"With travel continuing to be popular, the travel arrangement and reservations industry hit nearly $56 billion in revenue in 2019."

- Mike Gallinari, Travel & Leisure Analyst

This report looks at the following areas:

- Booking with a travel brand is more popular than booking with an OTA.
- Booking windows are getting shorter.
- Travelers want booking platforms to help them optimize their vacation plans.

Travel is an important component of leisure spending and is forecast for further growth; however, aggregators that facilitate search and booking are seeing a lot of competition from direct providers and metasearch engines, which will likely dampen revenues for OTAs in the future. Booking habits are changing, most notably in that booking lead times are getting shorter, and OTAs appear to have been slower than direct booking competitors in addressing these changes.
Travel Booking - US - February 2020

Overview

What you need to know

Executive Summary

Market overview

Figure 1: Travel arrangement and reservation services revenues and forecast, at current prices, 2014-24

Top takeaways

Key trends

Booking with a travel brand is more popular than booking with an OTA

Figure 2: Direct vs OTA booking, November 2019

OTAs aren't a first stop for most traveler bookers

Figure 3: Initial booking site visitation, by age and by HHI, November 2019

More specialized booking sites are gaining on the big OTAs

Figure 4: Brand usage, by age group, November 2019

Short-notice booking is the future

Figure 5: Booking lead time of less than one month, by age group, November 2019

Travelers want sites to help them optimize and personalize

Figure 6: Desired booking site features, November 2019

What it means

The Market – What You Need to Know

Growth in reservations market will continue

OTA duopoly status is called into question

Mobile adoption forces OTAs to update

Hotel growth streak stalls

Google squeezes OTAs

Market Size and Forecast

Travel booking market slowing, but stable

Figure 7: Travel arrangement and reservation services revenues and forecast, at current prices, 2014-24

Figure 8: Travel arrangement and reservation services' revenues and forecast, at current prices, 2014-24

Market Breakdown

Key market players

Booking Holdings

Expedia Group

TripAdvisor

Airbnb

Figure 9: OTA global revenues, 2017-18

Hotels, flights the most-booked offerings

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The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 10: Travel verticals booked on last trip, November 2019

Market Perspective

- The booking process is important
  Figure 11: Attitudes toward negative booking experiences, February 2019
- Mobile ownership is on par with PC ownership
  Figure 12: PC and smartphone ownership, 2015-19
- Increase in wearables foretells a new frontier in booking
  Figure 13: Appeal of wearables for travel purposes, by age group, August 2019

Market Factors

- Hotel upcycle ends
- Google's expansion disrupts the OTA landscape

Booking Trends – What You Need to Know

- Direct platforms are using their loyalty programs effectively
- OTAs are being spread thin
- Booking providers are accommodating the practices of younger travelers
- Overtourism could disrupt OTA practices
- The future of booking is seamless experience

What’s Happening

- Hotels effectively leverage perks to encourage direct booking
- OTAs punish properties with resort fees
- Megabus leverages the old-fashioned giveaway
- The hotel/homeshare blur forces OTAs to widen their net
- Foursquare/TripAdvisor partnership is good for younger travelers
- Personalization is coming to travel search results

What’s Next

- Overtourism threatens to disrupt OTA supply
- Instagram going beyond inspiration
- Data vulnerability can hit OTAs hard
- In five years we’ll book with a glance
  Figure 14: easyJet Look&Book how-to video, retrieved January 2020

The Consumer – What You Need to Know

- Most vacations are 1-3 nights
- Younger travelers book closer to their departure date
- Direct booking is winning
- New players threaten the duopoly
- Larger parties turn to TripAdvisor
- Bookers want sites to give them guidance

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Travelers see direct booking more favorably than OTAs

Number and Length of Vacations Booked

Three quarters of Americans book leisure travel
Figure 15: Number of leisure trips booked, November 2019

Vacation incidence high across age groups
Figure 16: Booked a trip in last 12 months, by age group, November 2019

Most people can manage two leisure trips
Figure 17: Number of trips booked, by HHI and by parental status, November 2019

Short vacations offer multiple customer opportunities
Figure 18: Length of last booked vacation, November 2019

Three-day weekends are the sweet spot
Figure 19: Length of last trip booked, by HHI, November 2019

Booking Time Frames

Booking is most popular within a month of the vacation date

Transportation

Accommodations
Figure 20: Transportation booking time frames, November 2019
Figure 21: Accommodation booking time frames, November 2019

Younger travelers comfortable with shorter booking windows
Figure 22: Booking lead time of less than one month, by age group, November 2019

Booking Platforms

Direct providers are ahead of aggregators in ease of use
Figure 23: Platform used to book, brand vs aggregator, November 2019

Direct is winning with everyone
Figure 24: Direct vs OTA booking, by age group and HHI, November 2019

Desktop booking will lose its dominance soon
Figure 25: Method used for OTA booking, November 2019

Apps capture the highest-income bookers
Figure 26: App usage for booking, by HHI, November 2019

Bookers want to go it alone
Figure 27: Booking through assistants, by age group, November 2019

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OTA “duopoly” faces threats
Figure 28: OTA brands used in booking last trip, November 2019

Airbnb’s flexibility allows it to thrive
Figure 29: Homeshare brands booked, November 2019

Big umbrella sites are losing ground to more specialized booking players
Figure 30: Brand usage, by age group, November 2019
Specialized OTAs are also making inroads across income groups
Figure 31: Brand usage, by income, November 2019

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Figure 32: TripAdvisor usage, by number of children in household, November 2019

**Desired Booking Site Features**

Travelers are interested in optimization
Figure 33: Desired booking site features, November 2019

Travel expertise will entice travelers to a provider
Figure 34: TURF Analysis – Desired booking website features, November 2019

A suite of advisory solutions appeal to men and women
Figure 35: Desired booking site features – Select items, by gender, November 2019

Age of traveler impacts booking interests
Figure 36: Desired booking site features, by age group, November 2019

Personalization is popular across income levels
Figure 37: Desired booking site features, by HHI, November 2019

Homeshare providers can use travel guidance to build trust
Figure 38: Desired booking site features, by type of reservation, November 2019

**Direct vs OTA Characteristics**

Direct booking stands out more than OTAs
Figure 39: Descriptions of booking direct vs through OTAs, November 2019
Figure 40: Booking.com "Live Curious" commercial, February 2019

OTAs struggle with older, wealthier travelers
Figure 41: Perceptions of direct booking and OTAs, by age, November 2019
Figure 42: Perceptions of direct booking and OTAs, by HHI, November 2019

OTAs aren’t top-of-mind
Figure 43: Initial booking site visitation, by age and by HHI, November 2019

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Figure 44: Option comparison, by age and by HHI, November 2019

**Appendix – Data Sources and Abbreviations**

Data sources
Fan chart forecast
Consumer survey data
Direct marketing creative
Abbreviations and terms
Abbreviations
Terms

**Appendix – The Market**

Figure 45: Travel arrangement and reservation services’ revenues and forecast, at current prices, 2014-24