

CHECKING IN: Hotels trends and what they say about the first half of 2016

Mining data to determine when to book,
where to book, and the impact of Brexit



IT'S A GOOD TIME TO BOOK HOTEL ROOMS OVER THE INTERNET



Across the globe, hotel brands continue to expand¹ as new properties open everywhere from Dallas to Dubai, and travelers—both business and leisure—are reaping the benefits in new and exciting ways. According to proprietary data from Expedia, hotel room nights stayed rose 33 percent for the 12 months ending June 2016 when compared to the same period in 2015. Expedia data also indicates that travelers are booking a wider variety of hotels than ever before—another development that speaks to the current glory days of hotel booking.

Put simply, more and more people are booking more and more hotels online. And overall, this report paints a picture of an Online Travel Agency (OTA) industry that is thriving—as Morningstar noted in a recent report², OTAs now constitute half of all U.S. hotel bookings online, and the number of major hotel bookings through OTAs continues to grow, despite a recent push for booking direct.

At Expedia, we are witnessing some of these trends first-hand. We now have in our database more than 307,000 bookable properties and consumers seeking hotel reviews can come to Expedia.com and find more than 36 million verified post-stay reviews. We've got more than 20 million customers signed up through Expedia+ rewards, our loyalty program. And as we continue to process this data, including our information about air travel, we process more than 1,400 terabytes of data each year—a staggering amount equivalent to more than 6.7 billion 200-page books.

These kinds of numbers can be daunting. *There's so much data*, and making sense of it all admittedly can be overwhelming. Using data science and travel savvy, every year we work to take the figures and put them at the fingertips of travelers in the form of information that makes them confident to click, book, and go. Our ultimate goal is to help travelers feel informed and empowered to get past travel decision-making and move into what we like to call travel moment-making.

This report looks back at standalone hotel bookings in 2015 across all Expedia branded points of sale, Wotif.com, Lastminute.com.au, and Travelocity, and makes some predictions heading into the last quarter of 2016 and 2017. The document presents several key takeaways:

- Sundays are the best days to get deals and save on hotels, especially if you're booking same-day travel.
- Booking hotels anywhere from 3-4 weeks ahead of the time of travel usually yields the best rates.
- The most popular hotels on Expedia's websites are those with a three-star rating.
- Analysis of Expedia data found international travelers were looking to spend more nights in UK hotels shortly after the Brexit vote
- Staying at hotels in alternate neighborhoods when visiting big cities around the world can often yield higher savings in comparison to staying in the well-traveled neighborhoods.



¹ Examining New Hotel Supply & Top Market Overview: What Will 2017 & 2018 Bring?, Lodging Econometrics, Inc.

² Book Shares of Priceline and Expedia: Hotel Direct Risk Overblown, Morningstar Equity Research, September 30, 2016



BEST DAYS AND MONTHS TO BOOK HOTELS



Expedia celebrated its 20th anniversary in 2016. Over those two decades, we've learned quite a bit about how people like to plan and book their travel. One biggie: Most travelers (and, by extension, most of our customers) base hotel selections on price. This is interesting because prices can vary so dramatically in the hotel industry. At the same time, it's important to note that the hotel business is a market economy, driven primarily by supply and demand. Unlike air travel, where supply is relatively limited and the number of substitutes is low, hotels can be substituted easily, so competition for a share of travelers' wallets is much more driven by rates.

With this in mind, a peek into our vast database of price information indicates that some days are better than others to book a hotel. **The short answer is that Sunday is the best day to book.** The longer answer is that Sunday is a good day to book, but the best rates really are contingent upon when you're looking to stay (and, of course, where you're headed).

Let's start with same-day bookings. Among this sales category, Average Daily Rates (ADRs) are cheapest for same-day stays on Sundays. As you move farther out between booking and stay dates, those same ADRs get higher. They're at their highest for Saturday-night stays. Technically, this means that if you're booking travel on a Sunday and you're looking to book a hotel room for the coming Saturday night, you actually are setting yourself up to pay the highest ADR. In this case, curiously, Sunday is the worst day to book.

