



TOURISM
ECONOMICS

AN OXFORD ECONOMICS COMPANY

Booking.com

The Economic Impact of Online Travel Agencies in Canada

Final Report

2019-2021



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CANADA

KEY INSIGHTS

OTAs generate benefits for the hospitality industry, consumers and society as a whole

Online travel agencies (OTAs) in Canada play an important function in the accommodation market and for destinations.

OTAs increase choice and transparency within the market, making it easier for consumers to compare the costs and quality of the accommodation facilities and services offered by providers. This is particularly important for booking travel in unfamiliar destinations.

OTAs provide businesses with an online platform to advertise their accommodation offer and expand their consumer base. Smaller independent properties in particular benefit from an ability to better compete online against larger chains; while further technology benefits are also provided. OTAs also improve trust in providers and reward quality.

The direct benefits to consumers and industry will also have effects on the total spending of tourists. More visitors and nights will mean additional spending on other tourism services within the destinations. This will in turn have downstream effects on economies overall.

By offering consumers more choice, OTAs increase the number of overnight stays in a destination and also lower prices for consumers, making travel more affordable and increasing the value for money. This particularly benefits low income households, who might otherwise not be able to afford any travel at all.

On an aggregate level, OTAs have generated large volumes of additional tourism nights and supported GDP growth and job creation across a wide range of destinations. If OTAs did not exist, there would be fewer overnight stays in Canada and the contribution of tourism to GDP and employment would also be lower.

This study conducted by Tourism Economics for Booking.com quantifies the incremental impact of online travel agencies on the tourism industries and broader economy of Canada.

Key Impacts of OTAs in Canada in 2019



↑ 8.3M

Additional nights in accommodation generated by OTAs in 2019



CA\$1.7B

Total incremental GDP impact attributable to OTAs in 2019



21,000

Total incremental jobs impact attributable to OTAs in 2019

OTAs MAKE TRAVEL MORE AFFORDABLE

OTAs provide consumers with greater choices and transparency which helps to lower rates. Between 2014 and 2021, OTAs generated an average reduction in rates of CA\$10.30 per room night (6.1 percent reduction) across Canada.

Reduction in Average Daily Hotel Rates Attributable to OTAs, 2019-2021



OTAs INCREASE BOOKINGS & EXPAND THE MARKET

OTAs provide businesses with an online platform to advertise their accommodation offer and expand their consumer base. OTAs also improve trust in providers, and reward quality.

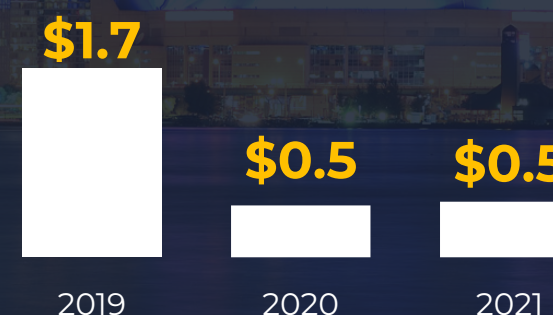
Additional Nights (Millions) in All Accommodation Attributable to OTAs, 2019-2021



OTAs CREATE ADDITIONAL GDP GROWTH

OTAs generate economic growth across Canada. OTAs added an incremental CA\$1.7 billion to the value of the economy, also referred to as GDP, in 2019.

GDP Impacts (CA\$ Billions) Attributable to OTAs, 2019-2021



OTAs GENERATE JOBS AND ECONOMIC OPPORTUNITIES

OTAs also generate significant job impacts across various sectors of Canada's economy. In 2019, the economic impacts attributable to OTAs included 21,000 jobs. In 2021, OTAs were responsible for 6,900 jobs, representing a recovery relative to the 5,800 jobs supported in 2020.

Job Impacts Attributable to OTAs, 2019-2021



CANADA

OTA DETAILS

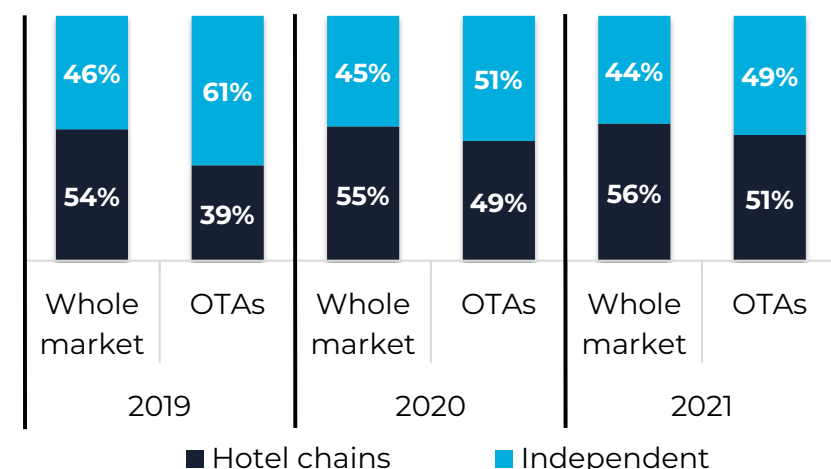
MARKET CHARACTERISTICS

OTAs support independent accommodations

OTAs have traditionally been particularly important for independent hotels. Pre-pandemic, 61% of OTA guests stayed at independent hotels (2019), compared to 46% for hotel guests overall. Since the pandemic, this appears to have shifted at least temporarily, with OTA guests tending to favor branded hotels at a closer rate to the market overall, resulting in an independent property share among OTA guests that fell to 49% in 2021.

