

Strong Growth of Online Travel Agencies (OTA) in the Swiss Hotel Industry in 2016

The share of hotel bookings via online travel agencies (OTAs) soared last year in Switzerland. In 2016 OTA bookings accounted for more than 27% of total overnight stays, compared with 20.6% in 2015. The three major OTAs - booking.com, Expedia and HRS - together accounted for 93% of the online travel platform market. Direct bookings (customer-hotel) by e-mail or telephone were below the 60% mark for the first time. These figures confirm the increasing dependence of hotels on global online intermediaries and the increasing importance of the Internet for hoteliers. According to projections, by 2020, less than 50% of bookings will be made directly with hotels. These are the main conclusions of a study carried out by the Institute of Tourism of the University of Applied Arts and Sciences of Western Switzerland Valais, with the support of the Swiss hotel association (hotelleriesuisse).

In 2016, the share of overnight stays generated by OTAs in hotels increased from 20.6% to 27.3%, an increase of 6.7% in one year. This leap is likely due to technological advantages (e.g. mobile booking) and online marketing efforts undertaken by the three major market players to strengthen their presence; e.g. Priceline spent \$ 3.5 billion on performance marketing in 2016. By 2016, more than 9 out of 10 online reservations in Switzerland were made through Booking.com, Expedia and HRS. Booking.com has reinforced its market position in Switzerland (73.3% vs. 71% in 2015), while HRS (7.8%) continues its decline which has been seen over the last few years. Booking.com, a company acquired by the American Priceline Group, has grown very strongly in the last five years (relative market share of 53% in 2011). The combined gross bookings by OTAs in Switzerland in 2016 are estimated at more than 1 billion CHF. The commissions paid by hotel owners to OTAs are estimated at around 150 million CHF.

The efforts undertaken by hoteliers to improve their visibility on the Internet are showing also some results. Real-time bookings on hotel websites have increased slightly to 8.2%. Today, more than 80% of hotels have Internet Booking Engines (IBE) on their own sites, compared to only 62% in 2013. In total, the electronic distribution channels, OTA and IBE of the hotels included, generated almost 40% of the total share of overnight stays in 2016.

Direct channels such as telephone, walk-in, e-mail or reservations via the hotels' own websites are still the main methods of booking. However, their share is steadily declining. In 2005 it represented 77% and now stands at 58%.

Detailed results of the study can be found in the following illustrations.

Table 2: Relative OTA market shares (2015/2016)

	Total sample (n=261)	Members hotelleriesuisse (n=192)	Members hotelleriesuisse (n=202)
	2016	2016	2015
Priceline	73.3	70.8	71.3
<i>Booking.com</i>	72.4	69.8	70.3
<i>Agoda</i>	0.8	1.1	0.9
Expedia	11.9	14.1	14.2
<i>Expedia</i>	9.4	11.1	10.8
<i>hotels.com</i>	1.1	1.4	1.5
<i>eBookers</i>	0.7	0.8	0.5
<i>Venere.com</i>	0.6	0.8	0.9
HRS	7.8	7.6	8.6
<i>HRS</i>	6.4	6.2	7.0
<i>Tiscover</i>	0.2	0.0	0.1
<i>hotel.de</i>	1.2	1.4	1.5
TOTAL	92.9	92.5	94.1

Context of study

Since 2003, Prof. Roland Schegg from the Institute of Tourism at the University of Applied Arts and Sciences of Western Switzerland Valais in Sierre regularly conducts studies in collaboration with hotelleriesuisse on the development of distribution channels in the Swiss hotel industry. The current survey was carried out in February 2017 with some 2000 members of hotelleriesuisse and some 1800 hotels from the Swiss hotel data bank and is based on the results of 329 responses.

Contact :

HES-SO Valais, <http://www.hevs.ch>

Institut de tourisme (ITO), www.hevs.ch/fr/rad-instituts/institut-tourisme & www.touobs.ch

Prof. Dr. Roland Schegg

E-mail: roland.schegg@hevs.ch

eTourism studies by ITO: <http://etourism-monitor.ch/downloads/all>