targeted marketing campaigns.

The revenue model which earns Trivago the largest income is the referral model. According to information written in an article by (Bhatt, 2018), the platform is heavily dependent on Booking Holdings group and its parent company, the Expedia group, even if the two groups are actually fierce competitors. In 2016, the former group participated in 43% of Trivago's income, whereas the latter contributed to 35% of it. Nonetheless, the platform's CEO maintained that "*Trivago's commercial offering is so aggressive and strong, that regardless of whether a substantial sponsor drops out, it would barely affect income*" (Bhatt, 2018). However, as the Booking Holdings group amounted to almost half of Trivago income in 2016, if the group stopped its investment and redirected it to other meta search engines, Trivago would feel the pain.

In short, Trivago's aggregator platform having a very wide reach worldwide, it is inevitable for major OTAs or Belgian hotels to use it, especially given its well-known presence among Belgian customers.

2.4.2. Google Hotel Ads

Google, the well-known search engine founded a meta-search platform called Google Hotel Finder in 2011. Later on, they became aware that most online hotel searches began within their search engine "Google". With the most frequent search queries being travel related, they decided to find the perfect search format for hoteliers and OTAs. Consequently, instead of having a different platform like "Google Hotel Finder" for hotel searches, they integrated it into Google search results. Thus, it became known as "Google Hotel Ads" in 2015 (Kerr, 2015). Google search engine being a treasure trove of data information on customers, they are aware of what people usually search for. That is why they have heavily invested in customising hotel searches on their search engines, the industry being worth billions. Even with some difficult debuts, by trial and error they have managed to come up with a service that is fast outpacing any other in the online travel agency industry. As shown in [appendix 5](#) (Google Hotel Ads Performance), the return on Ad spending is steadily growing, but traffic volume has seen an explosive growth in the last year (Schaal, 2017). The adjustments made in 2017 and 2018 to

their integrated hotel meta search engine has enabled them to pose as one of the new giants in the online travel market. The service is available across all communication tools, from desktops to tablets and mobile devices. Google Hotel Ads displays a comparison of rates from OTAs and hotels. The platform is able to showcase relevant results to potential customers by being provided with up-to-date information on availability, room types or pricing (SiteMinder, 2016). Moreover, all hotels can appear on Google Search and Google Maps for more clarity. The service also gathers reviews from Google users to reviews from OTAs or specialised websites such as TripAdvisor in order to give an accurate rating of each hotel (Net Affinity, 2018).

Many potential customers are using Google Hotel Ads without even being aware of it. Usage of Google Search is so integrated within daily life that all features from the search are seen as “normal”. Google Hotel Ads being perfectly integrated in the search engine, as long as someone is not aware of this feature, they will not necessarily be cognizant of their usage of it, as long as they stay on Google Search. A good example is shown in [appendix 6](#) (Google Hotel Ads integrated in Google Search). According to an analysis of Google Hotel Ads inner working provided by the blog (Net Affinity, 2018), if a user starts a generic search for “hotel in london”, what they will see first are paid results (e.g. the first two results that appear in [appendix 6](#) with “Ad” showcased in green next to the website URL). After that, they will see a Google Maps integrated with hotel prices in the region selected by the generic search (in this case, also part of Google Hotel Ads). Only after the map is shown, will Google Search provide organic results (also determined by Google Hotel Ads). The feature here allows users to refine their search with filters such as number of customers, dates, price range and others.

Once a potential customer clicks on one of the results or refines his search with filters, he will be brought to a new page pertaining to Google Hotel Ads (see [appendix 7](#)). This new page will show a listing of all available hotels, according to the user filters and with the map. Once again here, the first two results of the listing will be paid ads by hotels or OTAs, the organic search results following below. This feature, identified again with the “Ad” tag followed by the name of the advertiser, is called “Promoted Hotels”, added in July 2018 (Varela, 2018). Further on, if a customer clicks on one of the hotels displayed in the list on the left, a second window will pop-up with information about all available rates, as shown in [appendix 8](#). In this case, the hotel selected is one of the paid ads (Promoted Hotel) featured by Booking.com. As such, the only rates available to see first are those from Booking.com. In order to see more from the hotel or other OTAs, the user has to click on “view more rates” in the lower part of the window. In

comparison to a featured Ad, the [appendix 9](#) showcases the pop-up window in case the user has clicked on an organic search result. As depicted, in that case the customer will see the most relevant prices from OTAs or the hotel website. Rates ranking is determined by Google Hotel Ads using several factors, such as relevance, bidding price and many others, which will be detailed later on in this chapter.

Furthermore, on the second pop-up window, in the upper part, every user can directly access the hotel website, which is not a paid feature for hotels this time. It can be seen in this case the positioning that Google Hotel Ads has done in order to be closer to hotels. Moreover, the service also showcases “special hotel deals”. Probably because they have positioned themselves as a game changer for hotels, driving sales and direct booking, they can show these “special deals”. An example of such a deal is depicted in [appendix 7](#), the hotel on the left “Ambassadors Hotel” has an insignia “deal 34% off” within its description. Once a user clicks on it, he will see the rates shown by OTAs with the highest bid, but right below, the customer will see the rate with the special deal. Once he clicks on this rate, he will be redirected to the hotel website where he can avail of this unique price. This kind of heavily discounted price is probably part of a marketing campaign from the hotel or a loyalty program. In this case, in order to see if it was truly as good as it shows, a comparison was done between the price showcased on the “special deal” and the price on Booking.com, for the same room and the same date. The special deal price was ultimately 91€ (4€ more than promised on Google Hotel Ads) and the price on Booking.com was still 132€, as promised on Google Hotel Ads (Delgado, 2017). Thus, it confirms that currently, these “special deals” on Google hotel Ads are as good as promised. According to a study by (Jelski, 2018), another discount possibility through Google Hotel Ads is a hotel price reduction, exclusive to the subscribers of its Google One cloud storage service announced in August 2018.

Henceforth, with Google Hotel Ads being continuously improved by Google, it is quickly becoming an unavoidable meta search engine for use by hotels and OTAs alike. One of these numerous improvements for instance, is the ability for hotels or OTAs to write a short callout messages below the hotel name (Varela, 2018). Google Hotel Ads traffic volume has even begun outpacing TripAdvisor (Boss, 2017), which had the highest until recently.

To summarise, the main strength of Google Hotel Ads is its ability to take the entire journey of the customer into account, through each stage of trip-planning. These stages are called “micro-

moments”, from the first thought of travelling somewhere to the reservation of a room and then planning activities during the trip. The platform basically gets ads to be seen at the right moment, by the right people.

According to research by (Beach, 2017), “60% of leisure travellers and 55% of business travellers use its search engine to plan their trips”. It is a huge amount of traffic, especially since the platform ads are cross-device compatible (meaning they can be used on desktop, tablets and mobile devices), enabling users to drive much more traffic. The ads appear on both generic searches and specific searches, continuously increasing the stream of purchase-ready customers. Google has always been an advocate of mobile friendly websites and has always driven its business towards it. It is the same in the case of Google Hotel Ads, all ads being compatible on mobile devices. Moreover, the feature “Book on Google” (Delgado, Book on Google, 2017) is for hotels to allow potential customers to book directly through Google Hotel Ads interface, without being redirected to the hotel website. It means the entire transaction, even the payment will be done within Google’s interface. This feature is very interesting because it can meaningfully improve mobile conversions. Users are more likely to make a reservation if they are not redirected to another page. This feature is not mandatory, hotels can choose whether to apply it or not and it can also be implemented only for mobile devices and not for desktop users.

Regarding Google Hotel Ads revenue stream and rates ranking system, it is through a bidding model similar to Google Ads (previously known as Google AdWords). Basically, it is once again the Cost-Per-Click (CPC) model. In the soon-to-be future, both platforms will be integrated. Hotel Ads will have its own space in Google Ads, according to a quote from Google Blog by (Trauttmansdorff, 2018):*“We’ve expanded Google Hotel ads to more than 150 countries on Google.com and Google Maps, helping travellers browse hotels on mobile devices and spot hotel deals. Our Hotel ad partners are happy with the volume of leads and bookings - in the first six months of 2018, the number of leads to partners grew 65 percent year over year. As Hotel ads has grown, we’ve heard feedback that some partners have had a hard time managing their Hotel ads in a separate platform from their other Google Ads, like their search and display campaigns. To help partners efficiently scale, Hotel ads will become a part of the Google Ads platform with a new campaign type. Hotel campaigns in Google Ads will launch later this year, enabling you to manage your Hotel campaigns alongside your other campaigns in a single platform. We’re also launching a new Hotel Center to simplify the management of*

your hotel price feeds.” However, the auction system should not change much, thus this paper will retain and explain the one as of July 2018 (Google, 2018).

1. When a partner selects a property, the list of all competitors who have placed bids for that hotel are selected.
2. Next, partners who can serve the user meaningfully (language, currency, device, etc.) are retained.
3. After that, partners with similar prices will be placed in buckets and ranked according to prices.
4. Then, within each bucket, they will be ranked according to bid value. The top partners will be shown first.
5. If someone bids lower than the reserve bid, they will not be shown regardless of their price bucket.

Depending on a variety of factors, bid multipliers to increase or decrease the bids can be adjusted in the interface. For example, according to the country of provenance, the device, the length of stay, etc. they can either increase or decrease the bid. It can get quite complicated to use and similar to Google Ads, it is better to have an expert certificated by Google to implement these bidding strategies.

In order to advertise on Google Hotel Ads, several information sources are required by the platform (Book Assist, 2018). First, advertisers will need to select an integration partner in order to link their systems together. Next, three lists or feeds will be required, namely the “Hotel List Feed”, the “Price and Availability Feed” and “Point of sale Feed”. The “Hotel List Feed” consists of a comprehensive list of information like the ratings, address, contact information, geographical location, country, etc. The second “Price and Availability Feed” requires all hotel room rates and availabilities. The platform recommends that this feed be updated several times a day in order for it to be accurate. Lastly, the “Point of sale Feed” asks the advertiser to show where he wants customers to land when they have clicked on an ad. It is in this feed that advertisers will be selected for the second step of the bidding process (previous page, auction model explanation, step 2). Advertisers have to adapt their landing page in several languages and currency device so that it matches with each unique potential visitor.

In conclusion, the tech giant is continuously improving its latest, hottest product, whether from Hotels Ads platform being integrated into Google Ads or the latest make up done to hotel listings on Google Maps. One thing is certain though: this move by Google is disrupting every major player in the online travel industry. They are taking traffic off from Trivago, Kayak, TripAdvisor and sales from Booking.com and Expedia. In the research from (Jelski, 2018), she quoted Atmosphere Research Group president Henry Harteveltdt, that everyone should be wary of the next move from Google. *“What does Google want? I am only half joking when I say total world domination, like Amazon, what Google really wants to be is the supermarket of services for almost everything, and that includes travel”*. On the other hand, also in (Jelski, 2018) research, she quoted that Sean Hennessey, clinical assistant professor at New York University's Centre of Hospitality, views are a bit more circumspect about Google’s latest move. In Hennessey opinion *“From a hotel company's standpoint, the OTAs are a mixed blessing. They have been extremely successful in delivering guests to properties in a way that makes them attractive, but they also have the highest cost of securing those customers. So, if Google can come in and provide the same service at a lower cost, hotel companies would be eager to replace one distribution channel with, perhaps, a better and cheaper one.”* and *“When I speak with both hoteliers and OTAs, they are somewhat confident that Google will remain circumspect with its entry into the online travel world because hotels and OTAs spend a lot on Google Ads. If Google ever tried to unilaterally enter the travel market in a big way and really throw its weight around, Google would be cutting a gigantic revenue stream off at the knees. So, while Google certainly has the reach to enter and compete aggressively in that market, it has not gone all-in at this point, and there's certainly some belief that they won't go all-in at least for the foreseeable future.”*

2.5. Review page platform

2.5.1. TripAdvisor

The platform has started as an oriented travel content review website. During its early years, it was more about gathering professional opinions into one platform. Over time, it became clear that customers wanted something else. Hence, it became a user-generated review platform, about topics such as hotels, restaurants or activities. Nowadays, TripAdvisor has also become a travel meta search engine and is also operating under the OTA business model. However, the platform's core strength is still his ability to give travellers a channel to exchange their opinions about what they did.

According to an analysis of the platform by (Innovation Tactics, 2018), with a community of 455 million monthly users and over 7.5 million listings, TripAdvisor is undeniably unavoidable from a traveller standpoint. From a review page to a meta search engine enabling direct booking, TripAdvisor functionalities span wide. Furthermore, statistics from (Smith, 2018) shows that up to March 2018, there was 660 million reviews and opinions written by TripAdvisor users. Moreover, among the listings, there are 1.2 million hotels, 775 000 vacation rentals, 4.7 million restaurants and 975 000 attractions listed on the platform.

Before explaining in-depth TripAdvisor inner workings and value proposition, it is important to explain how the platform has changed the advertisement marketing landscape worldwide. Not so long ago, until the late nineties, there was no worldwide exchange possible in order to comment on a product recently purchased or a trip undertaken. Except for the word of mouth which stayed within small social circles. Hence, what was advertised by brands, was the general truth, except if reported otherwise in medias. TripAdvisor provided a major switch over that situation, empowering the community to exchange and interact about their experiences in hotels, restaurants or activities. Thus, the advertisement landscape swapped from the branding power to the community power. Related to an article published by (Labenz, 2011), brands have lost control of their reputation and will not get it back. The saying "Be all talk and no action" has never been truer in customer's eyes. What brands have to do now, is to micro-manage reputation. They have to advertise themselves through their actions and services provided. To do so, companies or independents have to find and fix negatives reviews which would impede their business. They have to find customers and ask them to write about their experiences on

the company website or aggregators like TripAdvisor. Because if nothing is done, according to a study by (Hinckley, 2015), negative reviews can significantly impact any businesses. The study states that *“67.7% of consumers’ purchasing decisions are influenced by online reviews. Additionally, businesses might suffer the risk of losing as much as 22% of potential customers, in case a negative article is found by users who are considering making a purchase. In the same way, if three negative articles pop up during a search, the potential for lost customers increases to 59.2%. If there are even more negative reviews, a hotel will likely lose 70% potential customers.”*. This study results are also in correlation with the findings found in the survey conducted with hotel customers for this dissertation ([chapter 4.3.1. - Fourth section: trust in ads](#)). Respondents were usually more trustful of reviews written by peers and up to 80% of them have already changed their mind after reading a review.

As most online platforms, TripAdvisor value proposition is two-sided (Innovation Tactics, 2018). The difference here, compared to the online business platforms previously mentioned in this work, is the second-side value proposition, usually only for hotels is also for attractions and restaurants. On one hand, TripAdvisor value proposition to hotels, attractions and restaurants is the opportunity to increase their revenue streams by getting booking through accurate reviews. By means of using the platform as an advertising channel, they can manage their business activity reputation, from responding to negative reviews, emphasizing good ones or simply improve traffic volume on their website. Moreover, analysing reviews can allow them to get insights into what is expected by customers in order for their business to improve and thrive. Lastly, they can make use of TripAdvisor to reach global markets or simply make use of the platform’s latest feature, using it as a new direct booking channel. On the other hand, the platform value proposition to travellers is for them to plan their journey in the best way possible, with flights, hotels, cruises, dining or activities. With an access to over 7 million listings of reviewed and bookable places, travellers can easily plan their trip. Moreover, over 500 million reviews from peers are there for them to choose exactly what is suited to their needs. TripAdvisor also being a meta search engine and an OTA business model on top of their review business model allows for their users to compare prices from many websites and to book directly through them. Furthermore, the platform emphasizes for its users to be part of the “travel community”, always writing more about their experience in order to enhance the website’s content.

As previously mentioned, there are three main revenue models among online travel businesses. TripAdvisor main business model is the advertising one. In the platform's annual report of 2017, page 37 (TripAdvisor, Inc, 2017), 87,6% of their hotel segment earnings came from advertising. In this case, advertising was broken down into two parts, respectively the CPC business model for 756 million (63.2%) and the CPM & subscription business model for 292 million (24.4%). Other sources of revenues only amounting to 12.4% of the total 1 196 million in revenue from 2017 among their hotel segment. In [appendix 10](#), you can see TripAdvisor' revenue in the hotel segment from 2015 to 2017. In [appendix 11](#), you can find TripAdvisor total revenue from 2015 to 2017.

To summarise, TripAdvisor is financially heavily dependent on advertising to function successfully. The biggest advertisers obviously being Expedia and Booking.com. In contrast, for TripAdvisor to retain his monthly user base, the core strength for them is to remain trustworthy among customers. Such as avoiding fraudulent reviews or fake hotels and restaurants.

2.6. Literature review summary

The literature review offered a perspective of how OTAs came to be, how they grew so much, so fast (one of the fastest growth in History) to the reader as well as an understanding of the context about the relationship between OTAs and hotels.

From their appearance in the late nineties to their unshakable position of today, with Booking.com and Expedia almost holding a duopoly over the OTA business space. Airbnb, even though it was not an OTA at first is still encroaching on OTAs market shares, providing another option to consumers. An option which sometimes is even more suited to consumers, since it provides a “local experience”. There is also TripAdvisor, which brought a huge change in advertising at its conception. Going from the brand advertisement to the community one. Lastly, there is Trivago and Google Hotel Ads. When Trivago is one of many meta search engines, Google Hotel Ads on the other hand is quickly imposing himself as unavoidable. Moreover, many users (consumers, not advertisers) of Google Hotel Ads are not even aware of using it. Which is a bit similar to how Expedia is using all its data to do tailor-made ads. Users provide information and then companies can do a targeted advertisement based on the likings of its users, sometimes creating an urge to purchase which was not present before the ad was seen.

With the analysis of these OTAs business models and the business models of meta search engines, it can be seen how much influence OTAs hold over hotels’ booking channels. Nowadays, it is almost impossible for hotels to make do without OTAs, since they are massively present online. It would be very hard for hotels to compare to OTAs in term of advertisement strength. Obviously, since hotels are struggling to get back direct bookings, they still have other options. This will be discussed in the chapter [Hotel interviews](#). Lastly, with such a massive online presence from OTAs and their use of data to analyse consumers purchasing patterns, it can be seen how much they can influence consumers. The impacts in this case are from the usage of data shared by consumers in order to target them whenever a trip matching their previous purchasing pattern is available. From activities that were previously booked by users to cities previously visited.