Market Characteristics of OTAs Compared to Whole Market in Canada

Share of Total Sales (Branded Chains & Independent)



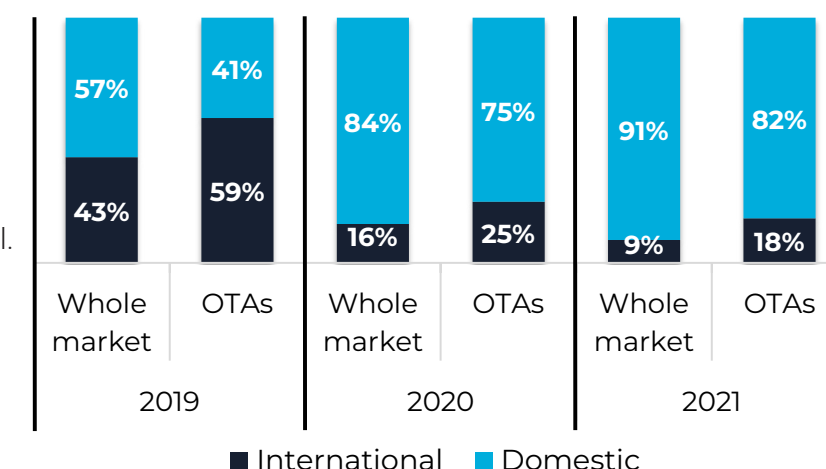
Source: Tourism Economics & Booking.com

OTAs have traditionally been important for international travelers, with international travelers representing a greater than average share of OTA room nights

Pre-pandemic, 59% of OTA room nights were accounted for by international travelers (2019), compared to 43% in the Canadian accommodations market overall. In 2021, with low levels of international visitors, the international traveler share of OTA bookings remains suppressed at just 18%.

Market Characteristics of OTAs Compared to Whole Market in Canada

Share of Nights (International & Domestic)



Source: Tourism Economics & Booking.com

Summary Impacts of OTAs in Canada, 2019-2021

Amounts as Indicated

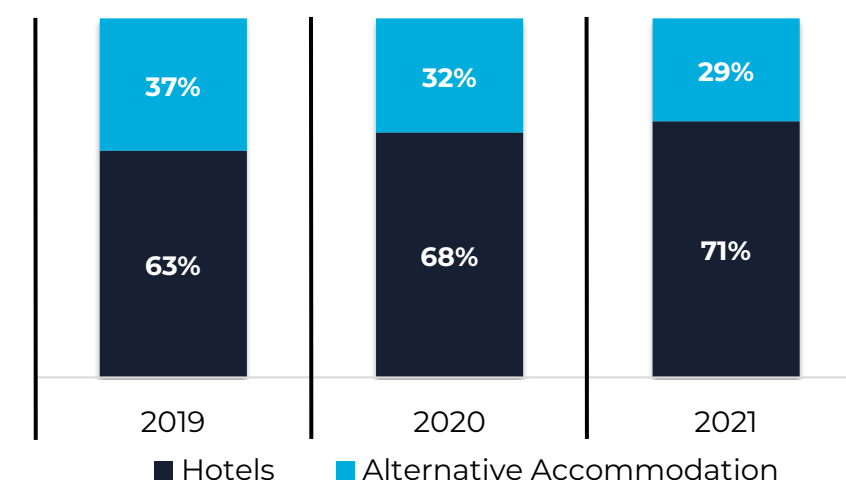
	More Affordable	Increases in Travel	GDP Impacts	Job Impacts
2019	-CA\$11 reduced daily rates	+8.3M room nights	CA\$1.7B incremental GDP	21,000 jobs
2020	-CA\$8 reduced daily rates	+1.9M room nights	CA\$474M incremental GDP	5,8000 jobs
2021	-CA\$9 reduced daily rates	+1.9M room nights	CA\$506M incremental GDP	6,900 jobs

OTAs are important for alternative accommodation providers

In 2021, 29% of OTA sales were alternative accommodations, down from 37% in 2019.

