

# OTAS' INCREASED INFLUENCE TO GROW EVEN MORE IN THE POST-CORONAVIRUS ERA



Booking platforms. Both a blessing and a curse. They charge high fees, require hotels to offer the best price guarantee and in some cases force them to sign contracts. But without the booking platforms of online travel agencies (OTA) such as Booking or Expedia, many hotels would potentially go out of business.

Let's take Switzerland as an example. According to a study conducted by the University of Applied Sciences Western Switzerland in Valais, **Swiss hotels paid 184 million Swiss francs to Booking and co. in 2019**. This is 10 million more than the year before and a new record.

This amounts to an average of 48 thousand francs a year in commissions per hotel in the country, corresponding to 12 to 15% fees per booking.

Despite these high numbers, hoteliers are critical towards OTA's growing influence, as revealed by the study. Many have voiced their concern about the misuse of their market power. "Most of the time, hotels complained that they were not allowed to offer cheaper prices or better conditions on their websites," says Ronald Schegg, an expert from the university.

But the importance of OTAs cannot be overestimated. The fact that Booking has a market share of over 71% in Switzerland says a lot. Moreover, according to the study, every fifth hotel already generates over half of its bookings via an online platform.

OTA's importance is set to grow further on globally in the current context of the tourism industry. After the difficulties that hoteliers have faced with the spread of the Coronavirus, the future of many of them is in the hands of OTAs.

But what exactly is the key to the success of online travel agencies and why is there such a dependency on their services in the industry?

The already price-conscious customer will become even more oriented on finding the best possible price in a very particular context. The post-Coronavirus era will most definitely benefit OTAs' growing influence, as customers will look to take advantage of price falls across all available online travel agencies.

With the economic effects of the pandemic, there is a likelihood that marketing activities and budgets for them will suffer a decrease. This could present OTAs with an opportunity to offer their services in this direction, offering a less costly alternative to the classical marketing model.

Finally, experts estimate that OTAs will be coming up with new strategies, while others could become more popular. For example, differentiating pricing based on several factors (e. g. geographical location) seems to be gaining momentum. **To understand it better, this means that customers from different regions or countries will be offered services at different prices.**

Generally speaking, OTAs have and will have the upper hand and dominant position due to one key

factor: the ability to work with data. For this reason, many businesses are heavily dependent on online travel agencies. Nevertheless, hoteliers cannot focus solely on this and must also continue developing their own channels and also try themselves to get to the hang of data collection and analysis.

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