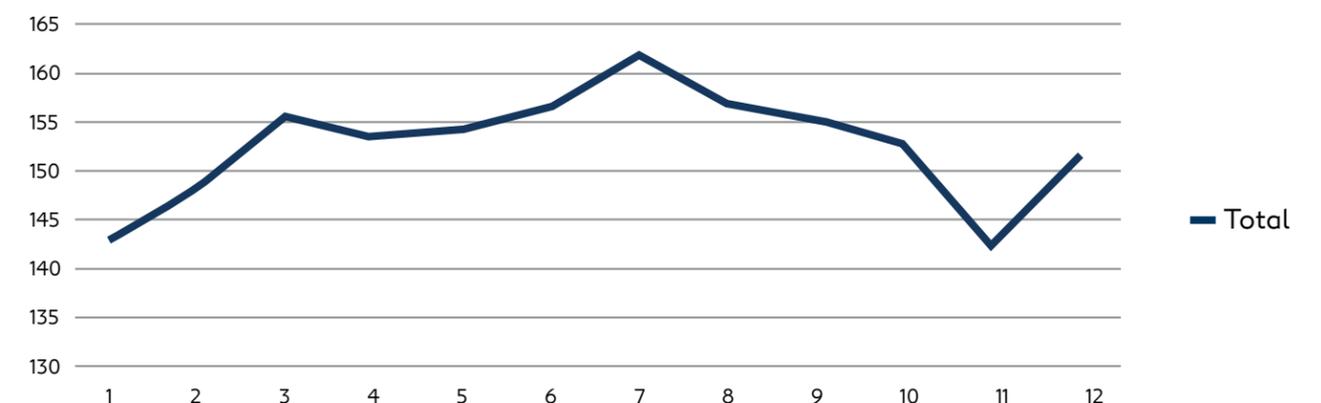


AP Window	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
0	\$108.87	\$109.03	\$113.76	\$114.90	\$115.89	\$120.92	\$124.78
1	\$117.62	\$124.42	\$125.57	\$125.78	\$128.38	\$131.27	\$116.20
2	\$126.69	\$131.95	\$131.63	\$132.54	\$135.75	\$121.78	\$121.68
3	\$131.99	\$135.41	\$136.35	\$139.00	\$126.27	\$127.57	\$133.09
4	\$135.82	\$138.57	\$142.29	\$130.44	\$130.42	\$138.73	\$135.02
5	\$139.53	\$143.15	\$134.05	\$133.91	\$139.72	\$141.03	\$138.87
6	\$142.21	\$135.64	\$137.55	\$141.32	\$142.01	\$141.83	\$141.31

A closer look at our data also revealed that trips beginning on Sundays (or including Sunday-night stays) tend to be less expensive than trips beginning on other days of the week. For instance, booking on a Saturday for a vacation start-date of the following day is almost as cheap as booking a same-day stay on a Sunday.

We have identified similar trends with the two-day advance purchase window on Fridays, the three-day advance purchase window on Thursdays, and so on. We also mined our data to determine which months are best to book hotels. On the surface, the numbers showed the lowest ADRs in November and January, and the highest ADRs in July, August, and March (respectively).

Trended ADR by Stay Month (2015)
Standalone hotel



Of course even this data varies by market. While July tends to have some of the highest ADRs overall, it is one of the least popular months to go to, say, Las Vegas, because temperatures there regularly hover around 110 degrees Fahrenheit (43 degrees Celsius). Some of the best advice for anyone shopping for hotels is to take time to understand the target markets, figure out when high-demand periods are, and determine when the market usually has a fair amount of availability.



How far in advance should you book?

We already have alluded to the benefits of advance booking, but we'll come out and say it here: **Booking hotels in advance can save you big bucks.** As part of the research for this report, Expedia determined that the best ADRs were available between 21-28 days before the time of booking. **Put differently, the best time to book a hotel is about 3-4 weeks before you plan to travel.**

AP Window	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
0	\$108.87	\$109.03	\$113.76	\$114.90	\$115.89	\$120.92	\$124.78
1	\$117.62	\$124.42	\$125.57	\$125.78	\$128.38	\$131.27	\$116.20
2	\$126.69	\$131.95	\$131.63	\$132.54	\$135.75	\$121.78	\$121.68
3	\$131.99	\$135.41	\$136.35	\$139.00	\$126.27	\$127.57	\$133.09
4	\$135.82	\$138.57	\$142.29	\$130.44	\$130.42	\$138.73	\$135.02
5	\$139.53	\$143.15	\$134.05	\$133.91	\$139.72	\$141.03	\$138.87
21	\$142.74	\$148.10	\$151.00	\$150.48	\$150.90	\$153.24	\$151.65
22	\$143.48	\$150.18	\$152.66	\$153.75	\$152.09	\$154.59	\$142.43
23	\$147.76	\$152.67	\$153.31	\$153.05	\$155.51	\$147.34	\$145.26
24	\$149.81	\$152.01	\$152.89	\$154.90	\$149.47	\$150.71	\$148.53
25	\$151.78	\$153.43	\$155.56	\$148.72	\$150.41	\$153.07	\$150.87
26	\$152.92	\$155.13	\$149.72	\$150.84	\$153.20	\$153.58	\$152.09
27	\$154.21	\$148.89	\$151.68	\$152.28	\$153.13	\$154.42	\$153.65
28	\$147.26	\$149.77	\$152.62	\$153.92	\$154.60	\$155.28	\$155.22
35	\$150.64	\$153.14	\$156.25	\$157.51	\$157.58	\$157.41	\$156.67

As is usually the case, the specifics of this finding differ depending on what kind of hotel you wish to book. Expedia has grouped its properties into a star-based ranking system: five-star hotels are the best of the best, and one-star properties are on the other end of the spectrum. While star ratings differ from region to region, generally speaking three-star properties are by far the most popular overall. Interestingly, however, when filtered by same-day bookings, the highest portion of bookings are for two-star properties, and 2.5-star properties get the most traction within the a four-day advance purchase window.