3. Methodology

The previous chapter, literature review, explained at length the general situation with Online travel agencies, from the concept's apparition to its widely accepted business models of today. However, in order to answer the research question "What is the influence of online travel agencies on hotels' booking channels in Belgium and how does it impact consumers?", further research was needed. Therefore, several analyses of the industry and interviews of its players were conducted. This chapter is a prequel, explaining how these analyses and interviews were performed.

Primarily, in the interest of deepening the understanding of the hospitality industry sector in Belgium, it was important to obtain information about tourism in the country. Information ranging from the number of nights spent by Belgians and foreigners to the number of accommodations available. In order to segment the Belgian market, there was a need to separate the purpose of trips taken between business and leisure, as well as to know where people usually stay. From the number of star a hotel usually needs to its geographical location, all this information was extracted in bulk from government websites. Data was taken from sources such as "Statbel", "IBSA Brussels" or "Eurostat" and then transformed into tables and graphs for the sake of clarity and to facilitate the analysis. It will provide an overview of the situation regarding the hospitality industry in Belgium, with a main focus on hotels.

Additionally, one of the most important shifts in the online travel industry in Belgium happened in July 2018, which was a change in legislation. It started happening a few years ago in some European countries and recently reached Belgium. The chapter "European Legislation" will describe and explain at length how this legislative shift has impacted the hotel and OTA industry.

In contemplation of the hospitality industry's complexity, information given directly by the main actors was needed. Hence, interviews were conducted with hotel customers in Belgium as well as with several hotel managers.

In order to further understand what drives customers nowadays, a quantitative survey was conducted. This survey's purpose was to establish the profile of hotel customers and to

understand how they book hotels. Whether they directly reach out to the hotel or if they use intermediaries such as OTAs. The survey was launched on the 1st of August 2018 and available until the 15th of September 2018. The survey itself was segmented into 4 main sections, in the interest of clearly dividing the most important points.

The first section mainly targeted what kind of respondents took the survey. It is important to mention that in Belgium, there is 3 official languages, French, Flemish and German respectively. Hence, the survey was available both in French and in English and the first section allowed respondents to choose their language and then to explain a bit more about themselves. They had to give information such as gender, professional situation, monthly income and their age group, which was grouped between 18-30 years old, 31-45 years old and more than 45 years old. The age group is important in this case because not everyone has the same ease with technology. Hence, all following questions were separated by age groups within the analysis. The second section intended to understand how customers would usually book hotels, the reservation channels used as well as the tools. From reaching out directly to hotel receptionists to booking through OTAs or traditional travel agencies, respondents had to explain their choices and explain how they made their bookings in general. Moreover, the length of time taken between the moment they started the process to look for accommodations and the time of booking was also analysed. On to the third section where respondents were asked what kind of holidays or escapade they liked, the type of accommodations they booked, as well as how often they would go on a trip. The purpose of the fourth and last section was to deepen the understanding of how customers would choose one destination or one accommodation over another. As mentioned before in the sub-chapter regarding [TripAdvisor](#), during the last fifteen years, there has been a shift from branding power to community power. This section intended to analyse how much trust Belgians would have in ads from hotels or in reviews written by peers. Furthermore, it also intended to further understand the usage of alternative travel agency models such as Airbnb.

Regarding hotel interviews, a qualitative survey was designed in order to easily adapt, during interviews, to new information that might have appeared. The sample gathered was from hotels all over Belgium, in the Flemish part, Walloon part and Brussels-capital respectively. Moreover, as previously mentioned in the chapter [economic context](#) from the literature review, hotels are separated into three groups, hotel associations or voluntary chains, large hotel groups and independent hotels. Thus, in the pursuit of objectivity, the sample took hotels from all three

groups. Before introducing each of the respondents to the qualitative survey, here is an overview of their ratings from an OTA and major meta search engines currently present in Belgium.

HOTEL RATINGS					
	BOOKING.com	GOOGLE HOTEL ADS	TRIPADVISOR	TRIVAGO	AVERAGE
Hotel associations					
ROMANTIK HOTEL VAL D'AMBLEVE	9,2	9	9	8,8	9
LA BUTTE AUX BOIS	9,3	9,2	9	8,9	9,1
HOTEL RESTAURANT - CARPE DIEM	8,1	8,6	8	8,3	8,25
Independent hotels					
LA FERRONNIERE	8,6	9	/	/	8,8
CASTEL DE PONT-A-LESSE	8,2	8,1	8	8,1	8,1
HOTEL DE LA COURONNE (LIEGE)	8,2	8	8	/	8,07
SILVA HOTEL BALMORAL	7,7	7,8	7	7,6	7,53
Large hotel groups					
DOLCE LA HULPE BRUSSELS	8,6	8,6	8	8,8	8,5
IBIS STYLES BRUSSELS LOUISE	7,7	7,4	7	7,5	7,4
IBIS KORTRIJK CENTRUM	7,9	7,8	8	7,7	7,85
RAMADA PLAZA LIEGE	8	7,8	8	7,8	7,9

Table 1: Average hotel ratings from previous customers

Generally, the rating is pretty good within the sample. The lowest being at 7,4 out of 10 on average. To give a comparison, usually a bad rating would be below 6 out of 10, for high-end hotels. Each respondent answered the survey to the best of his ability, within the scope of information which was not confidential.

Respondents included in Hotel associations or voluntary chains were respectively the “Romantik hotel Val d’Amblève”, “La Butte aux bois” and “Hotel restaurant - Carpe Diem”. The survey for the “Romantik hotel Val d’Amblève” part of the German association “Romantik international” was answered by Mr Roxs, one of the hotel owners. The 4-star hotel is located in Stavelot, authentic village within the Ardennes’ region in Wallonia. On top of that, the hotel’s 1-star restaurant is part of the Michelin guide 2018, offering fine dining experience. The hotel survey for “La Butte aux bois”, part of the luxury association “Relais & Châteaux”, was answered by Mr Marc Alofs. He is the proud hotel manager of this luxurious 5-star superior hotel (first in Belgium) and its 2-star restaurant in the Michelin guide. The hotel is located in Lanaken, Flemish part of Belgium, close to the Dutch border. Regarding the “Hotel restaurant - Carpe Diem”, Mr Poncelet took some time to answer the survey. The hotel, part of the association “Logis international” is located in Ouffet, Wallonia. A 3-star hotel, the business is mainly focused on the restaurant, the hotel being a “plus” for the customers.

Respondents included in independent hotels were respectively “La Ferrière”, “Castel de pont-à-lesse”, “Hotel de la Couronne” and the “Silva Hotel Spa-Balmoral”. The survey for the 3-star hotel “La Ferrière” was answered by Mr Wim Philips. A cosy hotel located in Bouillon, a community full of history in Wallonia. Regarding the 3-star hotel “Castel de Pont-à-Lesse”, Mr Johan De Turck gladly answered the survey, describing all the hotel pros. Located in the province of Dinant in Wallonia, it is well-suited for a relaxing trip. The “Hotel de la Couronne” located in Liège is also a 3-star hotel. The manager, Mr Thierry Couclet answered the survey and even gave additional details about the hotel’s strategy. Finally, the 4-star “Silva Hotel Spa-Balmoral” with its receptionist Mr Boi-Nhi, answered the survey. The hotel is located in the region of Spa in Belgium. Its main pros are the spa area with the wellness section.

Respondents included in large hotel groups were respectively “Dolce la Hulpe, Brussels”, “Ibis Styles Brussels Louise”, “Ibis Kortrijk Centrum” and the “Ramada Plaza Liège”. Regarding the first respondent, the 4-star hotel “Dolce La Hulpe Brussels”, within the Dolce branch, part of the Wyndham group. Mrs Daisy Rivers from the revenue management department provided very interesting insights into the working of this green-key hotel. Located in Brussels it is one of the main stops in the capital with its exceptional service. The second one is the 3-star hotel “Ibis Styles Brussels Louise” part of the Accor group. The respondent, Mrs Kostamyan explained that the hotel mainly focuses on business travellers. Situated in the hyper centre of Brussels, it is perfectly designed to attract these targeted customers. The third respondent, Mr Torrekens from the 3-star hotel “Ibis Kortrijk Centrum” explained that the hotel targeted both business and leisure travellers. Ideally situated in the historical centre of Kortrijk, Flemish part of Belgium, guests quickly feel at home. Lastly, the 4-star hotel also located in Liège, “Ramada Plaza Liège” is in the Ramada branch of the Wyndham group. The hotel’s general manager Mrs Sari offered deeper insights into the hotel industry and their relationships with online travel agencies in general.

The total of eleven respondents for the hotel interviews provided several insights which have been relevant for this academic paper. A comparison between similar groups has been made, namely hotel associations, independent hotels and large hotel groups. Within the scope of research, it was interesting to draw similarities in their strategies. Then, a comparison was made of what the clients explained they wanted in the quantitative survey and what hotels are offering nowadays. Conclusions were drawn in the interest of showing if they were matching or not, added with current OTA business models plus-value.

4. Critical Analysis

4.1. Hospitality industry in Belgium

The first sub-chapter of the critical analysis of this dissertation, “Hospitality industry in Belgium”, provides an overview of the tourism industry in the country. From the type of lodging to the purpose of stay, it will try to establish the general situation before proceeding ahead with a focus on online travel agency in the following sub-chapters. Information were taken from government websites in the form of excel files. All numbers provided are from legal and taxable accommodations in Belgium. All figures were created for the unique purpose of this work.

Before reading this part, it is important to take notice of the vocabulary used. “Arrivals” means the number of trip booked. “Overnight stays” means the number of nights stayed somewhere. Both are different and numbers will not be the same. Furthermore, contrast was mainly done between “Belgian tourists” and “foreigner tourists” because the comparison was more logical this way.

Figure 2 represents the percentage of arrivals in Belgium according to lodging type chosen by customers.

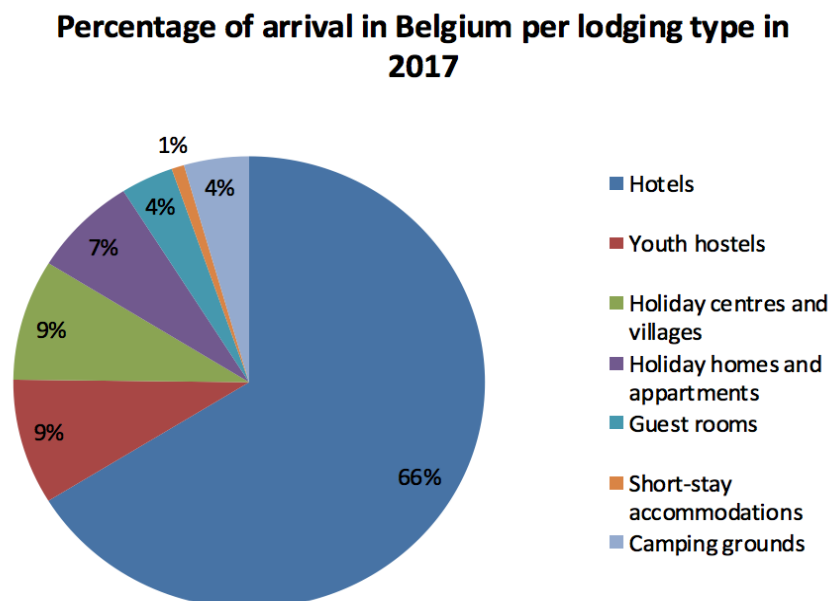


Figure 2: Percentage of arrival in Belgium per lodging type in 2017

It can be seen that a huge majority of travellers, at above 65%, still choose to go to hotels in general. Both youth hostels and holiday centres still taking 9% of the pie each. In this case, this work was not able to verify whether the numbers for apartments and guestrooms were representative or not. It is important to mention that Airbnb has some success in Belgium. However, legislation is still vague about the subject, thus not all Airbnb hosts are taxable yet. Since information retained in this work are from declared accommodation providers, specific numbers about apartments cannot be provided for the moment. Among the information provided in the excel files, “short-stay accommodations” were not clearly defined. This work retained them as a nomenclature defining accommodations which did not fit in other categories. Lastly, the small numbers for camping grounds can be explained through the fact that the weather in Belgium is quite cloudy and rainy. It is not very appealing for campers compared to the south of France or Spain.

Figure 2 showed that 66% of travellers to Belgium booked into a hotel. Thus, the following figure 3 shows the number of hotels in Belgium as well as the number of rooms available.

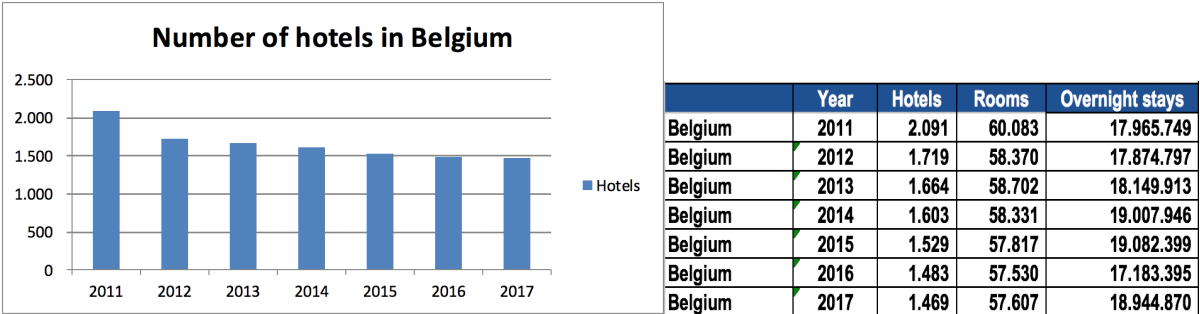


Figure 3: Number of hotels in Belgium from 2011 to 2017; number of rooms and overnight stays (only hotels)

From 2011 to 2017, there was a stark decrease in the number of hotels and rooms available in Belgium. Two thousand and ninety-one hotels in 2011 against only one thousand four hundred and sixty-nine hotels in 2017. This decrease is explained through the fact that in 2012, several hotels changed their status to the ones of guestrooms, holiday centres or home. Besides a few that went bankrupt, it explains the decrease in numbers, whereas the percentage of overnight stays is increasing. The number of overnight stays in this chart only represents the ones for hotels, not all lodging types mentioned in Figure 2.

Figure 4 shows the number of trips booked in Belgium accommodations by Belgians and foreigners for all lodging types. From 2007 to 2017, numbers have been steadily increasing, except during the year 2016. That year has seen a decrease in arrivals, both in Belgium and France.

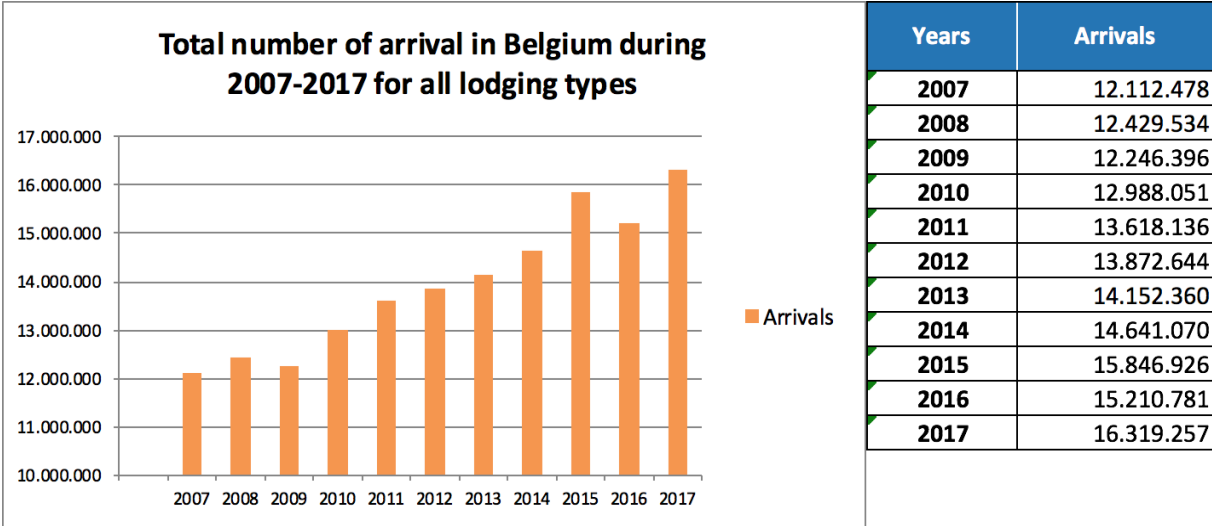


Figure 4: Number of arrival in Belgium during 2007-2017 for all lodging types

From 2007 with 12 million arrivals to 2017 with its highest 16 million and more arrivals, Belgium has seen a rise in tourism during recent years. The decrease in 2009 might be linked to the subprime economic crisis of 2008. With so many banks closing down, people generally tried to cut down on expenses in fear of the future. Hence, less international tourism was seen during that year. The decrease in 2016 might be explained through the fact that Belgium’s capital, Brussels was bombed during terrorist attacks. Moreover, Paris was also attacked in 2015 by terrorists (Charlie Hebdo). It instilled fears in the heart of many against travelling abroad. That year which was prone to anxiety and fear did not help international tourism either.

Next, arrivals are broken down between Belgians and foreigners. Figure 5 shows the number of trips in Belgium booked by Belgians for all lodging types over a period of 10 years.