Market Characteristics of OTAs in Canada

Share of Total Sales (Hotels & Alternative Accommodations)

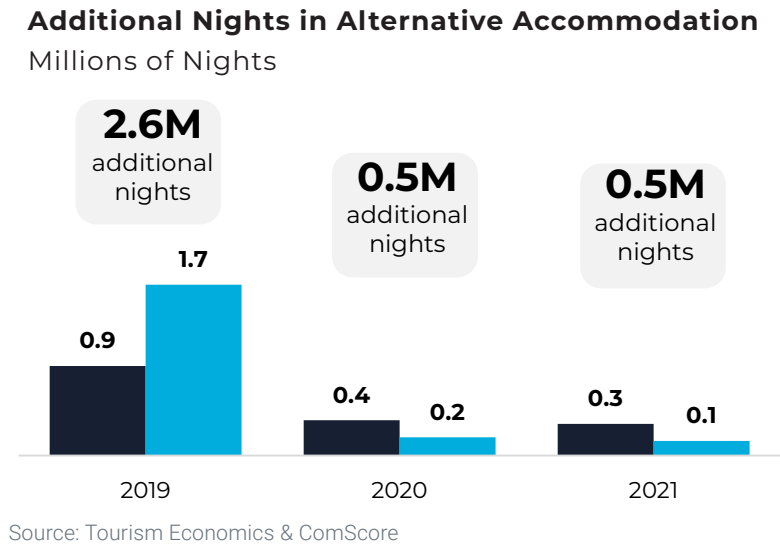


Source: Tourism Economics & ComScore

MARKET EXPANSION EFFECT ON ALTERNATIVE ACCOMMODATIONS

OTAs support impacts in alternative lodgings as well as hotels

In each year from 2019 to 2021, OTAs increased the number of nights in alternative accommodations in Canada. In 2021, bookings of alternative accommodations via OTAs generated an additional half a million nights.

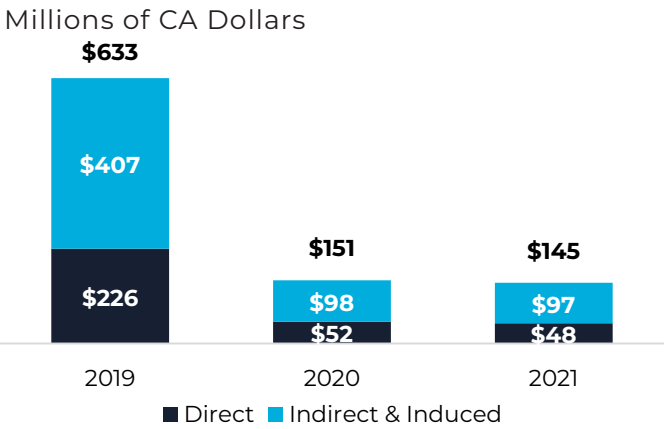


ECONOMIC IMPACTS OF OTA MARKET EXPANSION EFFECT
ALTERNATIVE ACCOMMODATIONS

OTAs generate incremental economic impacts in the form of GDP and jobs supported by alternative lodging stays

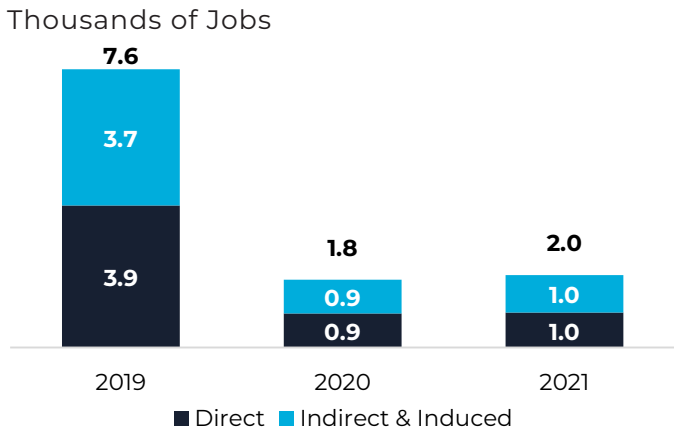
Additional room nights at alternative accommodations supported by OTAs generated CA\$145 million in additional GDP and 2,000 total jobs in 2021, although both impacts were significantly higher in 2019.

Incremental GDP Impact for Alternative Accommodations



Source: Tourism Economics & ComScore

Incremental Employment Impact for Alternative Accommodations



Source: Tourism Economics & ComScore



ABOUT THE RESEARCH TEAM



Oxford Economics was founded in 1981 as a commercial venture with Oxford University's business college to provide economic forecasting and modelling to UK companies and financial institutions expanding abroad. Since then, we have become one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on 200 countries, 100 industrial sectors and over 3,000 cities. Our best-of-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social and business impact.

Oxford Economics is an adviser to corporate, financial and government decision-makers and thought leaders. Our worldwide client base comprises over 2,000 international organizations, including leading multinational companies and financial institutions; key government bodies and trade associations; and top universities, consultancies, and think tanks.

This study was conducted by the Tourism Economics group within Oxford Economics. Tourism Economics combines an understanding of traveler dynamics with rigorous economics in order to answer the most important questions facing destinations, investors, and strategic planners. By combining quantitative methods with industry knowledge, Tourism Economics designs custom market strategies, destination recovery plans, forecasting models, policy analysis, and economic impact studies.

Oxford Economics employs 400 full-time staff, including 250 professional economists and analysts. Headquartered in Oxford, England, with regional centers in London, New York, and Singapore, Oxford Economics has offices across the globe in Belfast, Chicago, Dubai, Miami, Milan, Paris, Philadelphia, San Francisco, and Washington DC.



