

TRAVEL INDUSTRY GIANTS EMERGE STRONGER FROM THE PANDEMIC



After the pandemic, travel industry giants such as Booking, Expedia, and Airbnb have adjusted their market positioning. Booking.com's growth in Europe has been exponential. It went up many points in terms of percentage of market share. In the United States however, Expedia is the leading OTA. Both are doing very well and continue to grow.

Booking.com gain success in Europe since the company forced hotels to facilitate reservations with very flexible cancellation policies. Of course, for the customer, it was a final push because they were offering perfect conditions.

Booking.com recognized the high demand from customers and influenced the implementation of changes. Despite a complicated demand context, the OTA's strong bargaining power allowed them to impose these changes. As a result, large hotel chains also adopted flexible cancellation policies and were less affected than independent hotels. This highlights the significant influence of Booking.com's brand.

American travelers are known for brand loyalty, so major loyalty clubs like Hilton, Marriott, and Expedia originate from the United States. These companies have high repeat rates for hotels, airlines, and travel agencies. However, this level of loyalty is not as standard in Europe, where consumers prioritize different values over brand loyalty.

When choosing a brand, sometimes the price matters, while other times it's the location. Generally, Europeans are more unpredictable and less likely to stick with one brand than travelers from the United States.

When considering the European consumer market, forming partnerships is the best approach for business growth. For example, collaborating with an OTA, credit card issuer, or local partners could be beneficial. The focus should be finding the most effective way to reach loyal customers, regardless of the partner involved. Otherwise, attracting new customers will require a sizable investment. Collaborating with a brand that shares your goals and philosophy is a more efficient and cost-effective approach. It is important to consider what each company can contribute, both parties' comfort levels, and how costs can be shared to retain loyal customers.

The costs of products and services are increasing, including those of Airbnb, a company known for its impressive marketing and branding abilities. During the pandemic, Airbnb shifted its marketing budget by reducing half of its performance budget and investing it in building its brand.

To do this, they took a portion of their budget previously used for performance-based advertising, such as SEM, SEO, and ads on search engines like Google. They redirected it towards building awareness of the Airbnb brand. This involved creating more campaigns focused on branding, such as on YouTube. Rather than solely focusing on getting bookings, the goal was to increase brand recognition.

While not considered illegal in Singapore, Airbnb cannot accommodate most vacation stays due to certain restrictions. The country mandates a minimum rental period of three months and six months

for government accommodation.

In Sydney, Australia, 180 days per year are allowed for property rental. However, this limit doesn't apply if a booking lasts more than 21 consecutive days.

Airbnb-like rentals are facing stricter regulations in Canada as well. New short-term rentals have been prohibited in certain parts of Montreal to prioritize sufficient housing for locals. Moreover, in Quebec, visitors are restricted to a maximum stay of 31 consecutive days.

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