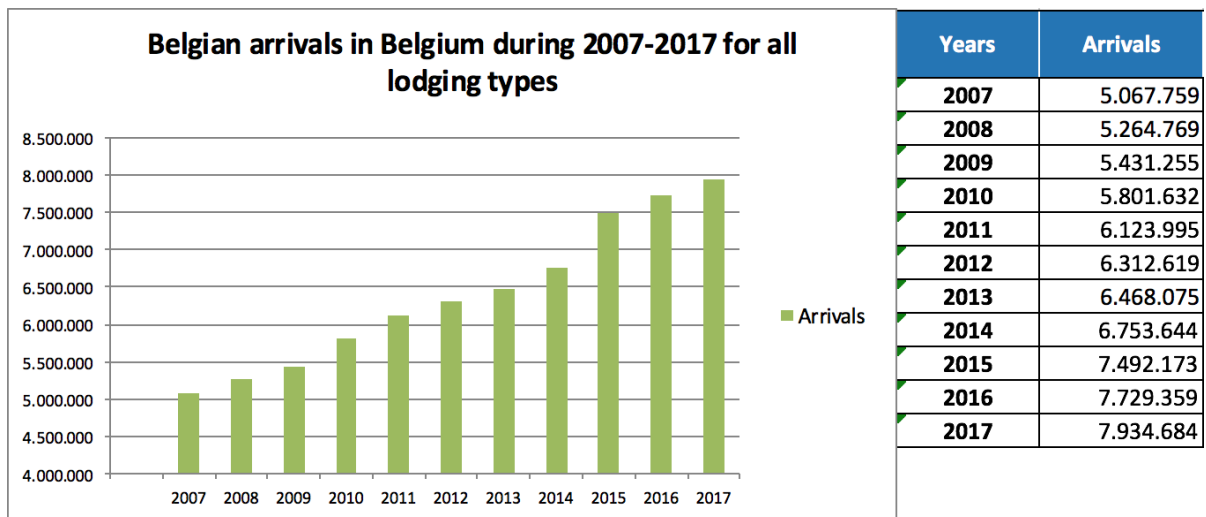


Figure 5: Belgian arrivals in Belgium during 2007-2017 for all lodging types

It is really interesting to notice that there was not a single year with a decrease regarding Belgian arrivals in Belgium. In opposite, the number of trips has been steadily increasing throughout the years. It can be inferred that even if international tourism was decreasing in 2009 and in 2016, national tourism kept increasing.

Regarding foreigners' arrival in Belgium over a period of 10 years, the contrast can be made against the Belgian ones. In comparison to almost 3 million increase in Belgian arrivals over a period of ten years for all lodging types, foreigners' arrival only increased by about 2 million over ten years.

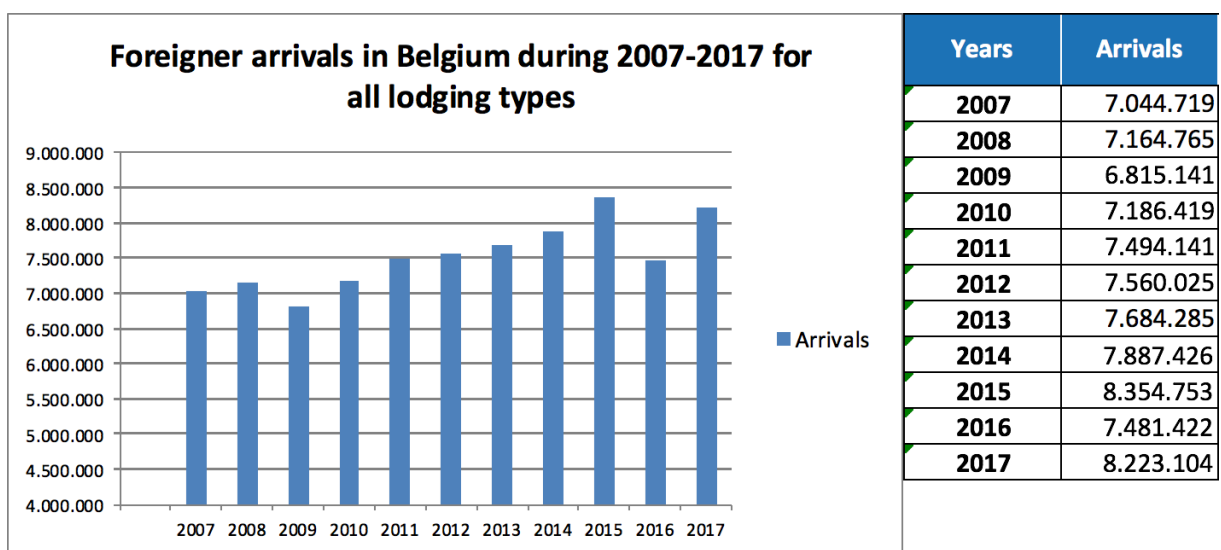


Figure 6: Foreigner arrivals in Belgium during 2007-2017 for all lodging types

Moreover, it is clearly depicted in this case that 2009 and 2016 most affected international tourism. 2009 has seen a decrease of almost 350 000 arrivals compared to 2008. Whereas, 2016 arrivals decrease is even higher with 850 000 less arrivals than in 2015. Hopefully, numbers have increased again in 2017 and should be even higher for 2018.

Figure 7 further breaks down arrivals from foreigners to EU citizens and tourists from outside the European Union.

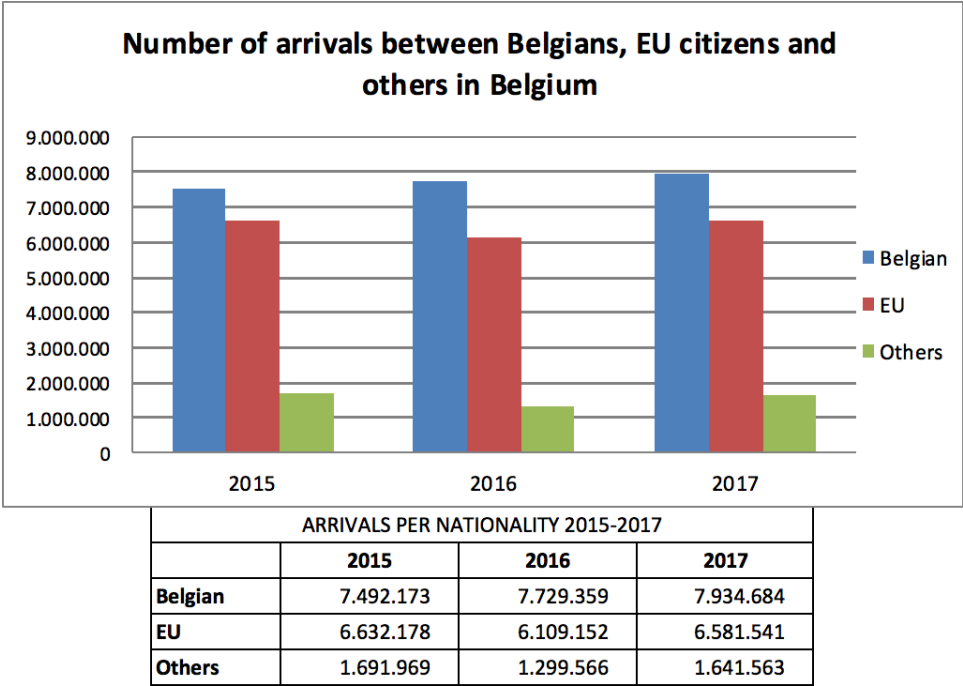


Figure 7: Arrivals from 2015 to 2017 between Belgians, European Union citizens and others in Belgium

As per shown on figure 7, most of the tourism in Belgium comes from national tourists or European Union (EU) citizens. The percentage of tourists from outside the European Union being much lower.

Figure 8 shows the total number of overnight stays per region in Belgium between Belgian and foreigners for all lodging types in 2017.

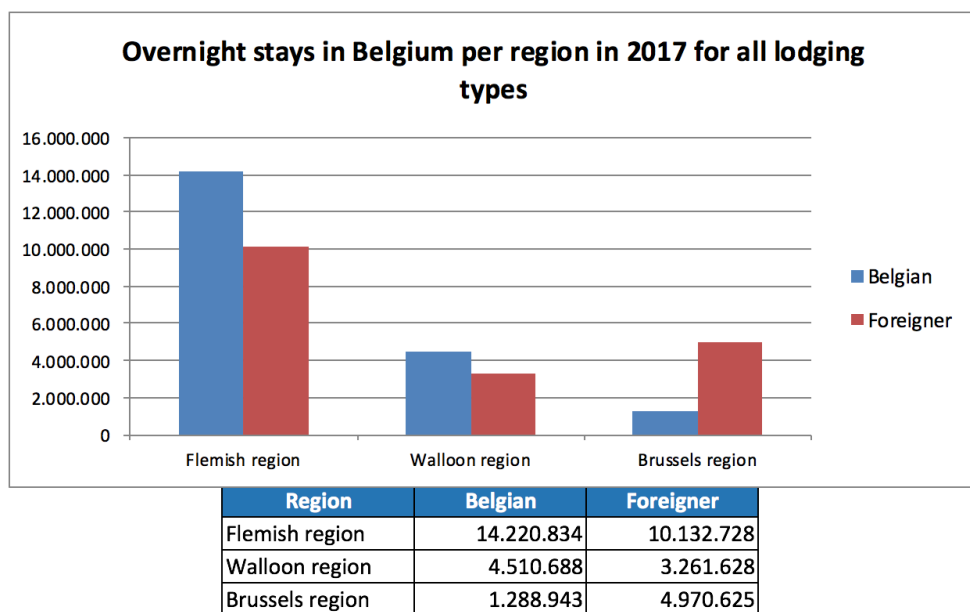


Figure 8: Number of overnight stays in Belgium per region in 2017 for all lodging types

This figure shows that the favourite touristic region in Belgium is the Flemish one, with 71% Belgians and 55% foreigners staying there. In contrast, the Walloon region only has 23% Belgians and 18% foreigners. Brussels region has the lowest percentage of Belgians sleeping there with a measly 6% against 27% foreigners. It is seen that the capital is more popular as an international destination. An interesting tendency to take notice of is that even if the number of foreign arrivals is higher than Belgian ones in 2017 (see figure 4 and 5), respectively 8.2 million foreign arrivals against 7.9 million for Belgians. In contrast, the number of overnight stays is higher for Belgian than foreigners. Belgians had a total of over 20 million overnight stays against 18.3 million for foreigners (numbers from calculating the total of each column in figure 8). The tendency depicted by this contrast is the fact that even if Belgians did not book as much trips nationally as foreigners did, they have a clear tendency to stay longer in catering establishments.

Figure 9 depicts the number of overnight stays in 2017 for hotels (only for hotels among lodging types in this case), broken down by the number of stars a hotel has. The information is only available for Brussels region since numbers for the rest of Belgium were not found during the research.

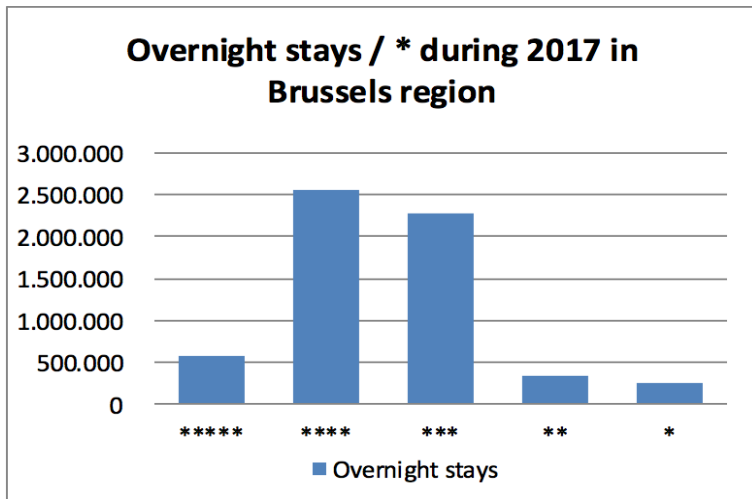


Figure 9: Number of overnight stays in Brussels region per number of stars (hotels) in 2017

Among the six million overnight stays in Brussels, it can be seen that the majority was in rather luxury hotels. Most of the overnight stays were in 4-star and 3-star hotels. Respectively 2.53 million overnight stays in 4-star and 2.27 million in 3-star hotels. The rest of the overnight stays were among 5-star, 2-star and 1-star or less. Except for the 5-star hotels which have a high-end customer base, it can be seen that the general population mainly favour a certain quality standard regarding accommodations. The quality standard in this case being defined by the number of stars per catering establishments. Moreover, it can also be inferred that 4-star and 3-star hotels offer a good balance between price and quality.

Figure 10 shows the travel purpose among the population which stayed in a hotel in Belgium.

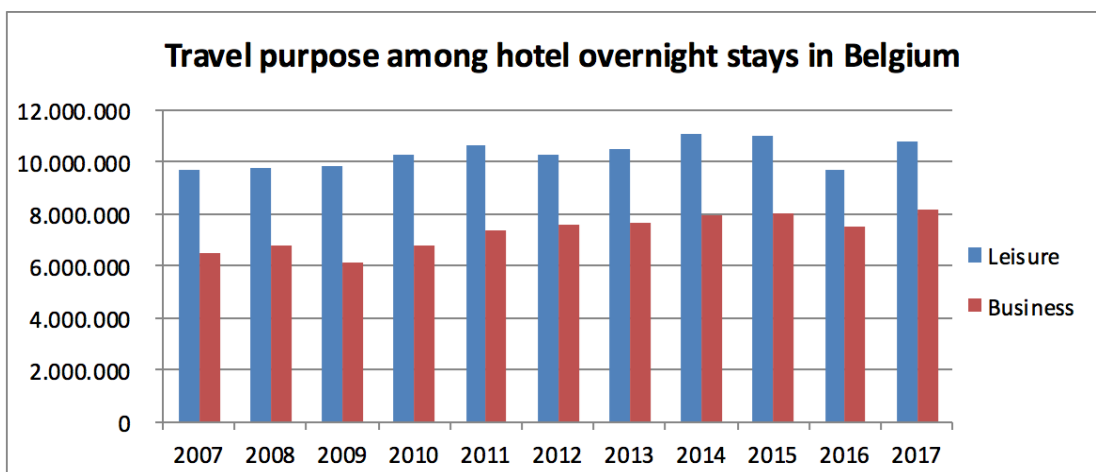


Figure 10: Purpose for travelling among hotel overnight stays between 2007 and 2017 in Belgium

It can be seen that even if the number of overnight stays is increasing from 2007 to 2017 among hotels as lodging types, the purpose percentage stay more or less the same. In 2007 it was about 60% overnight stays for leisure against 40% for business purpose. 2017 is only slightly different with 57% travellers purpose being leisure and 43% coming for business purposes.

To conclude the hospitality industry in Belgium, it is safe to say that except for 2 years where tourism was receding, the industry is steadily growing. Over the years, the number of trips booked or overnight stays have been increasing. The tourism industry is booming and touristic accommodation providers have good days ahead. Currently, the most touristic part of the country is the Flemish one, but it only means that there are opportunities to develop in the Walloon region.

4.2. European Union Legislation

This chapter will provide a comparative overview of the European Union law regarding the relationship between hotels and OTAs. Recent developments in legislation throughout Europe have made rate parity an important topic in the hospitality industry. This chapter aims to shed light on this issue.

“Rate parity is a legal agreement between a hotel and an OTA, providing the same rates for the same room on all the distribution channels. In the case of OTAs – it provides the same rates on all the booking platforms as well as on the hotel’s own website. That means, the hotel has to have the same price for a room, no matter where the client books it and no matter the commission the hotel pays to the OTA. The higher that commission is, the less money the hoteliers earn. While the specific terms of each rate parity agreement vary depending on the country and parties involved, there are two broad categories: wide rate parity and narrow rate parity.” Quoted from (Ros, 2016).

There are two types of rate parity, namely the wide and narrow rate parity.

1. *“Wide rate parity is the most restrictive form of parity agreement. In such clauses, a hotel has to agree not to undercut room prices OTA charges for their hotel. This agreement generally applies to all distribution channels, including other OTAs and the hotel’s own website.”* Quoted from (Trivago Business Blog, 2018).
2. Narrow rate parity was developed as a result of the intervention of European Union regulators. This type of clause allows hotels to offer lower rates to other OTAs or through their own website, but it cannot be done publicly online: the lower rates can only be offered through indirect or offline channels, for example through e-mails, phone calls or hotel loyalty programs.

While rate parity clauses restrict the hotels’ ability to promote a lower rate, hotels still found a way to instigate direct bookings (Trivago Business Blog, 2018). Here follow some examples:

- ❖ Publishing direct rates alongside the OTAs on metasearch websites. The rates shown by the hotel or the ones advertised by the OTA remain in parity, but customers have

the option of booking directly through the hotel. On websites such as Trivago, the hotel rate will appear at the top of the list, enabling greater visibility.

- ❖ Providing additional amenities such as free Wi-Fi, breakfasts, and sauna access. Even if the hotel rate is on par with the OTA, the perceived value for the customer experience is higher.
- ❖ Advertising private rates through loyalty programs or direct emails campaigns.
- ❖ Limiting the amount of rooms on OTAs. As hotels have no obligation to promote all of their rooms on an OTA website, they can decide to offer some rooms exclusively on their own website. Consequently, those rooms are not subject to any rate parity agreement.

While these examples are good methods to induce direct bookings, it is not sufficient. In practice, when hotel rates are checked on Trivago, it is often cheaper to book through OTAs, since they are given “special rates” during marketing campaigns. Moreover, some OTAs (like Weekendsk) offer all the aforementioned amenities for free as part of each package they sell.

As hoteliers were getting more and more dependent on OTAs, legislation has started to re-establish the freedom from rate parity. Indeed, these regulations are appearing in a context where they didn't have the ability anymore to choose and adapt the rates or offers given to their customers. In contrast to the fast development of online travel agencies, small-sized hoteliers were often isolated and not able to defend themselves against disloyal practices. Especially since it has become harder for them to be sustainable without a partnership with an OTA.

In 2015, Booking.com and Expedia stopped using wide rate parity clauses throughout Europe (Trivago Business Blog, 2018). They switched all their contracts from wide to narrow rate parity. The decision was made following recent advancements in France and Germany. With Macron's Law, France was the first European country to ban the narrow and wide rate parity agreement in August 2015. This law states that hotels have the liberty to agree to any discount or advantage they deem reasonable for the client. Any clause that deviates from this is void. Moreover, the law states that the remuneration for the OTA is to be freely determined by the hotel and the OTA (Baker, 2017). After France prohibited the rate parity agreement, other

countries followed. Germany, which had already forbidden HRS (HRS is a German OTA) to use both types of rate parity in 2013, also banned Booking.com from using it in 2016. Next was Austria in November 2016, which prohibited both types of rate parity. In August 2017, Italy outlawed the rate parity agreement as well with the “Competition and Market Law” (Trivago Business Blog, 2018). Belgium followed alongside its neighbours when the Belgian Council of Ministers adopted in 2017 a draft law which enabled hotels to publish freely their own rates. Belgium implemented this law in July 2018, making Belgian hotels no longer bound by price agreements with OTAs (Pinheiro, 2018) (see [appendix 12](#) rate parity chronology in Europe). According to a paper published by the German Hotel Association (IHA, 2018), Swedish court ruled that all rate parity clauses from online portals violate the existing competition law in Sweden. The ruling will be implemented in November 2018, except if Booking.com file an appeal. It has also been announced that Switzerland will follow and prohibit all parity rates (Trivago Business Blog, 2018). The motion was not supported by their government, but it had a large majority of supporters in the parliament.

