

# TRAVEL GIANTS INCREASE MARKETING SPENDING



Financial reports from four prominent online travel giants, namely Airbnb, Expedia Group, Booking Holdings, and Trip.com Group, indicate that these companies have spent an unprecedented amount of money to promote their brands and attract customers in 2023. The reason behind this spending is the pent-up demand from the pandemic, which is still driving consumer behavior.

These four companies collectively spent an astonishing \$16.8 billion on sales and marketing last year, a 20% increase from their spending of just over \$14 billion in 2022. **This surge in marketing spending highlights the fierce competition between these companies as they strive to attract bookings** and compete with other suppliers, such as hotels and airlines, to gain direct business.

In 2023, Trip.com Group's marketing budget significantly increased. This followed several years of reduced spending due to COVID-19 travel restrictions. As restrictions eased, the online travel company returned to pre-pandemic levels of marketing spending. Trip.com Group allocated \$1.3 billion to sales and marketing in 2023, a 117% increase from the 2022 figure of just over \$600 million and on par with its spending in 2019.

Despite the increase in spending, Trip.com Group's marketing efficiency has improved. In 2019, marketing spending was 26% of revenue, 21% in 2022, and down to 20% in 2023.

Airbnb has always claimed that most % of its traffic, specifically 90%, comes to the website without paid advertising. In 2023, the company spent around 18% of its revenue on advertising, which amounted to \$1.8 billion, while earning \$9.9 billion in revenue.

It is worth noting that the two largest spenders in online travel marketing are Expedia Group and Booking Holdings. These two companies are responsible for the majority of ad spend among the four brands that were analyzed. Expedia Group spent \$6.9 billion in 2023 on sales and marketing, including the commissions paid to B2B partners, whereas Booking Holdings spent slightly less on marketing efforts at \$6.8 billion.

For Expedia Group, this represents 54% of its full-year 2023 revenue of \$12.8 billion spent on sales and marketing. **Meanwhile, Booking Holdings's marketing spending as a percentage of revenue decreased slightly from 2022 to 32%, based on its \$21.4 billion revenue.**

During a call with analysts in February, Booking Holdings stated that it is pleased with its performance in a competitive advertising and marketing marketplace. The company expects its continued focus on driving direct business to be a source of leverage this year.

Date: 2024-03-18

Article link: <https://www.tourism-review.com/four-travel-giants-rely-heavily-on-marketing-news14250>