

GOOGLE TRAVEL MAKES IT EASIER TO PLAN A TRIP



Google is tackling challenges which have been introduced by the large spread of Smartphones. Recently the company has launched a new redesign that makes it easier for travelers to search and book their holiday all within a few clicks. The main difference now when googling some destination tips includes flight and hotel information as well as nearby restaurants, top sites, and weather.

Even a global Internet company needs to take care so they do not get overtaken by new developments. The search engine's managers seem to look for methods to gain new ground in the tourism business. For this reason, the company recently floated a new service.

Competing for Customers

The Google travel service enables users to easily build a travel package with flights and hotel stays. To make this as effortless as possible, it includes several auxiliary functions. In an industry presentation, the Google Travel vice president, Oliver Heckmann, showed how **users can filter architectonically attractive destinations or find seasons with especially inexpensive trips to Barcelona, for example.**

The new Google service could lead to a change in the strategy for the search engine provider. Tourism experts state that the company used to follow a Silo-strategy in recent years. For a long time, there have been separate search functions for flights or hotels. Now, the management of Google may think of opening these Silos and creating some kind of integrated travel portal.

Doing so, the management will most likely weigh up all involved pros and cons of such a decision. The more the search engine provider pushes into the travel business, the more it competes for customers deemed among the most lucrative in its core business. This includes online travel agencies (OTAs) such as Expedia or Booking. These companies bid on special Google search terms (Adwords) in order to lead potential customers to their own websites, from wanderers to city fans or bike tour aficionados.

The auctions are carried out according to the classic law of supply and demand. Special keywords targeted towards small audiences tend to be rather inexpensive while more broad terms and phrases such as "cheap hotels in Switzerland" are rising in value.

Agencies such as Expedia, Booking or Hotelplan pay large amounts of money in order to be among the first three results for specific destinations, which are marked as ads on Google's website.

So what changed the Internet giant's mind? Google may appear almighty. In 2014, the company made a total revenue of 66 billion USD, two thirds of which were ad revenue from their own website space. However, market leaders are not free from new challenges. Especially the managers in Silicon Valley know, how quickly a newcomer can steal market shares from established corporations. After all, Google or Facebook were startups themselves only years ago.

Statements on these strategic plans by Google tend to be tentative. Market observers however assume that the company may fear for its position in the adwords industry. This fear is getting

increasingly valid since growing amounts of users are switching from desktop computers to mobile devices. However, on the small screen, such advertisements are much less prominent than on a regular computer.

Mobile Devices Pose a Challenge to Google

This change of user behavior seems to be of actual importance, as Google manager Heckmann mentioned in his presentation about the new Google travel business. Similarly, he said that **young adults interested in traveling tend to make countless but often extremely short searches with their mobile devices until their trip is booked**. This process usually starts months before any actual trip is booked and during a time when users are still very flexible regarding destination and exact trip dates. That's why such potential customers should be "collected" and bound to Google as early as possible. According to Heckmann, a search engine should respond in a quick manner to motivate people for further use.

Google might also fear that many tourists who plan to book a trip start their queries at an OTA instead of taking the search engine detour. What's true is that travel agencies such as Expedia put a lot of effort into leading internet users to their website. This way, adword expenses can be reduced.

Simultaneously, OTA-managers fear being ousted by the search engine provider and its plans of expansion. That's why, Heckmann had to deal with critical questions by industry representatives. Of course, he denied any plans of Google trying to become a full-fledged OTA.

Staying on the Google-site

One large factor the company is lacking are contracts with hotels and airlines for a direct distribution of their services. But Google is experimenting in this field as well. It's safe to say that separate contracts with many individual hotels would be too elaborate. However, the air travel industry is a different entity. At the end of the last year, together with Lufthansa, the company floated a new service called «Book on Google» in the USA. Users are now able to book a flight with the German airline without having to leave the Google-website. This seems to fit into the search engine provider's strategy to bind travelers to their own channel as soon and extensively as possible.

For Lufthansa, this might as well be an experiment. Of course, the airline prefers passengers to buy tickets directly at the source. But since they are not as well known in the USA as in German-speaking countries, «Book on Google» could prove as a viable distribution channel. It will be interesting to see if Lufthansa will one day cooperate with Google in Europe as well. As of now, there's no way of telling. As it stands, Lufthansa's management seems to have adapted Google's motto: Even the mightiest of corporations need to watch out, so they do not get ousted by newcomers.

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