To conclude, as of October 2018, there are currently five European countries which have banned both types of rate parity. Namely France, Germany, Austria, Italy and Belgium (IHA, 2018) (see [appendix 13](#) rate parity enforced in Europe). Sweden may very well become the sixth if the ruling from the 20th of July 2018 comes into force.

4.3. Interviews

This chapter analyses all interviews conducted, both quantitative in regards to customers and qualitative for hotel managers. It allows further understanding of the hospitality industry in Belgium, as well as what is wanted by customers nowadays, or what hotels are ready to offer and which segment of the industry they are currently targeting.

4.3.1. Customer survey

The total number of respondents in the quantitative customer survey was 615. For the sake of objectivity related to the Belgian market and after weeding out irrelevant answers, there are 503 respondents left with valid answers to the survey. As mentioned in the methodology chapter, there were 4 main sections in the survey. Thus, the analysis is segmented into 4 sections. You can find a summary with each questions and general answers in [appendix 14](#).

4.3.1.1. First section: Profile

The first section was to better understand the profile of the respondents. Answers came from 51.9% women and 48.1% men. 68.8% are professionals, 20.9% students, 4,6% unemployed and 5,8% are retired. Regarding their monthly net income, it was shown that students, unemployed and retired are earning less than 1500€ per month. Among professionals, 68% are earning between 1500€ to 2500€ per month, 18,4% are earning between 2501€ and 3500€ per month and 8,9% are earning more than 3500€ per month. A small percentage of professionals are also earning less than 1500€ per month. (Note, the monthly income question was not mandatory and there are less respondents to it than in the rest of the survey).

Regarding age groups, there were 306 (60,8%) respondents between 18 and 30 years old, 63 (12,5%) respondents between 31 and 45 years old and lastly, 134 (26,6%) respondents older than 45 years. Different generations having different approaches to technology, the following 3 sections have been divided among age groups. With the objective of clearly explaining differences among respondents, several answers were transformed into charts.

4.3.1.2. Second section: Booking channels

The second section of the survey focused on the reservation system used during bookings. The first question intended to know through which means Belgian people would usually book their accommodations.

Age group	N°1	N°2	N°3
18-30 (306)	OTA (71%)	Direct contact with the hotel (15,7%)	Traditional travel agency (8,8%)
31-45 (63)	OTA (60,3%)	Direct contact with the hotel (33,3%)	Traditional travel agency (3,2%)
+45 (134)	OTA (53,7%)	Direct contact with the hotel (29,9%)	Traditional travel agency (12,7%)

Table 2: Reservation systems used by customer respondents

As depicted in the chart above, respondents from the three age groups majorly use OTAs as a means of reservation, followed by direct contact with hotels and then traditional travel agencies. However, it is interesting to note that 18-30 year olds will mainly use OTAs at above 70%, whereas direct contact and brick and mortar agencies are left far behind. 31-45 year olds are similar to the 18-30 age group, but they have a higher rate of direct contact with hotels, a third of the respondents using it.

The most interesting ones in this case being the +45 age group, since they are more well-balanced in their choices. Only half of them mainly use OTAs whereas 30% directly reach out to the hotel and up to 13% are still using traditional travel agencies. It can be inferred from this information that people in the age group over 45 years old have had a harder time to adapt to the internet era or that they still prefer the security of a face-to-face interaction. In order to find out exactly what the reason was behind their choices in general, the four following questions are about why they would choose one option over another.

The next question targeted respondents who chose “direct contact with hotels”. In the interest of sorting out key-words regarding their choice, respondents were asked to describe why they liked that option. Among the 96 answers in total, five reasons principally came back, explaining the advantages they felt they had.

- Direct contact
- Personalised offers
- Simpler, faster
- Safer
- More advantages

“Direct contact” in this case represents the ability of customers to speak with the hotel’s staff in order to tell them what they want, without intermediaries. It represents their need to go directly to the supplier (in this case the hotel) in order to cut out any other interferences.

“Personalised offers” is very similar to “direct contact”, but goes a bit further in the sense that customers can simply enjoy special offers from hotels or ask things tailored to their needs, for example, roses for Valentine’s day or dinners with special food intolerances.

“Simpler and faster” is a question of habit, once again cutting out intermediaries. “Safer” is very similar in that again it is easier to deal with only one side in case of any issues happening during the stay.

“More advantages” is felt because when cutting out on OTA commissions, rooms will be cheaper. As it will be detailed later on in the “hotel interviews”, it can be true in the case of some hotels but not all. It is also true within hotel loyalty programs. Of course, OTAs do have this kind of loyalty programs too. Therefore, “more advantages” stands true if you are a regular customer, no matter what your choice.

The following two questions were for respondents who chose “OTAs” as the main means of reservation. The first one asked them what was the main reason for them to choose an OTA. Among 329 respondents, three answers were sorted-out regarding their choice.

N°1	N°2	N°3
Ease to compare accommodations	Price	Special offers

Table 3: Main reason for customer respondents to book through an OTA

The major reason for potential customers to book through an OTA was because of the ease in comparing different accommodations in a given geographical area. As it was mentioned in the

OTAs' business model, it is one of the best features available from online travel agencies. From the information gleaned from the survey, clients are aware of it and it is one of the main reasons for them to use OTAs.

The second and third reasons for respondents to use online travel agencies were the “price” and “special offers” respectively. The survey shows that in the customer’s mind, prices on OTAs are often cheaper or at least equal to that of the hotels. It is true that many times special advertising campaigns are performed by OTAs. During my experience working at Weekendsk, it was one of the best features of the company. They negotiated “special offers” ahead of time with hotels. Then, during special time period, they would launch massive email and social media campaigns in order to offer the best prices to their customers. It is a feature which can be found in all major OTAs. According to the “*Directive 2006/114/EC of the European Parliament and of the Council of 12 in December 2006 concerning misleading and comparative advertising, paragraph 10 to 20*” (European Union, 2006), it is forbidden for company to advertise false information. Thus, when an OTA is displaying a discount on one of their special offers, that discount has to be true most of the time (mistakes can always happen).

The second question asked respondents who chose OTAs as their means of reservation, if they would be keen to directly reach out to a hotel in case prices and services were the same. Among the 329 respondents, a vast majority, at above 75%, answered that they would agree to that, if formerly stated conditions allow it.

The following question focused on respondents who chose “traditional travel agency” (brick and mortar offices) as the main means of reservation. Similar to the question for “direct contact with hotels”, the 39 respondents who chose this option were asked to describe why it was of interest to them. From all answers given, five key-words were sorted out, partly similar to the key-words mentioned for “direct contact with hotels”.

- Face-to-face
- Safer
- Personalised offer
- Advices
- Time gain

“Face-to-face represents the unique ability that brick and mortar offices have, to put someone in front of you, directly answering your questions. Several people would rather have another person in front of them as they feel safer that way, exactly as shown in the second key-word. Even if traditional travel agencies are an intermediary for hotels, since people have the ability to speak face-to-face with them, it allows them to build a closer relationship. In case of any issues, they know personally whom to contact.

In this case, “personalised offers” are more about holiday packaging than special amenities in the hotel room. Coupled with “advice”, once people go into a traditional travel agency, an agent will tailor make offers based on their needs. Agents will be able to provide relevant information about several destinations and hotels. Moreover, they will do so in the budget stated by the customer.

The last key-word, “time gain” is easily explainable since it is a general truth that looking for the best prices everywhere on the internet takes time. People going to brick and mortar offices will have an agent who takes care of looking through everything for them. All they need to do is state what they want.

There are advantages to the three options previously explained regarding booking channels. In the end, all three channels are sustainable, depending on the needs. Direct contact with the hotel will allow customers to ask for special amenities in their rooms and cut out intermediaries. Booking through an OTA can sometimes offer better prices but specially, facilitate the comparison of different hotels. Finally, going to a traditional agency will help to settle all aspects of a holiday faster, from transportation to accommodation.

After having sorted out through which channels respondents were making their reservations, the next focus was on the reservation process itself. First, among the 503 respondents, it was important to determine through which tools they would make a reservation. And according to their age groups, see if there were any differences in the tools they used. Respondents were able to choose several answers, in order to determine if there was an option that was highly preferred.

Age group	N°1	N°2	N°3
18-30 (306) 31-45 (63)	Laptop/desktop (314)	Mobile app (136)	Phone call (80)
+45 (134)	Laptop/desktop (111)	Phone call (36)	Mobile app (26)

Table 4: Tools used by customer respondents to make a reservation

As the chart above describes, answers from the age groups 18-30 and 31-45 were very similar. Even with the ability of choosing several answers, the majority of respondents indicated that they mainly used a laptop or a desktop to make a reservation. Mobile apps and phone calls came close among the number of respondents who chose them. However, it is interesting to note in this case that traffic volume through mobile apps in general is higher than through desktops in Belgium (as described at the end of [chapter 2.1.4](#). in Figure 1). Actual bookings and transaction may very well surpass desktop ones if the trend for mobile traffic volume keeps rising. Among the age group older than 45 years old, desktop users were also ranked at the top though, their second choice was phone call instead of mobile app. Even so, the two are also close among the number of respondents who chose them.

Lastly regarding the booking channels section, it was important to determine the length of time customers usually take when making a reservation. The next question asked respondents how long they would take between the moment they decided to go on a trip and the time of booking their accommodation. Some respondents were clear in the length of time needed, whereas others had different answers depending on the type of trip. There was more possibility regarding the length of time than stated in the chart below. However, the number of answers was too low to include it.

Age group	N°1	N°2	N°3
18-30 (306)	Between 1 day and 1 week (36%)	Depends on the reason for travelling (27,5%)	Between 1 week and 1 month (27,5%)
31-45 (63)	Depends on the reason for travelling (38%)	Between 1 day and 1 week (36.5%)	Between 1 week and 1 month (16%)
+45 (134)	Between 1 day and 1 week (39%)	Depends on the reason for travelling (25%)	Between 1 week and 1 month (14%)

Table 5: Length of time needed by customer respondents to book an accommodation from the time they decided to do the trip

In this case, respondents' answers from the age groups 18-30 and above 45 years old were very similar. A little above one-third of them spend between one day and one week to book their accommodations once they have made up their minds to go on a trip. Among 18 to 30 years old, the next two answers had the same percentage of respondents. 27,5% have different lengths of time depending on the reason for traveling while another 27,5% take between one week and one month to decide. Among respondents older than 45 years old, differences were more obvious since 25% of them also have different lengths of time. Only 14% take between one week and one month. Regarding the age group 31 to 45 years old, the first two answers are close. 38% have different lengths of time as well depending on the type of trip and 36.5% take between one day and one week. For the last answer among this age group, it is actually the same as for the other two. 16% take between one week and one month to make up their minds. About respondents who chose the option "depends on the reason for travelling" regarding the length of time, they were later asked to determine a period of time depending on the trip. Among the age group 18-30, the answer was that for city-trips or weekend getaways, they would only take a few days to decide. However, long trips such as Erasmus or others would take several months. Answers for both age groups, 31-45 and older than 45 years old were exceedingly similar. They usually take longer than the younger age group to decide but respondents were not as specific regarding the exact length of time or the type of trip.

4.3.1.3. *Third section: Type of destination*

The third section of the survey mainly highlighted the type of destination chosen by the respondents, how many times a year they go, as well as the type of offer they were expecting. The first question of this section asked respondents if they would choose the destination or the accommodation first. Among the 503 respondents, 95% answered that the destination was what they chose primarily. Following that, among destinations, it was asked if they would usually go to an international or a national one.

Age group	N°1	N°2	N°3
18-30 (306) 31-45 (63)	International (55%)	Both (40%)	National (5%)
+45 (134)	International (65%)	Both (32%)	National (3%)

Table 6: Customer respondents preferences between international and national trips

The answers of all three age groups were similar regarding the previous question. As depicted in the chart above, more than half the respondents mainly chose to answer “international destinations”. 40% from the age groups 18-30 and 31-45 would go for international and national trips respectively whereas only 32% of the +45 years old group go for both. In all three age groups, a very small percentage go only to national destinations.

The chart below describes the type of trip respondents mainly undertake. They had the option to choose several answers since people usually travel for different reasons throughout the year.

Age group	N°1	N°2	N°3	N°4	N°5
18-30 (306)	City-Trip (191)	Weekend relaxation (135)	Family holiday (98)	Long trip (94)	Business trip (19)
31-45 (63)	Family holiday (33)	City-Trip (31)	Weekend relaxation (29)	Long trip (16)	Business trip (12)
+45 (134)	Family holiday (63)	City-Trip (53)	Weekend relaxation (48)	Long trip (29)	Business trip (22)

Table 7: Type of trip booked by customer respondents

Among the age group 18-30, city-trips came far ahead with 191 respondents choosing that option. Weekend getaways also had a certain success with 135 respondents. Both family holidays and long trips are about the same with business trips ranking last. It can be inferred here that long trips are part of the lower ages group in this category. It was specified that long trips were starting at minimum two weeks’ time. But knowing that nowadays, Erasmus and studies abroad have become more common among Belgian students, it can explain this high percentage. The following two age groups are quite similar in their answers. Whether it be 31-45 or +45 years old, the answers are the same except for the number of respondents. They go primarily on family holidays, closely followed by city-trips and weekend getaways. Long trips and business trips are similarly ranked last for both categories.

The difference between the first choice of the latter categories and the first age category is easily explainable since the latter are more likely to have a family of their own. The age group 18-30 is more likely to seek short trips throughout the year than family holidays for those who don’t have a family yet.

Following what type of trips respondents usually go on. The next question was about the frequency of these travels. They were asked how many times a year they usually book a journey.

Age group	N°1	N°2	N°3
18-30 (306)	Between 2 to 4 times (66%)	1 time (20%)	More than 5 times (11%)
31-45 (63) +45 (134)	Between 2 to 4 times (68%)	More than 5 times (16%)	1 time (11%)

Table 8: How many times a year customer respondents usually travel

Among the 18-30 age group, two-third of respondents usually travel from 2 to 4 times per year. 20% of them only do so one time a year and 11% more than 5 times. Answers from age groups 31-45 and +45 years old were similar and thus grouped together. Two-thirds of them also travel between 2 to 4 times a year, however 16% respondents travel more than 5 times. Only 11% travel a single time per year. What is interesting to note here is that mentalities have changed since the nineties, with people travelling way more often than before.

The last question for the third section asked respondents what kind of offer they usually booked when going on a trip.

N°1	N°2	N°3
Accommodation only (58%)	Accommodation + breakfast (30%)	Accommodation + Breakfast + Activity (5,5%)

Table 9: What kind of offer respondents like to book when making a reservation

Among the 503 respondents, more than half only book the accommodation whereas 30% usually ask for breakfast with their room and only 5,5% book activities, breakfast and accommodation all together.

4.3.1.4. Fourth section: Trust in ads, reviews and alternative model

Finally, the survey’s fourth section mainly focused on customers’ loyalty, trust in advertising, usefulness of peer reviews and the use of alternative OTA models (e.g. Airbnb in this case). The first question of this section asked respondents if they were loyal to a certain brand or hotel

group. Among age groups 18-30 and 31-45, over 95% of the respondents answered that they were not. Regarding the age group older than 45 years old, it was slightly more reduced. 84% of them answered that there were no brand or hotel groups that they were loyal to.

The former 5% and latter 16% left of respondents who were loyal to a brand were next asked which one. The hotel groups most cited from highest to lowest were: the group Accor hotels (8), RIU (6), Ibis (5), Club Med (4). Mercure hotels and Novotel were also mentioned. It is interesting to note that the Ibis brand, Mercure brand and Novotel brand are all part of the Accor group of hotels. Several respondents mentioned “Booking.com” and “Airbnb” as their loyalty brand.

The following question asked respondents how much trust they place in an ad coming from a brand or company. It was in the interest of better understanding the impact that branding advertisement can have on customers. Respondents were asked to rate their trust on a scale from one to five, one being the lowest and five the highest. Answers from all age groups were surprisingly similar in this case. Among the 503 respondents, 15% rated their trust at one out of five, 20% at two out of five, 50% at three out five and another 15% at four out of five. Not a single respondent noted their trust in brand advertisement at five out of five. Half of the respondents had a reduced trust in ads from companies or groups, 35% did not trust ads much and only 15% trusted them.

Then, in comparison to the previous question, respondents were asked to rate their trust regarding peer reviews. The rating system was the same as the previous one. In this case, answers varied much more than previously. The older age group was the most untrusting regarding reviews from previous clients and the other two age groups trusted them more.

	Age group 1: 18-30 (306)	Age group 2: 31-45 (63)	Age group 3: +45 (134)
Scale: 5/5	16%	8%	5%
Scale: 4/5	51%	49%	39%
Scale: 3/5	27%	33%	33%
Scale: 2/5	5%	5%	16%
Scale: 1/5	1%	5%	7%

Table 10: Trust of customer respondents regarding reviews written by previous customers

As depicted in the chart above, both age groups 1 and 2 hold good levels of trust towards reviews written by previous customers, as more or less 50% of them rated their answer at four out of five. The third age group also has good level of trust with 40% of them rating the same numbers. Furthermore, one-third of the respondents rated three out five regarding their trust in peer reviews (a bit lower for the first age group). A stark difference in this case is that the first age group has 16% of respondents rating a complete trust in reviews whereas among the second and third age groups, only 8% and 5% respectively gave the same rating. Another difference is that only 5% of the respondents from both, the first and second groups rated two out of five regarding trust. In contrast, 16% respondents from the third group rated two out of five.

