

# GOOGLE: FREE LISTINGS CATCH ONLINE TOURISM MARKET BY SURPRISE



Google has broken into the online tourism market, making its move months before the travel fever that is expected after the mass vaccination of the population begins. Hotel booking links are now listed in Google Travel's search engine for free through the largest online tour operators in the world, such as Expedia and Booking.

Until recently, Google only featured links to the largest agencies with paid ads; but last week, Google Travel started listing for free all accommodations looking to stand out on the web. The goal, according to the company, **is to stimulate the participation of hotels and other agencies in the business.**

Google Travel's new policy can be seen as a step forward in the search for greater relevance in the online tourism market in the face of a boom in demand that is expected once the pandemic is over. "When travel does resume in earnest, it's crucial that people can find the information they're looking for and easily connect with travel companies online," announced Richard Holden, VP of Product Management at Google Travel.

The initiative follows others launched by Google in recent months, such as notices about COVID-19 restrictions in establishments and destinations that the user is looking for or free cancellations over health emergencies. A toolkit was also made available to companies to analyze Internet users' destination searches, so that the industry can prepare better for when activity resumes.

From now on, when tourists use the world's largest search engine to browse accommodations in which to spend the holidays, and find one they like, they get the option of paying the hotel directly to make a reservation, and the hotel will not have to pay commissions to Google.

However, last week, Google only offered the option of booking rooms in hotels, guesthouses, and other accommodation facilities through large tourist agencies, such as Booking, the most used platform for accommodation searching. But now, accommodation owners will be able to avoid commissions charged by these platforms.

Some experts believe that Google will be the one who will benefit the most from this dispute between large and small businesses, since the algorithm will only give visibility to pages that follow its rules, such as taking care of the user experience, having online relevance, and competitive room prices. "It is a source of free traffic for hotels, but it depends a lot on having a well-defined digital strategy with Google," explains Miguel Riego, head of marketing at Meliá Hotels.

The American giant says that the goal of these changes is to expand the offers by improving the search and price comparison experience, which in turn will lead to greater price competition and will force margins to be adjusted. Likewise, the company states that it is not a temporary change, so those who adapt their business to the multinational ecosystem will be able to continue advertising for free in the long term. The company believes that this change will contribute to improving competition and consumer choice, as it facilitates fair competition between hotels and travel sites, ensuring that "users will have a more comprehensive set of options as they research their trip and ultimately decide where to book."

The free booking links do not mean that Google intends to change its business model. Free ads will coexist with paid services such as Hotel Ads, with which operators organize targeted campaigns. The company argues, in fact, that free links “can extend the reach of existing Hotel Ads campaigns. For all hotels and travel companies, this change brings a new way to reach potential customers,” writes Holden in the company’s statement. The recent announcement of Google’s decision to remove third-party cookies will have no effect on the customization of hotel advertisements either.

**Some experts say that with this change Google will cut a part of its profits, since fewer platforms will pay to advertise when it is possible to do it for free.** In this way, free listings is a strategy to establish itself as the largest hotel search engine in the world. What is currently seen is that Google is looking to absorb as much traffic as possible, so that people get used to this platform alone.

On the other hand, it should be recognized that it will be very difficult for this change to benefit small businesses, such as rural houses or accommodations with a small budget for online campaigns. A small hotel, unless it belongs to a large chain, does not have the technical capacity to take advantage of this change.

Players like Booking.com, HRS and Trivago are likely to view these developments with concern. In the long run, they could suffer a fate similar to that of price comparison and shopping portals, which were simply forced out of business by Google.

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