More or less, one-third of respondents have a reduced trust in reviews (scale: 3/5). If we compare the upper scale and the lower scale, 67% respondents from the first group have good levels of trust, 57% for the second group and 44% regarding the third one. On the lower scale, 6% respondents from the first group have low levels of trust, 10% for the second one and 23% regarding the third group. It shows that in general, people above 45 years old are slightly more sceptical regarding reviews from peers than their younger counterparts. Even so, it clearly demonstrates that respondents have higher levels of trust in reviews than in advertisement, especially since there was not a single respondent which had rated five out of five regarding trust in ads.

Afterwards and in correlation with the previous question, respondents were asked if they had ever changed their minds about a booking or reservation after reading a review about it.

Age group 1: 18-30 (306)	Age group 2: 31-45 (63)	Age group 3: +45 (134)
Yes (81%)	Yes (76%)	Yes (62%)

Table 11: Respondents that have changed their mind about a reservation after reading a review from a previous customer

It was with a staggering affirmative that respondents from the three categories answered. However, the percentage of respondents from the third group that answered yes was much lower compared to the other two groups. It can be seen that in relation to the previous question, as they are generally more sceptical about reviews, it would not affect their choice as much. Reciprocally, the first age group which had the highest level of trust in reviews also tends to be the most affected by it.

Following respondents' trust and usage of reviews, they were asked next if they actually wrote reviews after their stay.

Age group 1: 18-30 (306)	Age group 2: 31-45 (63)	Age group 3: +45 (134)
Yes (39%)	Yes (59%)	Yes (47%)

Table 12: Percentage of respondents that usually write a review after a stay

Surprisingly, in comparison with their high level of trust and usage of reviews, respondents largely do not write any reviews after a stay. Only 39% from the age group 18-30 usually write one, whereas the second age group have 59% of them writing one. The difference here is surprising since the age group 18-30 are the ones using reviews the most. There can be many reasons for this difference, however since it is not the subject of this paper, it will not be analysed further, simply taken as a lack of time or involvement. Regarding the third age group, 47% of them write a review after their stay. Even though there was a larger percentage of them not trusting reviews, let's not forget that the percentage was only 23% of them. It can be inferred here that in the percentage among this older age group, those with reduced trust or good level of trust usually write reviews. It also signifies a higher commitment to the "review community" than in the youngest age group.

The last two questions in the fourth section of the survey were about the usage of Airbnb by respondents. Airbnb was mentioned in the survey because of its major rise in recent years. It has become widely known worldwide and as mentioned in the Airbnb analysis previously, it recently started operating as a common OTA with hotel rooms for rent. Hence, respondents were first asked if they had ever used Airbnb and at what frequency.

	N°1	N°2	N°3
Age group 1: 18-30 (306)	Occasionally (43%)	Never (35%)	Often (18%)
Age group 2: 31-45 (63)	Never (51%)	Occasionally (41%)	Often (6%)
Age group 3: +45 (134)	Never (75%)	Occasionally (19%)	Often (6%)

Table 13: Respondents' utilisation of Airbnb and frequency

Among the first age group, 43% of respondents occasionally use Airbnb, whereas 35% have never used it. Only 18% use it regularly. In the second age group, half of the respondents have never used it and 41% do so occasionally. A small 6% of the respondents often use it. In the last age group, a staggering 75% have never used it. One-fifth of the third age group use it occasionally and only 6% do so often. It can be inferred in this case that since Airbnb is a new platform that has risen in the last 10 years, it is still too new for a vast majority to use it. Among younger respondents, Airbnb seems to be better known, nonetheless the second and third age groups do not seem keen to use it much. It can be correlated with the frequency of city-trips undertaken per year. Back to the question of preferred holiday type, the second and third age group favoured “family holidays” whereas the first age group predominantly preferred “city-trips”. In this instance, Airbnb being very often linked to city-trips when travelling, it explains the contrast between the first age group and the two others.

Lastly, Airbnb users among respondents were asked what were the best features of Airbnb in their opinion. Respondents to this question stated that “Price”, “Lodging’s geographical position”, “Customer reviews”, “Homestay experience” and “comfort” were the features they liked the most when booking accommodations through the Airbnb platform.

This fourth section now concludes the customer survey analysis.

4.3.2. Hotel interviews

From a total of eleven respondents for the hotel qualitative survey, this chapter will analyse hotel managers’ answers in order to find out exactly how they manage their relationship with online travel agencies nowadays. The qualitative survey was conducted with eleven respondents, ranging from 3-star hotels to 5-star in 3 different categories. 3 respondents were from hotel associations, 4 from large hotel groups and 4 were independent hotels. The interviews’ details can be found in the appendices, separated by category. Regarding hotel associations please go to [appendix 15](#). About large hotel groups, you can find them in [appendix 16](#) and independent hotel interviews can be found in [appendix 17](#). Since most of the answers across all categories were similar, this chapter will not divide the answers by categories. When answers are differing, it will be mentioned during the analysis.

All respondents mentioned they were using OTAs. The most used across all respondents were respectively Booking.com, Expedia, HRS and Weekendsk. Booking.com and Expedia were previously explained in length in [chapter 2.2](#). HRS is a German OTA, with a focus on business travel present in Europe. Weekendsk is a French OTA present in some European country with a focus on leisure travel and city-trips. When respondents agreed to disclose commission rate, they kept vague about it, stating an average commission rate between 10 to 20%. However, a noticeable difference here is that usually, respondents from independent hotels had higher commission rates than those part of association or large hotel group. For example, commission rate disclosed by the brand “Ibis styles” stated that they had 12% commission rate during the week and 8% during the week-end with Booking.com. Other hotels which are part of groups had the 12% commission rate from Booking.com. It is interesting in this case to recall that Booking.com “normal” or theoretical commission percentage is 15%. It can even go as high as 30% in order to be ranked better on Booking.com website (see [chapter 2.2.1](#)). In contrast, commission percentage disclosed by independent hotels varied from 15% to 22.5% for the highest.

When respondents were asked what was the advantages for them about using an OTA, it was a unanimous answer. They all said that visibility was the main take because online travel agencies had a very strong online presence and their own client database. Moreover, all hotel managers were also unanimous about the fact that they use OTAs permanently throughout the year. However, several respondents mentioned that during special time periods, such as business seminars, holidays, etc. they would keep more rooms for them since it can be sold easily through direct booking. Furthermore, respondents indicated that they often play with room availability for OTAs. In case the hotel is empty, they will give full availability to all OTAs. However, in case the hotel starts to be fuller, they will close availability to OTAs.

Next, they were asked what was the advantages for a client that booked directly with them instead of going with an intermediary. A unanimous answer was flexibility and warmer contact. The hotel staff being able to answer directly to customers queries and being able to be more flexible about cancellation policy. However, a financial advantage was more mitigated. Several respondents mentioned that customers that booked directly through them would get from 5 to 10% discount on room price. Other respondents said that they would not give financial advantages, except maybe free wellness access or free breakfast. A unique answer from the respondent “Castel de Pont-à-Lesse” explained that they would give exactly the same prices as

on their website to Booking.com and Expedia. Thus, they would almost never close availabilities for those two. On the other hand, they would give cheaper prices to Weekendesck and some other OTAs when the hotel is almost empty. Then, as soon as they get some clients they would close availability for those OTAs. Of course, it also depends of the business relationship with the contact person in each company. Each hotel managers have one contact person within each OTA company.

After, respondents were asked if they could share the numbers about occupancy rate between direct booking and OTAs. In this case, answers were quite different across the three categories. The percentage is given across the period of a year. Regarding independent hotels, the percentage was more or less 60-65% in sales through OTAs against 40-35% in direct booking. About hotel associations, it was the opposite with an average of 60% for direct bookings against 40% for sales through intermediaries. Large hotel groups were the same as hotel association. However, it was mentioned that periods during the year were highly variable. For example, business hotels mentioned that during summer, they mainly had sales through OTAs, whereas during the year it was mostly direct booking. Leisure hotels were the opposite with most direct bookings being during summer or holidays and the rest of the year through OTAs.

All categories agreed to the fact that Booking.com was the most widely used OTA in Belgium and the one that brought the most reservation. Respondents that disclosed the numbers said that on average Booking.com was responsible for 40% or 50% of sales from all travel agencies. Albeit, respondents from “Ibis Styles Brussels Louise” and “Ibis Kortrijk centrum” have noticed a recent rise from Expedia in 2018. They specified that it was hard to compare Booking.com to Expedia since the latter mostly sell packages. Anyways, 2018 has been a good year for Expedia in Belgium since their numbers has been steadily growing for the Ibis brand at least.

Correspondingly, respondents were asked if they could currently work without using OTAs. The answer was a unanimous “No”, since even those that have enough sales in direct booking would never work without online travel agencies because it always brings them more customers. A respondent even said that as long as its occupancy rate is not 100% through direct booking, he would never stop using OTAs.

In correlation with their current occupancy rate in direct booking, they were asked what was the occupancy rate needed to reach break-even. For the respondents that agreed to disclose the information, they needed about 50% occupancy rate throughout the year so as not to lose money. If they reached between 65% to 75%, they would be profitable. On average, their target for occupancy rate is 80-85%. However, this rate percentage was not as high for the hotels whose main activity was actually the restaurant. In those cases, the hotel was just an added-value for the restaurant's customers.

An interesting fact is that most of the current independent hotels interviewed in this survey were previously part of an hotel association. They left their associations because the fees were too high compared to the number of customers brought by their belonging to that brand. Moreover, they like the fact that they can set their own prices and do the marketing they want.

Overall, it could be felt through the interviews that hotel managers had the will to drive direct bookings more. To do so, they tend to use loyalty programs, tracking the customers that came through intermediaries, trying to establish a relationship with them. They also keep rooms during special events so that it may only be for direct booking. In general, they were delighted by the change in Belgian Law from July 2018 which forbid the use of any rate parity agreement. Nonetheless, they are perfectly aware of the importance of OTAs nowadays. Especially their extremely strong online presence, which the hotels have no way to compare to. Basically, hotel managers that answered this survey stay clear on their goals, which are to provide a seamless experience to customers but also to get back more direct bookings. Also, they will keep to work closely with OTAs in order to offer the best services available to the customers.

4.4. Critical analysis summary

To summarise the analysis over the hospitality industry in Belgium, focused on hotels and online travel agencies, the landscape is quietly changing. From the increased number of trips booked to Belgium, both for leisure or business purposes to changes in legislation throughout the Europe Union, favouring hotels.

As hoteliers are trying to drive direct bookings sales up, the customer's survey showed that customers in general still have the mentality to book through OTAs. A choice from customers mainly made because of the easiness to compare accommodations. While they are not against the idea of booking directly to a hotel, they still want the same services that OTAs are bringing. As most of the survey respondents answered that they usually travel from 2 to 4 times per year (a huge increase from 20 years ago), accommodation providers can see a major increase in business opportunities. In this case, capturing the customer attention becomes more important than ever. So far, the OTAs are the one doing that the best, with a very strong online presence and huge budget invested into advertisement. Accordingly, hotel managers are well aware of this feature from OTAs and would never stop using them. It is a relationship which is called "Frenemy", both friends and enemy at the same time. Hotel managers are currently playing with rooms availabilities and prices for loyal customers, since they usually look for the cheapest prices on a certain quality standard.

Furthermore, it is important for hotel managers to manage their hotel reputation online. As mentioned in the TripAdvisor analysis and later on revealed again in the customer survey, negative reviews can heavily affect the percentage of bookings in a hotel. Fixing each negative reviews is a must nowadays for hoteliers, since the branding image is being shaped by the opinions of the community.

In short, many aspects of the industry are important to keep track of, such as reputation management, booking channels available (hotels going after corporate travel), overall number of trips booked to Belgium or change in legislation. New trends are emerging in order to capture customers' attention. Be it a new type of experience or a targeted advertisement.

5. Conclusion

This academic paper tries to provide an answer to the following research question: What is the influence of online travel agencies on hotels' booking channels in Belgium and how does it impact consumers?

The teachable point of view (TPOV) is that even though OTAs have a huge influence over hotels' booking channel, hotel managers would absolutely not stop using OTAs since it is an important source of revenue for them. However, aforementioned managers do not forget their goals, which is to drive up direct bookings. Regarding the TPOV about consumers, OTAs do have an important impact on consumers, since they managed to establish themselves as the primary mean for booking accommodations. Also, they use customer data in order to do targeted advertisement, but the aftereffect of this use of data are not well-understood yet.

In order to reach the teachable point of view for this dissertation, the analysis through the entire work was needed. From the literature review which offers a deeper understanding of OTAs, to the critical analysis of consumer habits and hotel managers goals. This dissertation starts with a research over OTAs background. They were created around the late nineties, fostered by the burst of the Internet bubble. They spread worldwide with the appearance of social media and the increasing use of smartphones. OTAs managed to establish themselves on all available platforms. They grew and adapted themselves to evermore demanding consumers. Moreover, the analysis of OTAs business models, alternative model, meta search engines and review page platform enables readers to better understand the impacts that online travel platforms have on customer experience and data. It also offers a perspective as to what is the presence of OTAs in the marketplace nowadays, since they managed to establish themselves as the main booking channels in consumer's minds.

Regarding the impacts that OTAs have on consumers, on the first hand, review page platforms like TripAdvisor allow customers to comment/rate their stay while informing future consumers on the quality of the services. On the other hand, platforms like Airbnb offer new types of experience to their customers to bring them closer to locals or offering apartments in the epicentre at reasonable prices. Those new players foster the hotel managers to always seek for new ideas in order to keep pleasing their customers. They are putting the customer experience

to the core of their focus. The experience of those evermore demanding customers has to always be perfect, which makes it even more difficult to hotel managers. However, the increasing number of trips booked in Belgium in 2017 confirms that online travel businesses and hotels are succeeding in this change.

[Chapter 2.2.](#) and [chapter 2.4.](#) explain how OTAs have an impact on the advertisement to the final customer. Online businesses are able to detect what the consumers want and therefore engage them with advertisements with a higher conversion rate. Google Hotel Ads represents the best example for this subject. Indeed, the integration of the Google's hotel feature into their search engine is so smooth that the customer does not even realise he is using Google Hotel Ads and not the classic search of Google.

Even through those tailor-made ads appear to be interesting for the customers, it is still unclear how data are stored and whether it encroaches on customers' privacy. This question opens the debate to whether this data usage is negative or positive to consumers and how it should be regulated in the future.

Finally, the critical analysis offers first a perspective of the hospitality industry in Belgium. The number of trips booked (arrivals), the number of hotels, why they are dwindling (change of appellation in 2012) and a comparison between Belgian and foreigner arrivals. Secondly, changes in legislation throughout several European countries. The change in parity agreement offers a new lease to hotels, which are now much more on par with OTAs in order to negotiate pricing. Thirdly, the customer survey enables the reader to understand what is expected by Belgian consumers when booking an accommodation. What they are used to (mainly using OTAs), but also that they would agree to go directly book through an hotel if service and price are the same. Lastly, the hotel qualitative interviews ([chapter 4.3.2.](#)) are the analysis of hotel managers' perspectives about OTAs influence on their booking channels. As was mentioned in that chapter, they are aware of OTAs importance and will not stop using them. However, they do not forget their own goals and are maintaining a healthy balance between sales through intermediaries and direct bookings.

As explained in the analysis of major OTA business model, they hold an important influence over hotels' booking channels ([chapter 2.2](#) and [chapter 2.4](#)). This influence is mainly explained by their highest online presence within the hospitality industry. Moreover, as mentioned in

[chapter 4.3.1 Second section](#), OTAs appear to be the favourite channel of booking accommodations in Belgium. Even though this influence is well-known by hotel managers ([chapter 4.3.2](#)), they prefer to benefit from OTAs strong online presence in order to attract more customers. Indeed, opening to OTAs allow them to boost their revenues by applying flexible room prices or availabilities at any time. Additionally, hotel managers are tracking each customers coming through intermediaries in order to create a direct customer loyalty by offering discounted prices, free amenities or flexible policies. Furthermore, aforementioned managers are also targeting corporate travellers, not extensively encompassed by OTAs services yet.

Despite that influence, OTAs are still dependent on hotel manager's decisions, as they are still the ones who decide when to open rooms to OTAs. Because of this mutual dependence, the relationship formed is that one cannot do without the other. This created the need to maintain the balance, since it would not fare well if OTAs acquire too much influence over hotels' pricing decisions. Shady practices (Calder, 2017) such as rooms sold to customers at corporate rates (McCune, 2018) or parity agreements, highly restrictive for hotels, are not tolerated. The change in legislation in July 2018 in Belgium shows that the government regulates OTAs in order to maintain the balance within the hospitality industry ([chapter 4.2.](#)). Regarding regulation, it is not yet clear how much the "General Data Protection Regulation" enforced in the European Union in 2018 (Lord, 2018) can protect consumers' data. In this case, the threat is that consumers agree to share data without prior knowledge to what length it can be used to. This can be researched further in correlation with OTAs usage of customer data and whether it encroaches on their privacy or not.

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7. Appendices

Appendix 1

Advertising, sales and marketing expenses of Booking Holdings worldwide from 2015 to 2017 (in billion U.S. dollars)



Figure A 1: Advertising expenses of Booking Holdings from 2015 to 2017

(Statista, 2018)



Figure A 2: Business model canvas of Booking.com

(Innovation Tactics, 2017)

Appendix 3

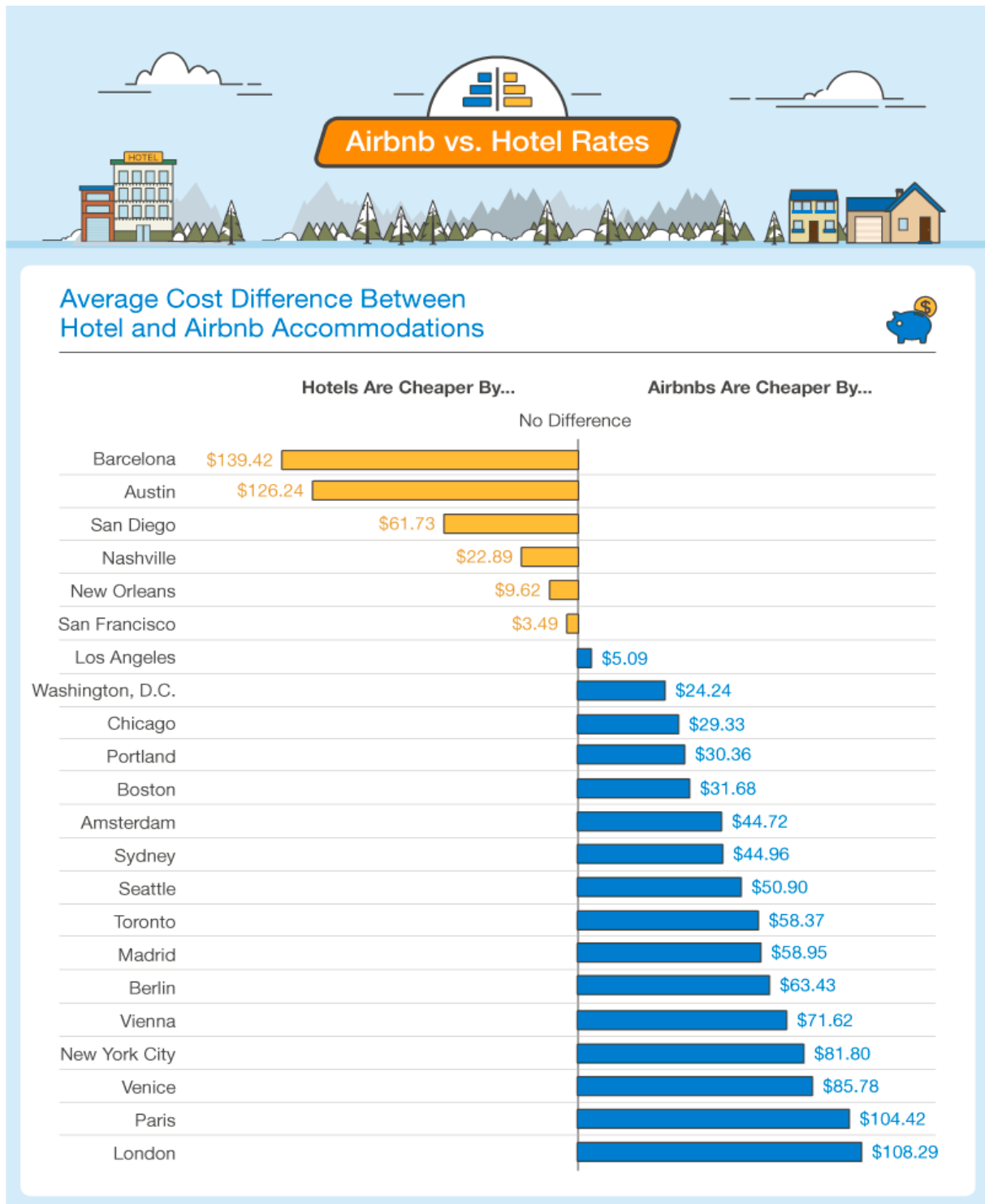


Figure A 3: Airbnb rates versus hotel rates in major cities

(Busbud, 2016)

Appendix 4

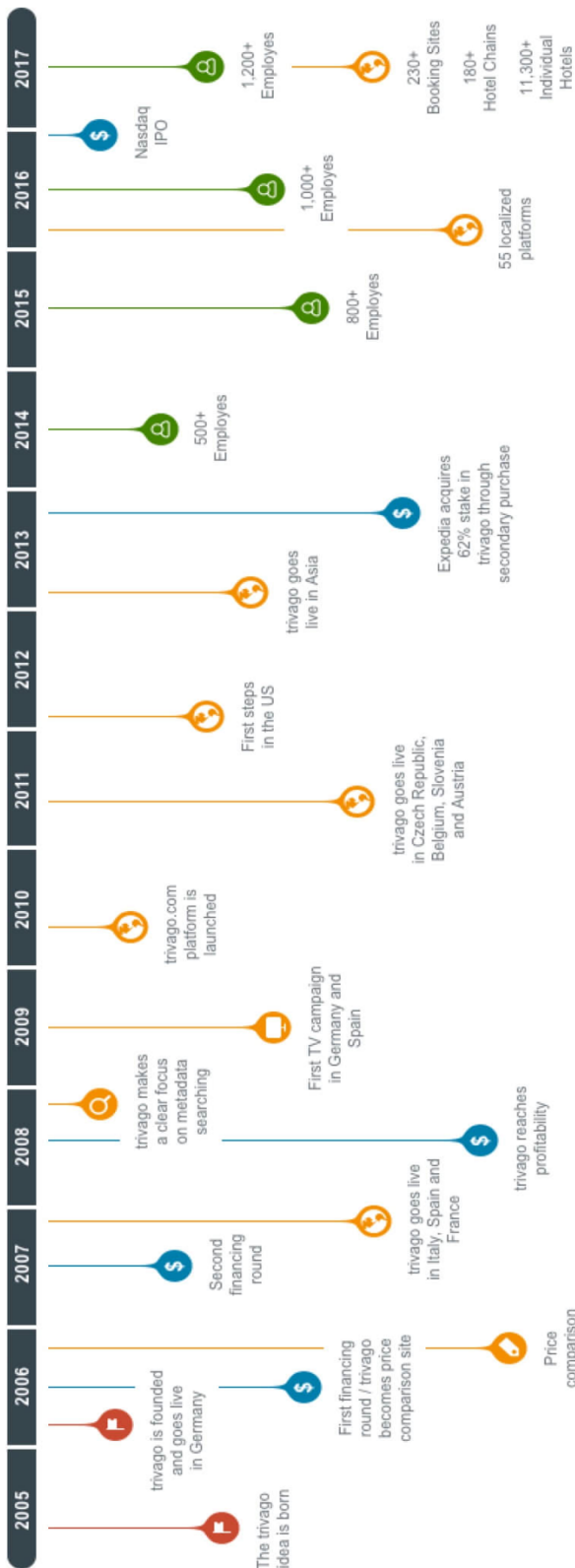
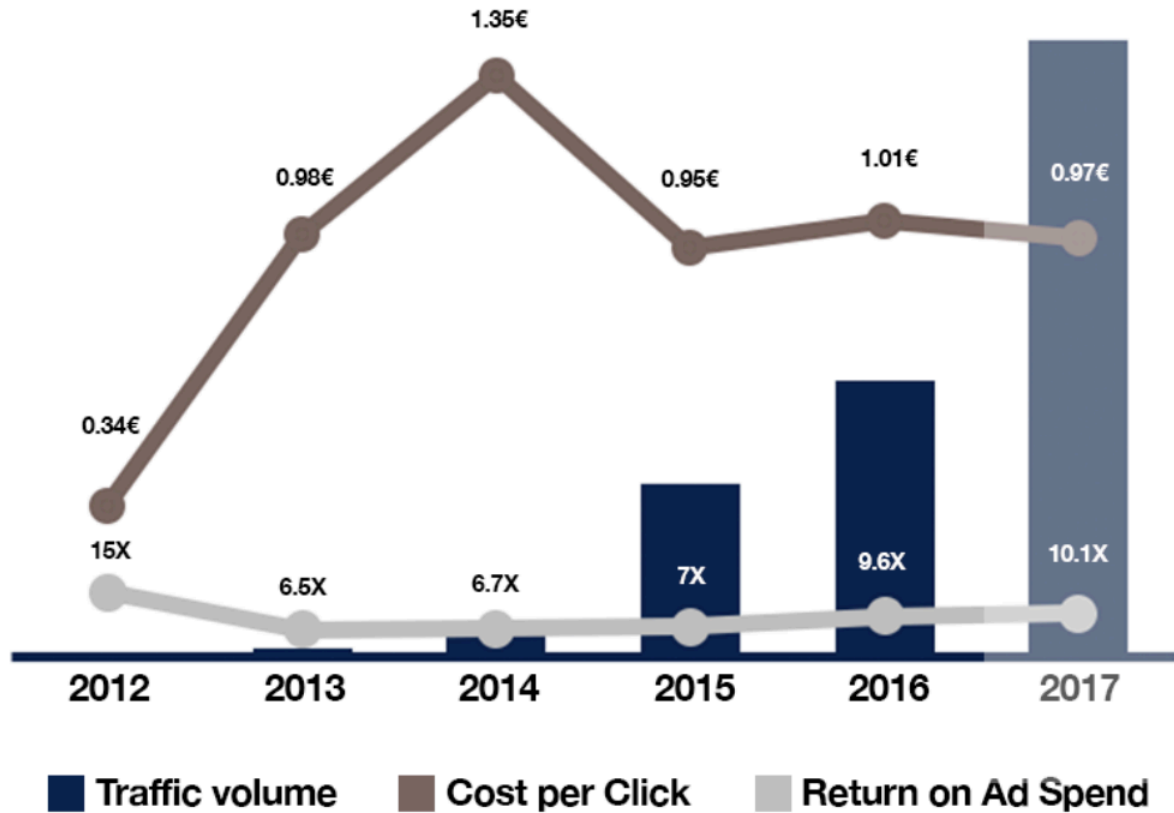


Figure A 4: Trivago chronology organigram from 2005 to 2017

(Trivago, 2018)

Google Hotel Ads Performance

Traffic volume, cost per click, return on ad spend



Data on click volume compared to the cost per click and return on ad spend are from FASTBOOKING's clients that have opted for paid online campaigns. All data is averaged per month except for 2017 data which is not representative of the complete year.

Figure A 5: Google Hotel Ads advertising performance

(FastBooking, 2017)

Appendix 6

The image shows a Google search interface for 'hotel in london'. The search bar contains the text 'hotel in london'. Below the search bar are navigation tabs: All, Maps, Images, News, Videos, More, Settings, and Tools. The search results show 'About 21,400,000 results (0.58 seconds)'. The first result is 'Hotels in London | Search and Book Now | booking.com' with a link to 'www.booking.com/London/Hotels'. The second result is 'MOXY London Excel | Mingle at Moxy London | marriott.co.uk' with a link to 'www.marriott.co.uk/MOXY/London'. Below the text results is a map of London with numerous blue price markers ranging from €12 to €246. Below the map is a date selector for 'Wed, 18 Apr' and 'Thu, 19 Apr', a price range slider, and several filter buttons: 'Sort by', '2' (guests), 'Rating', 'Accommodation type', 'Hotel class', and 'Amenities'. A yellow oval highlights the map, date selector, price slider, and filter buttons. Below these elements is a list of hotel cards:

Hotel Name	Price
Royal National Hotel	€97
Ibis London Earl's Court Hotel	€92
ibis budget London Whitechapel Hotel	€77

At the bottom of the results, there is a link 'View 3,395 hotels' and a link 'About pricing'.

Figure A 6: Google Hotel Ads integrated in Google search

(Net Affinity, 2018)

The screenshot displays the Google Hotel Ads interface. At the top, the search bar contains "hotel in london". Below the search bar, the check-in date is "Fri, Oct 26" and the check-out date is "Sat, Oct 27". The number of guests is set to 2. The maximum price per night is set to "Max €148/night". The user rating is set to 4 stars. The interface shows a list of 164 hotels, with the top three results visible:

- The Bermondsey Square Hotel**: 134 €, 4.2 stars, 333 reviews, 4-star hotel. Description: Trendy boutique hotel featuring modern rooms & loft suites, plus dining & a rooftop bar. Amenities: Free breakfast, Featured offer from Booking.com.
- The Grove Apartments**: 90 €, 3.3 stars, 23 reviews, 3-star hotel. Description: Featured offer from Booking.com.
- Ambassadors Hotel**: 87 €, 2.9 stars, 683 reviews, 3-star hotel. Description: Straightforward property featuring modern rooms with free Wi-Fi, plus an unassuming restaurant. Deal: 34% off. Note: "Good staff great price nice showers just a stone throw to all the shops and busses".

On the right side of the interface, a map of London is displayed, showing various hotel locations marked with price tags. The map includes landmarks such as the River Thames, Big Ben, and the Shard. The price tags on the map range from 13 € to 148 €.

Figure A 7: Google Hotel Ads hotel listings and google map

The screenshot displays the Google Hotel Ads interface. At the top, the search query is 'hotel in london'. The search parameters are: Check in: Fri, Oct 26; Check out: Sat, Oct 27; Guests: 2; Max price: €148/night. The results are sorted by 'Best match' and show 162 hotels. The first result is 'The Grove Apartments' (3.3 stars, 23 reviews, 3-star hotel) priced at 90 €. The second result is 'The Bermondsey Square Hotel' (4.2 stars, 333 reviews, 4-star hotel) priced at 134 €. The third result is 'Ambassadors Hotel' (2.9 stars, 683 reviews, 3-star hotel) priced at 87 € with a 34% deal. A pop-up window for 'The Bermondsey Square Hotel' is open, showing a 'BOOK A ROOM' button, address (Tower Bridge Rd, London SE1 3UN, UK), phone (+44 20 7378 2450), and check availability options for Fri, 26 Oct (2 guests, 142 €) and Sat, 27 Oct (2 guests, 158 €). Other options include 3 guests for 183 € and 2 guests for 186 € (including free breakfast). A 'View more rates' link is also present. The background shows a map of London with various hotel locations and prices.

Figure A 8: Google Hotel Ads click on paid listing Bermondsey hotel and pop-up window

The screenshot displays a Google Hotel Ads search for "hotel in london". The search bar shows the query and a magnifying glass icon. Below the search bar, filters for "Check in" (Fri, Oct 26) and "Check out" (Sat, Oct 27) are visible. A "Guests" filter is set to 2, and a "User rating" filter is set to 4 stars. A price range slider is set from 0 € to 400 €+, with a maximum price of €149/night. A "MORE (1)" link is present.

The search results list several hotels:

- The Bermondsey Square Hotel**: 134 €, 4.2 stars, 333 reviews, 4-star hotel. Description: "Trendy boutique hotel featuring modern rooms & loft suites, plus dining & a rooftop bar." Includes a "Free breakfast" icon and a "Featured offer from Booking.com" badge.
- Ambassadors Hotel**: 87 €, 2.9 stars, 683 reviews, 3-star hotel. Description: "Straightforward property featuring modern rooms with free Wi-Fi, plus an unassuming restaurant." Includes a "DEAL 34% off" badge and a quote: "Good staff great price nice showers just a stone throw to all the shops and buss".
- The Tower Hotel**: 140 €, 4.2 stars, 2,891 reviews, 4-star hotel. Description: "Polished lodging on the banks of the Thames, offering refined dining, 2 bars and afternoon tea." Includes a "Free Wi-Fi" icon and a quote: "Amazing breakfasts with a great variety of cooked english and continental food."
- St Giles London Hotel**: 133 €.

Below the listings, a "BOOK A ROOM" button is visible. The map on the right shows the location of the Tower Hotel (140 €) in London, with other nearby hotels and landmarks like Victoria Miro (107 €), The Book Club (101 €), Barbican Centre (113 €), and The Shard (117 €).

Figure A 9: Google Hotel Ads click on organic listing - Tower Hotel

Appendix 10

The following is a detailed discussion of the revenue sources within our Hotel segment:

	Year ended December 31,			% Change	
	2017	2016	2015	2017 vs 2016	2016 vs 2015
Hotel:	(in millions)				
TripAdvisor-branded click-based and transaction	\$ 756	\$ 750	\$ 837	1%	(10%)
TripAdvisor-branded display-based advertising and subscription	292	282	272	4%	4%
Other hotel revenue	148	158	154	(6%)	3%
Total Hotel revenue	<u>\$ 1,196</u>	<u>\$ 1,190</u>	<u>\$ 1,263</u>	1%	(6%)

Figure A 10: TripAdvisor revenue in hotel segment from 2015 to 2017

(TripAdvisor, Inc, 2017)

Appendix 11

Revenue and Segment Information

	Year ended December 31,			% Change	
	2017	2016	2015	2017 vs. 2016	2016 vs. 2015
Revenue by Segment:	(in millions)				
Hotel	\$ 1,196	\$ 1,190	\$ 1,263	1%	(6)%
Non-Hotel	360	290	229	24%	27%
Total revenue	<u>\$ 1,556</u>	<u>\$ 1,480</u>	<u>\$ 1,492</u>	5%	(1)%
Adjusted EBITDA by Segment (1):					
Hotel	\$ 286	\$ 380	\$ 472	(25)%	(19)%
Non-Hotel	45	(28)	(6)	261%	(367)%
Adjusted EBITDA Margin by Segment (2):					
Hotel	24%	32%	37%		
Non-Hotel	13%	(10)%	(3)%		

(1) Included in Adjusted EBITDA is a general and administrative expense allocation for each segment, which is based on the segment's percentage of our total personnel costs, excluding stock-based compensation. Refer to "Note 17 — Segment and Geographic Information," in the notes to our consolidated financial statements in Item 8 for more information.

(2) We define "Adjusted EBITDA Margin by Segment", as Adjusted EBITDA by segment divided by revenue by segment.

Figure A 11: TripAdvisor total revenue per segment from 2015 to 2017

(TripAdvisor, Inc, 2017)

Appendix 12

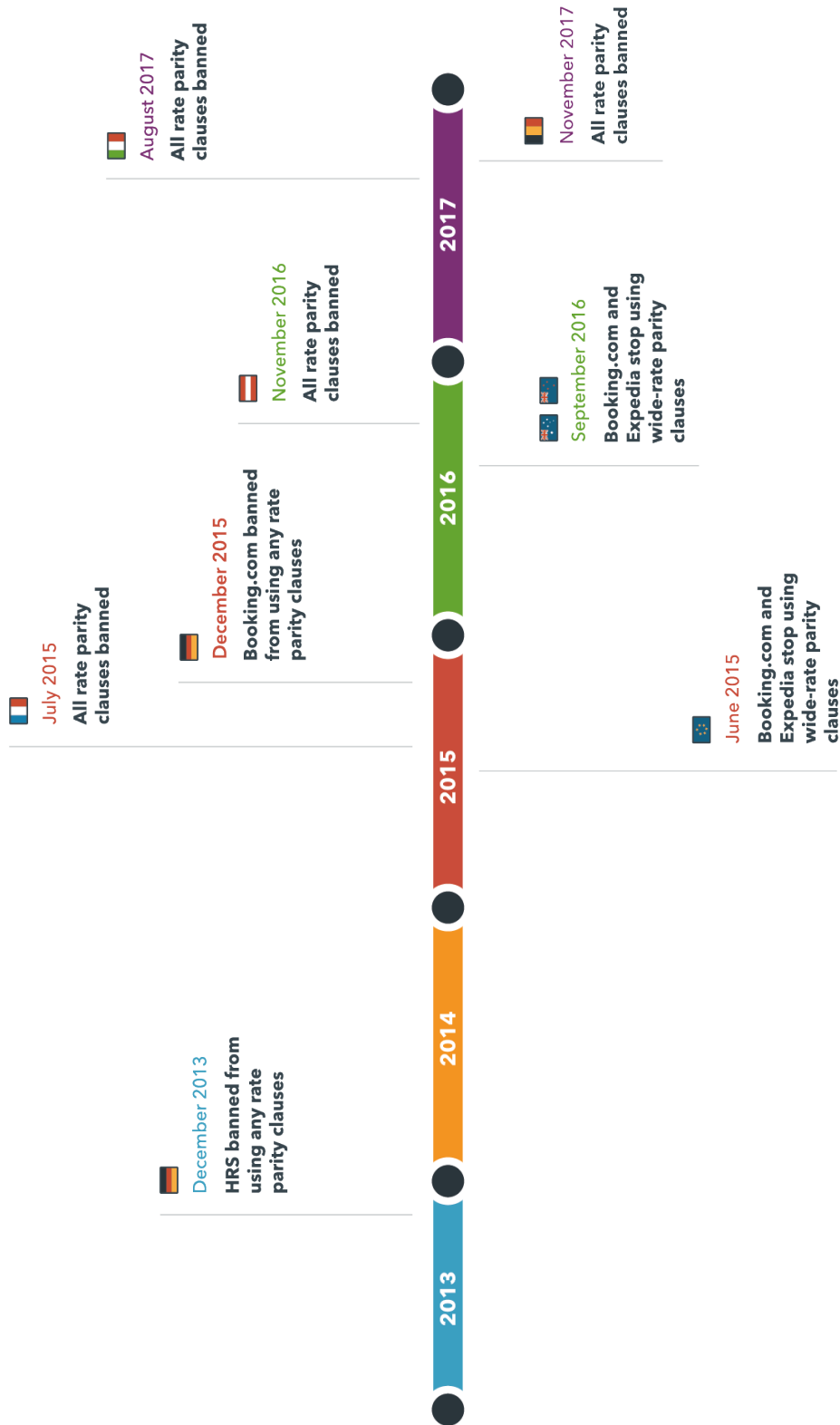


Figure A 12: Rate parity chronology in Europe
(Trivago Business Blog, 2018)

Appendix 13

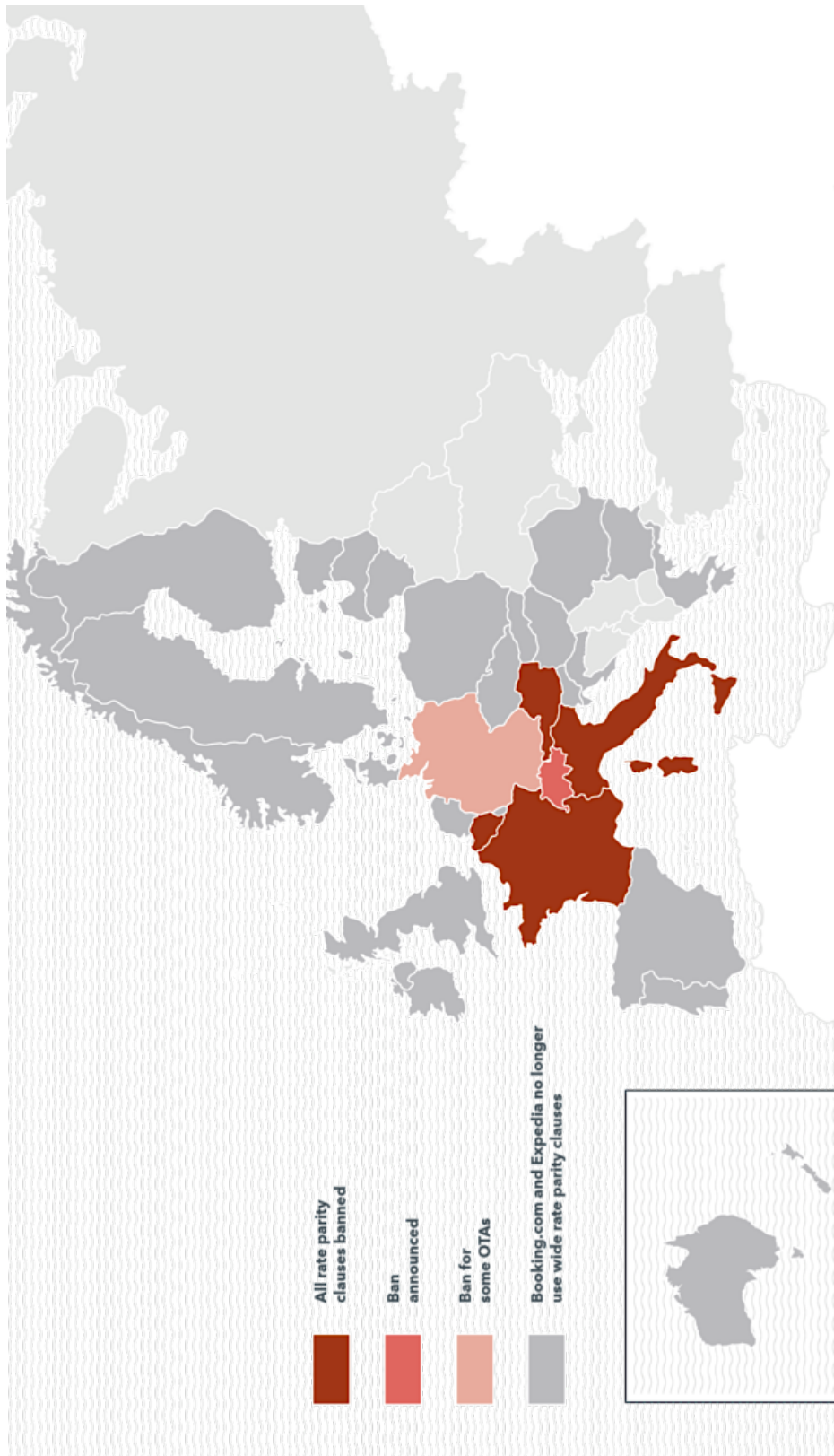


Figure A 13: European Union map for country with and without rate parity clauses

(Trivago Business Blog, 2018)

Appendix 14

Customers survey analysis

1. How do they book hotels or accommodations?

Age group	N°1	N°2	N°3
18-30 (306)	OTA (71%)	Direct contact with the hotel (15,7%)	Traditional travel agency (8,8%)
31-45 (63)	OTA (60,3%)	Direct contact with the hotel (33,3%)	Traditional travel agency (3,2%)
+45 (134)	OTA (53,7%)	Direct contact with the hotel (29,9%)	Traditional travel agency (12,7%)

2. Why do they directly reach out to the hotel or accommodation: (96)

- Direct contact, personalised
- Simpler
- Safer
- More advantages

3. Why do they usually use an OTA? (329)

N°1	N°2	N°3
Ease to compare accommodations	Price	Special offers

4. If price and service were the same, would they directly reach out to the hotel? (329)

Yes (+- 75%)

5. Why would they choose a traditional travel agency (brick and mortar offices)? (39)

- Direct contact face-to-face, personalised offer
- Advices
- Safer
- Time gain

6. How do they make a booking?

Age group	N°1	N°2	N°3
18-30 (306) 31-45 (63)	Laptop/desktop (314)	Mobile app (136)	Phone call (80)
+45 (134)	Laptop/desktop (111)	Phone call (36)	Mobile app (26)

7. How long do they take between the moment they decide to go and making the reservation?

Age group	N°1	N°2	N°3
18-30 (306)	Between 1 day and 1 week (36%)	Depends of the reason for travelling (27,5%)	Between 1 week and 1 month (27,5%)
31-45 (63)	Depends of the reason for travelling (38%)	Between 1 day and 1 week (36.5%)	Between 1 week and 1 month (16%)
+45 (134)	Between 1 day and 1 week (39%)	Depends of the reason for travelling (25%)	Between 1 week and 1 month (14%)

8. How long do they take according to what type of trip?

- **18-30 (51)**
 - City Trip and week-end: A few days
 - Long trip: Several months
- **31-45 (17) and +45 (19)**
 - They usually take longer to decide than the age group 18-30 but they are not as specific about the exact length of time.

9. Do they pick the destination or accommodation first?

95% choose the destination first (477)

10. Are they loyal to a brand or hotel group?

- 18-30 and 31-45 (369)

More than 95% No

- +45 (134)

- 84% No

- 16% Yes

11. Do they usually travel nationally or internationally?

Age group	N°1	N°2	N°3
18-30 (306) 31-45 (63)	International (55%)	Both (40%)	National (5%)
+45 (134)	International (65%)	Both (32%)	National (3%)

12. What kind of trip do they like?

Age group	N°1	N°2	N°3
18-30 (306)	City-Trip (191)	Week-end relaxation (135)	Family holiday (98)
31-45 (63)	Family holiday (33)	City-Trip (31)	Week-end relaxation (29)
+45 (134)	Family holiday (63)	City-Trip (53)	Week-end relaxation (48)

13. How many times a year do they go on a trip?

Age group	N°1	N°2	N°3
18-30 (306)	Between 2 to 4 times (66%)	1 time (20%)	More than 5 times (11%)
31-45 (63) +45 (134)	Between 2 to 4 times (68%)	More than 5 times (16%)	1 time (11%)

14. What kind of offer are they looking for? (503)

N°1	N°2	N°3
Accommodation only (58%)	Accommodation + breakfast (30%)	Accommodation + Breakfast + Activity (5,5%)

15. On a scale from 1 to 5, how much trust do they have in a brand? (503)

+ 50% → Trust of 3/5

+ 25% → Trust of 2/5

16. On a scale from 1 to 5, how much trust do they have in reviews from peers? (503)

- **18-30 (306) and 31-45 (63)**

+ 50% → Trust of 4/5

+ 30% → Trust of 3/5

- **+45 (134)**

+ 39% → Trust of 4/5

+ 33% → Trust of 3/5

17. Have they ever changed their mind about a reservation after reading reviews from peers?

18-30 (306)	31-45 (63)	+45 (134)
Yes (81%)	Yes (76%)	Yes (62%)

18. After a stay, do they usually write a review about it?

18-30 (306)	31-45 (63)	+45 (134)
No (61%)	Yes (59%)	No (53%)

19. Do they use Airbnb?

	N°1	N°2	N°3
18-30 (306)	Occasionally (43%)	Never (35%)	Often (18%)
31-45 (63)	Never (51%)	Occasionally (41%)	Often (6%)
+45 (134)	Never (75%)	Occasionally (19%)	Often (6%)

20. Among users, what do they like about Airbnb? (503)

	N°1	N°2	N°3
	Price	Geographical position	Guest reviews

Interviews for the category: hotel associations

Interview 1: Romantik Le Val d'Amblève; Mr Roxs

1. Are you part of a large hotel group or a voluntary chain (hotel association)? Or are you an independent hotel? Why? What are the advantages?

We are part of the hotel association “Romantik”. It is an association mainly from Germany. It gives us more visibility, another kind of clients and we are present on the association website. It costs us 5000€ annually and they also impose us to have bottle of water from a specific brand in our rooms.

2. How many stars do you have?

4 stars

3. How many rooms are there in your hotel? (the size)

24 rooms.

4. Do you use any Online travel agency (OTA), like booking.com or Weekendsk?

Yes.

5. Which one do you use? And which commission percentage?

Booking.com, HRS, Expedia and Bongo. I only remember Booking.com commission rate being at 12%.

6. What are the advantages gained by using them? (Or why don't you use them?)

It brings us much more visibility.

7. Could you explain if you use OTA permanently throughout the year or if there are periods when you need them more?

Permanently throughout the year.

8. How do you handle your relationship with the OTAs? (Between direct booking and sales with the intermediaries).

We are more expensive on sales through intermediaries than in direct booking. After, it is up to us to drive loyalty among guests in order to entice them to book directly through us.

9. Is there a big difference between the marketing cost for direct booking and the commission cost for OTAs? Can you share the numbers?

In my eyes, there are none. Our only cost is the quality of our facility. We offers an exemplary service to all our guests. Hence, the only marketing cost that we have is the one generated through commissions to OTAs.

10. If a customer books directly to you instead of going with an OTA, what are the main advantages for him?

More flexibility. Because of the commissions, we can't offer much more plus to the guest that booked through intermediaries. If they book directly, we can tell them about different offers such as rooms + breakfast + dinner or other special offers. Moreover, if booked directly they will have a better cancellation policy.

11. Do you know the room occupancy rate in your hotel between direct booking and OTAs?

I don't have the numbers but in September, August and May, it is mainly direct bookings. June and April are mainly sales through OTAs.

12. If you use several OTAs, which one brings you the most reservation?

Booking.com brings us the most. Expedia brings about 5 reservations per month. HRS also brings 5 reservations per month. Bongo brings about 10 reservations per month.

13. What is the room occupancy rate that you need in order to reach break-even?

The main attractive point and income generator here is our restaurant which is a gastronomic one with one star on the Michelin guide 2018. Hence, if a client books a room and then go to my restaurant, it will be about 150€ for the room and then 200€ for the restaurant => a total of 350€. Hence, if I sell 4 or 5 rooms per night, then I will be profitable because most of the client that book a room will go in my restaurant too.

14. Is your current occupancy rate in direct booking enough for you to not use OTA?

Yes, because I highly drive guest loyalty. However, I would not stop using OTAs because they always bring more clients.

Interview 2: La Butte aux Bois; Marc Alofs

1. Are you part of a large hotel group or a voluntary chain (hotel association)? Or are you an independent hotel? Why? What are the advantages?

Relais & Châteaux since 2008. It gives us a larger public from France and more visibility.

2. How many stars do you have?

Five stars' superior hotel. Second one in Belgium.

3. How many rooms are there in your hotel? (the size)

59 rooms

4. Do you use any Online travel agency (OTA), like booking.com or Weekendesks?

Yes

5. Which one do you use? And which commission percentage?

Booking.com 12%

Weekendesks 12%

HRS: I don't know

Expedia 10-12%

6. What are the advantages gained by using them? (Or why don't you use them?)

More visibility. More public

7. Could you explain if you use OTA permanently throughout the year or if there are periods when you need them more?

All year round. We play with prices, sometimes higher, sometimes lower. It also depends of how much rooms we have left.

8. How do you handle your relationship with the OTAs? (Between direct booking and sales with the intermediaries).

N/A

9. Is there a big difference between the marketing cost for direct booking and the commission cost for OTAs? Can you share the numbers?

The only cost is the website.

10. If a customer books directly to you instead of going with an OTA, what are the main advantages for him?

If they book directly through us, they will have better prices than with an intermediary.

11. Do you know the room occupancy rate in your hotel between direct booking and OTAs?

Average room price is 126€.

60% direct and 40% OTA.

12. If you use several OTAs, which one brings you the most reservation?

Booking.com (don't have the numbers)

13. What is the room occupancy rate that you need in order to reach break-even?

We need 50% on average not to lose money.

Our average occupancy rate is 75%.

14. Is your current occupancy rate in direct booking enough for you to not use OTA?

No, OTAs stay very important.

Interview 3: Hotel restaurant – Carpe Diem; Mr Poncelet

1. Are you part of a large hotel group or a voluntary chain (hotel association)? Or are you an independent hotel? Why? What are the advantages?

Yes, we are part of the hotel association “Les logis de Belgique”. It allows us to develop a network of guests which will sleep at our hotel when undertaking long travels. It also brings us more customers during the week. Lastly, we get an international visibility.

2. How many stars do you have?

3 stars.

3. How many rooms are there in your hotel? (the size)

11 rooms.

4. Do you use any Online travel agency (OTA), like booking.com or Weekendsk?

Yes.

5. Which one do you use? And which commission percentage?

Booking.com; Expedia; Weekendsk; Bongo and Trivago.

On average, the commission rate is 20%.

6. What are the advantages gained by using them? (Or why don't you use them?)

Especially the visibility. Moreover, it allows customers to compare prices since we are cheaper on our own website.

7. Could you explain if you use OTA permanently throughout the year or if there are periods when you need them more?

Permanently throughout the year.

8. How do you handle your relationship with the OTAs? (Between direct booking and sales with the intermediaries).

Everything is handled by our reservation system. Thus, we can play with prices or decide to participate in special marketing campaigns from OTAs during some time period.

9. Is there a big difference between the marketing cost for direct booking and the commission cost for OTAs? Can you share the numbers?

Only the cost from our website and reservation system.

10. If a customer books directly to you instead of going with an OTA, what are the main advantages for him?

They will get financial advantages.

11. Do you know the room occupancy rate in your hotel between direct booking and OTAs?

60% in direct bookings and 40% through OTAs.

12. If you use several OTAs, which one brings you the most reservation?

Booking.com is the one selling the most rooms. However, it is difficult to compare the rest because many are selling packages (rooms + dinner).

13. What is the room occupancy rate that you need in order to reach break-even?

N/A. The hotel is an added value for customers. Our main activity is the restaurant actually.

14. Is your current occupancy rate in direct booking enough for you to not use OTA?

No.

Appendix 16

Interviews for the category: Large hotel groups

Interview 1: Dolce La Hulpe Brussels; Mrs Daisy Rivers

1. Are you part of a large hotel group or a voluntary chain (hotel association)? Or are you an independent hotel? Why? What are the advantages?

We are part of a large hotel group called Wyndham resorts; our branch is the Dolce chain. The advantages of this include the Wyndham rewards programme which attracts more clients to our hotel.

2. How many stars do you have?

We have 4 stars.

3. How many rooms are there in your hotel? (the size)

264 rooms in 6 different category types.

4. Do you use any Online travel agency (OTA), like booking.com or Weekendsk?

Yes, we use many. Booking.com and Weekendsk as well as bongo are some our biggest ones.

5. Which one do you use? And which commission percentage?

Booking.com, Weekendsk, Bongo and Expedia etc.

6. What are the advantages gained by using them? (Or why don't you use them?)

We can Gain a different target audience of clients (wider variety), from different geographical regions.

7. Could you explain if you use OTA permanently throughout the year or if there are periods when you need them more?

We use OTA's permanently.

8. How do you handle your relationship with the OTAs? (Between direct booking and sales with the intermediaries).

We use intermediaries and can also contact them directly.

9. Is there a big difference between the marketing cost for direct booking and the commission cost for OTAs? Can you share the numbers?

Most of our reservations come from OTA's.

10. If a customer book directly to you instead of doing so through an OTA, what are the main advantages for him?

Customized reservations e.g. Spa packages and personalised approach from the staff. Moreover, we are a green key hotel.

11. Do you know the room occupancy rate in your hotel between direct booking and OTAs?

N/A

12. If you use several OTAs, which one bring you the most reservation?

Booking.com

13. What is the room occupancy rate that you need in order to reach break-even?

N/A

14. Is your current occupancy rate in direct booking enough for you to not use OTA?

N/A

Interview 2: Ibis styles Brussels Louise; Mrs Kostamyan

1. Are you part of a large hotel group or a voluntary chain (hotel association)? Or are you an independent hotel? Why? What are the advantages?

Yes, we are part of the branch “Ibis Styles” within the group Accor hotels.

Our advantages are the ability to use tools provided by the group, e.g. Reservations systems. Moreover, we have all the same quality standards, the name, the fame of the brand or guests’ acknowledgements.

From furniture supply to commission paid to OTAs, everything is cheaper because it is negotiated by the group Accor, which encompass many hotels.

2. How many stars do you have?

3-stars.

3. How many rooms are there in your hotel? (the size)

71 rooms.

4. Do you use any Online travel agency (OTA), like booking.com or Weekendsk?

Yes.

5. Which one do you use? And which commission percentage?

Booking.com: 12% commission during the week and 8% during the weekend. Normally, commission would have been 15%.

Expedia: Commission also, but I don’t remember the exact numbers. They also have a “virtual card” which can be purchased by guests before and then used to pay at the hotel.

HRS

Agoda

Weekendsk

6. What are the advantages gained by using them? (Or why don’t you use them?)

Higher visibility and a lot of last minute reservations.

7. Could you explain if you use OTA permanently throughout the year or if there are periods when you need them more?

Expedia and Booking.com, we use them throughout the entire year. However, we give much more rooms to OTAs during summer, since it is low season for us. (Business oriented hotel).

8. How do you handle your relationship with the OTAs? (Between direct booking and sales with the intermediaries).

Sometimes, we do not give much room to OTAs in order to drive direct booking, especially during special events.

Moreover, we have a special “Accor card” in order to drive guest loyalty.

Our current focus is to sign corporate contract, we currently prioritise business travellers and corporate contract is the step to take for us.

9. Is there a big difference between the marketing cost for direct booking and the commission cost for OTAs? Can you share the numbers?

N/A

10. If a customer books directly to you instead of going with an OTA, what are the main advantages for him?

In that case, the guest will not pay as much as if he books through an OTA. There will be 5% reduction.

We have the same cancellation policy as the one given on Booking.com, meaning that we automatically cancel a booking if we have no news from the guests after 2PM. However, clients with a platinum card, we do try to call them before cancelling.

11. Do you know the room occupancy rate in your hotel between direct booking and OTAs?

There are too many segments for me to look for that information now. Some segments are FIT, Corporate, Business and leisure.

During summer we sell much more through OTAs.

During the year, we sell much more with direct booking (especially if there is an Expo in Brussels).

About the number of rooms, it is highly variable.

If many rooms are free, we give them to OTAs.

If we have an average number of rooms left, we will privilege direct booking.

If we have rooms in last minute, we will give them to OTAs as well.

12. If you use several OTAs, which one brings you the most reservation?

Booking.com. However, 2018 is a surprise since Expedia has sold a lot more packages and rooms than during previous years. I have asked my colleague in Paris and there is also the same trend over there.

13. What is the room occupancy rate that you need in order to reach break-even?

Our goal is 80% occupancy rate. The minimum occupancy rate needed in order not to lose money is 50%.

14. Is your current occupancy rate in direct booking enough for you to not use OTA?

Impossible. We already tried not to use OTAs and it wasn't working well. OTAs always bring us more sales.

Interview 3: Ibis Kortrijk Centrum; Thomas Torrekens

1. Are you part of a large hotel group or a voluntary chain (hotel association)? Or are you an independent hotel? Why? What are the advantages?

Yes, we are part of the Ibis branch within the group AccorHotels, under a franchised contract. It means that we have to pay a fee to the Accor group in exchange for using the name, brand and several services unique to the brand. Hence, we can profit from the fame of the brand and its reputation/image.

2. How many stars do you have?

3 stars.

3. How many rooms are there in your hotel? (the size)

80 rooms in total.

4. Do you use any Online travel agency (OTA), like booking.com or Weekendsk?

Yes.

5. Which one do you use? And which commission percentage?

We work with Booking.com, Expedia, HRS and other.

The commission percentage varies between the OTAs and is under contractual clause related to the group AccorHotels. For confidential reasons, I will not disclose the commission rates.

6. What are the advantages gained by using them? (Or why don't you use them?)

The biggest advantage is the online visibility. Booking.com being the best reference regarding hotels search, it is inevitable for us to form a partnership.

7. Could you explain if you use OTA permanently throughout the year or if there are periods when you need them more?

It is permanent yes. However, we still keep our right not to be visible on other platforms during some periods. At that time, we close our rooms on OTAs platform through our Extranet

(furnished by AccorHotels group). If we decide to do so, it is with the purpose of driving direct bookings when demand is very high.

8. How do you handle your relationship with the OTAs? (Between direct booking and sales with the intermediaries).

With an extranet for Booking.com and Expedia. By email for HRS and the others.

Usually, we have a person of reference in each OTAs company whom has knowledge of the contract. We directly interact with that person.

9. Is there a big difference between the marketing cost for direct booking and the commission cost for OTAs? Can you share the numbers?

We respect the commission rates asked by OTAs. We do not adapt our prices according to these rates.

10. If a customer books directly to you instead of going with an OTA, what are the main advantages for him?

He will receive a direct assistance (via OTA, he has to pass through an intermediary). The promise of better conditions, like 5% reduction, if he is or get affiliated to our loyalty program. The eligibility to be part of the fidelity program.

11. Do you know the room occupancy rate in your hotel between direct booking and OTAs?

For a year, more or less 60-65% of direct booking and 40-35% of sales through intermediaries.

12. If you use several OTAs, which one brings you the most reservation?

Booking.com and Expedia.

13. What is the room occupancy rate that you need in order to reach break-even?

It depends the price to which we sell our rooms. Rentability for a room is reached if we sell it for more than 40€. Our average selling price is 80€ to 100€.

14. Is your current occupancy rate in direct booking enough for you to not use OTA?

No, because of the visibility it brings and our client habits.

Interview 4: Ramada Plaza Liège; Mrs Sari

1. Are you part of a large hotel group or a voluntary chain (hotel association)? Or are you an independent hotel? Why? What are the advantages?

The hotel owner is the group Westmond. The hotel works under franchise with the Ramada branch of the group Wyndham. Moreover, the hotel is managed by the group PREM.

Westmond group: Hotel owners

PREM group: Manages the hotel because they already have all the professionals needed to do so.

Wyndham group: Be franchised under them allows for more visibility and a quality standard. However, there are fees to pay; hence we need to calculate that the ROI is enough. The annual fee is 4.7% from the total revenue.

2. How many stars do you have?

4 stars.

3. How many rooms are there in your hotel? (the size)

149 rooms.

4. Do you use any Online travel agency (OTA), like booking.com or Weekendsk?

Yes

5. Which one do you use? And which commission percentage?

Booking.com; Expedia; Hotel.com; Hotel Specials and Weekendsk.

I don't recall the exact commission percentage per OTA, however I know that on average it is between 10% and 20%.

6. What are the advantages gained by using them? (Or why don't you use them?)

We absolutely need them to get more visibility. OTAs have the best presence online.

7. Could you explain if you use OTA permanently throughout the year or if there are periods when you need them more?

Permanently throughout the year.

8. How do you handle your relationship with the OTAs? (Between direct booking and sales with the intermediaries).

It depends from month to month. Our goal is to drive more direct bookings. Hence, we track every customer that booked through intermediaries and we offer better prices. Moreover, we try to be present on social media and to attract corporate contracts.

9. Is there a big difference between the marketing cost for direct booking and the commission cost for OTAs? Can you share the numbers?

In order to drive direct booking, we have one employee handling that (tracking, etc.). Hence, the cost is only one salary and of course the maintenance of the website.

10. If a customer books directly to you instead of going with an OTA, what are the main advantages for him?

Better prices according to the number of nights booked. Better answer regarding the guest needs.

11. Do you know the room occupancy rate in your hotel between direct booking and OTAs?

I don't know it.

12. If you use several OTAs, which one brings you the most reservation?

Booking.com. Among OTAs sales, Booking.com amount for 40% of it.

13. What is the room occupancy rate that you need in order to reach break-even?

More or less 60% throughout the year in order to reach break-even.

14. Is your current occupancy rate in direct booking enough for you to not use OTA?

Sometimes yes, but generally no.

Interviews for the category: Independent hotels

Interview 1: La Ferronnière; Wim Philips

1. Are you part of a large hotel group or a voluntary chain (hotel association)? Or are you an independent hotel? Why? What are the advantages?

Independent hotel. We stopped our cooperation with the hotel association “Relais du Silence” because the fee was too high and they didn’t bring enough clients.

2. How many stars do you have?

3 stars.

3. How many rooms are there in your hotel? (the size)

13 rooms.

4. Do you use any Online travel agency (OTA), like booking.com or Weekendsk?

Yes.

5. Which one do you use? And which commission percentage?

Only Booking.com, 15% commission percentage.

6. What are the advantages gained by using them? (Or why don’t you use them?)

Very big visibility.

7. Could you explain if you use OTA permanently throughout the year or if there are periods when you need them more?

Permanently throughout the year. We do try to close availability on weekends for Booking.com because we can sell it through direct booking.

8. How do you handle your relationship with the OTAs? (Between direct booking and sales with the intermediaries).

We try to give more advantages to client using direct booking. For example if a client books through Booking.com, they will have to pay for the breakfast as a plus.

9. Is there a big difference between the marketing cost for direct booking and the commission cost for OTAs? Can you share the numbers?

Investment in our own website.

10. If a customer books directly to you instead of going with an OTA, what are the main advantages for him?

The breakfast and more flexibility.

11. Do you know the room occupancy rate in your hotel between direct booking and OTAs?

I don't know it.

12. If you use several OTAs, which one brings you the most reservation?

N/A

13. What is the room occupancy rate that you need in order to reach break-even?

Usually it is quiet during the week and busier on weekend. If we get 9 reservations per weekend and 1 or 2 during the week, we will reach break-even.

14. Is your current occupancy rate in direct booking enough for you to not use OTA?

It is starting yes, but it would be very hard to not use Booking.com. Most of the foreigners use Booking.com to reach us, however our guests from Belgium mostly book directly.

Interview 2: Castel de Pont-à-Lesse; Mr Johan De Turck

1. Are you part of a large hotel group or a voluntary chain (hotel association)? Or are you an independent hotel? Why? What are the advantages?

Independent hotel. We left the association “Best Western” because there was too much rules to follow. Now, we are free to apply the rates we want and to do our own marketing. Moreover there is no more fee to pay.

2. How many stars do you have?

3 stars.

3. How many rooms are there in your hotel? (the size)

91 rooms.

4. Do you use any Online travel agency (OTA), like booking.com or Weekendsk?

Yes.

5. Which one do you use? And which commission percentage?

We use many. Booking.com; Expedia; HRS; Bookit; Hotel Specials.nl; Weekendsk; TravelBird; Kraras; ThomasCook; Wonderbox; Vivabox and Bongo.

I don't remember the commission percentages.

6. What are the advantages gained by using them? (Or why don't you use them?)

Mostly the visibility.

7. Could you explain if you use OTA permanently throughout the year or if there are periods when you need them more?

Permanently. However, we use some OTAs more during some periods and others during other periods. Obviously, our prices will differ depending if the hotel is full or not.

8. How do you handle your relationship with the OTAs? (Between direct booking and sales with the intermediaries).

Booking.com and Expedia have the same prices as our own websites, hence we almost never close them.

However, Weekendsk, travelbird, etc. have cheaper prices, thus as soon as the hotel gets several reservations we will close availability for those OTAs.

9. Is there a big difference between the marketing cost for direct booking and the commission cost for OTAs? Can you share the numbers?

Confidential.

10. If a customer books directly to you instead of going with an OTA, what are the main advantages for him?

No intermediary means less risk. Things are clearer. We can answer all queries immediately. Moreover, if a client sees a promotion somewhere else, they can ask us to get the same.

11. Do you know the room occupancy rate in your hotel between direct booking and OTAs?

65% for sales through OTAs and 35% in direct booking.

12. If you use several OTAs, which one brings you the most reservation?

In 2017, Booking.com sold 2035 nights. Weekendsk sold 1681 nights.

In 2018, up until today (20th of September), Booking.com sold 2274 nights. However, 2018 brought us a surprise since Expedia has sold much more packages than before. Up until today, Expedia has sold 451 nights.

13. What is the room occupancy rate that you need in order to reach break-even?

About 60%.

14. Is your current occupancy rate in direct booking enough for you to not use OTA?

Absolutely not. However, when a client comes back for the third time, we advise him to book directly through us to get more advantages.

Interview 3: Hotel de la Couronne; Thierry Couclet

1. Are you part of a large hotel group or a voluntary chain (hotel association)? Or are you an independent hotel? Why? What are the advantages?

Independent hotel. We left the hotel association USA because it was too burdensome to follow their standards and pay the fees. Moreover, there is less hierarchy or administrative work like this.

2. How many stars do you have?

3 stars.

3. How many rooms are there in your hotel? (the size)

77 rooms.

4. Do you use any Online travel agency (OTA), like booking.com or Weekendsk?

Yes.

5. Which one do you use? And which commission percentage?

Booking.com; Expedia; HotelBet; HRS; Pegasus; WelcomeBet; OTUSA; Gulliver; Agoda; Hotel Specials; Bongo; Weekendsk and Superbike.

We pay 15% commission on Booking.com, 20% on Expedia, and 22.5% on Weekendsk. I don't remember the others.

6. What are the advantages gained by using them? (Or why don't you use them?)

The visibility. They have their own website and their list of clients.

7. Could you explain if you use OTA permanently throughout the year or if there are periods when you need them more?

Permanently throughout the year.

8. How do you handle your relationship with the OTAs? (Between direct booking and sales with the intermediaries).

Since the new law passed in Belgium about rate parity, we are finally free to do our own reductions.

9. Is there a big difference between the marketing cost for direct booking and the commission cost for OTAs? Can you share the numbers?

The creation of our own website costed 3000€. Moreover, in order to maintain it, it costs another 900€ annually.

On the other hand, commission paid to OTAs amounts on average at 11000€ per month. Our average occupancy rate being 85%.

10. If a customer books directly to you instead of going with an OTA, what are the main advantages for him?

We have a permanent reduction of 10% on our own website. We try to speak with clients that booked through intermediaries so that next time they would book directly with us. Moreover, they get more flexibility and ease for cancellation policy.

We mostly have guests that travel for business. (About 70% business and 30% leisure.)

11. Do you know the room occupancy rate in your hotel between direct booking and OTAs?

65% through OTAs and 35% direct booking.

12. If you use several OTAs, which one brings you the most reservation?

Booking.com amount to 50% of the sales among OTAs.

13. What is the room occupancy rate that you need in order to reach break-even?

The hotel can work with 50% occupancy rate; however we would need to reduce our personnel. If we keep all our employees, we need 70% occupancy rate to reach break-even.

14. Is your current occupancy rate in direct booking enough for you to not use OTA?

No, it is not.

Interview 4: Silva hotel Spa-Balmoral; Mr Boi-Nhi

1. Are you part of a large hotel group or a voluntary chain (hotel association)? Or are you an independent hotel? Why? What are the advantages?

We are an independent hotel.

2. How many stars do you have?

4 stars.

3. How many rooms are there in your hotel? (the size)

126 rooms in total.

4. Do you use any Online travel agency (OTA), like booking.com or Weekendsk?

Yes.

5. Which one do you use? And which commission percentage?

Booking.com; Expedia; Weekendsk; Bongo; ThomasCook, etc.

On average, the commission percentage is between 10% to 18%.

6. What are the advantages gained by using them? (Or why don't you use them?)

The visibility.

7. Could you explain if you use OTA permanently throughout the year or if there are periods when you need them more?

Permanently except during special events. Such as races in the stadium "Spa-Francorchamps", the festival "Les francofolies" or seminars in the hotel, etc.

We are free to close/open availability as we see fit.

8. How do you handle your relationship with the OTAs? (Between direct booking and sales with the intermediaries).

Management through the extranet regarding availabilities, and more or less one e-mail per month with one meeting face-to-face for the most important OTAs.

9. Is there a big difference between the marketing cost for direct booking and the commission cost for OTAs? Can you share the numbers?

It is confidential. Tour operator are more or less 20% commission. We do not do marketing in direct booking. Our commercial department is always working to find business seminars.

10. If a customer books directly to you instead of going with an OTA, what are the main advantages for him?

Usually, we give the same offers and prices. However, we do give an advantage to direct bookings, and it is the free access to our wellness centre as well as a bathrobe and a pair of slippers. (economy of 25€ per person and per day).

Moreover, it is always nicer to speak directly with the hotel staff in case a client has any queries.

11. Do you know the room occupancy rate in your hotel between direct booking and OTAs?

Except for groups and events, 38% direct bookings and 62% sales through OTAs.

12. If you use several OTAs, which one brings you the most reservation?

ThomasCook.

13. What is the room occupancy rate that you need in order to reach break-even?

Confidential.

14. Is your current occupancy rate in direct booking enough for you to not use OTA?

As long as we do not have 100% occupancy rate in direct booking, we will not stop using OTAs.