- Another noteworthy finding about hotel booking habits: In the United States, four-star properties are the second-most frequently booked properties up until about five weeks before travel; after that, 2.5-star properties take the second spot on the list.

Here, it's worth noting that trends our researchers identified in the United States are vastly different from trends they identified in other regions around the world. Perhaps the biggest trend: **Travelers in North America are more likely to book last-minute hotels than travelers in Europe and the Middle East, who generally take longer to book and usually book farther in advance.**





IMPACT OF BREXIT ON HOTEL PRICES



Back in June, when Great Britain voted to leave the European Union—a vote dubbed “Brexit”—many industry experts wondered how the move would impact the local economy over time. Immediate returns were downright frightening; exchange rates on the British Pound dropped precipitously, and Great Britain’s economy was rattled.

We mined our data to get a better sense of post-Brexit travel to the UK in the weeks following Brexit, and identified some interesting trends. First, we saw a growing interest in international travel to the UK from certain areas of the world—Singapore, Australia, United States, and elsewhere in Europe, to name a few. Most likely this spike represents travelers choosing to take advantage of the favorable exchange rate³—whereas US\$1 cost you GBP1.47 at the end of last year, by late October it only cost you GBP1.30, reflecting a 12 percent decline year-to-date.

Neighborhood deals

As part of our research for this paper, we tasked our market gurus to provide us with their best suggestions for travelers to save even more money when they book hotels. Across the board, our experts fired back with advice to book hotel rooms in money-saving alternate destinations that aren’t too far from the downtowns or most popular areas of the cities in question. That, however, isn’t the only benefit: The alternate destinations almost always are imbued with a sense of local culture—whether it’s art, outdoors, restaurants, or locals who are happy to interact with visitors from afar.

In London, for instance, some of the suggested money-saving alternative destination neighborhoods include Tower Hill, Shoreditch, Hoxton, Liverpool Street, Canary Wharf, and Dalston. In New York City, cheaper options can be found in the Financial District and parts Queens.

Still other cities have only one alternative location—only one spot our experts tabbed as tops.

The Adlershof neighborhood in Berlin is a good example. This district is home to Berlin’s science and start-up technology district, making it a particularly popular spot among business travelers who arrive the night before and wish to chase down a day of travel with some beer at an on-site bar. Singapore’s Arab Street is the same kind of stretch; it’s close to Bugis, the hip suburb around Haji Lane. Finally, the surf town of Manly serves the same purpose for visitors to Sydney (in Australia); it’s just a 20-minute fast-ferry ride into the city, and has a preponderance of apartment-style accommodations.



³ Source: *The Wall Street Journal*

Here's a rundown on some of our favorite alternative destinations for the final quarter of 2016 and beyond:

If you want to travel to:	Suggested alternate destination or neighborhood in US:	Benefits of alternate destination or neighborhood:
New Orleans	Garden District	The bonus here: You can head into the popular French Quarter on the scenic streetcar lines (as made famous in "A Streetcar Named Desire").
New York	New York City – Financial District	The Financial District and the bordering Battery Park City neighborhoods quickly are becoming the city's new must-visit areas, with shopping, restaurants and activities opening all the time.
New York	Queens	Stay in a property near an LIRR station, and you can be at Penn Station (in the heart of Manhattan) in 20 minutes or so.
Miami	Fort Lauderdale	Not only can flying into Fort Lauderdale save you money, but Fort Lauderdale can serve as a nice escape from the boisterous Miami nightlife.
San Francisco	Oakland	Enjoy up-and-coming Oakland, and head in to San Francisco on BART in just 10 minutes.
San Francisco	Napa / Sonoma	Enjoy Wine Country by blending the city vibes of San Francisco with some calm, cool vibes of Napa or Sonoma.
Seattle	Tacoma	Tacoma is beginning to come into its own as a city, and is easily accessible to downtown Seattle via the Sound Transit Sounder in about an hour. Plus, Tacoma's proximity to Mt. Rainier means that the views are even more spectacular.

Images credit of Trover.com



Garden District by Erica R Hopper



New York City District by Benny Goh



Napa by James Wilkinson



Barcelona by Adlin



Paris, France by Danielle Isbell

If you want to travel to:	Suggested alternate destination or neighborhood in EMEA:	Benefits of alternate destination or neighborhood:
Barcelona	Sant Martí, Spain	This district of Barcelona is a great neighborhood to visit outside of the busy summer months.
Berlin	Adlershof, Germany	Berlin's science and start-up technology district; Adlershof is located nearest to Schoenefeld airport, which is also a driver for leisure and business travel (about 30 minutes from Alexanderplatz).
Paris	La Défense, France	Travelers can find good value for their money all year during weekends and in summer for the week.
Venice	Mestre, Italy	Located in the mainland of Venice, Mestre is a good option for travelers on a budget (who don't mind boating in to the city every day).



Stockholm by Project Forever



Miami, Florida by The Camangian's



Venice, Italy by Earth Trekkers



Adlershof, Berlin by Erika Calvert

If you want to travel to:	Suggested alternate destination or neighborhood in Asia-Pacific / Australia:	Benefits of alternate destination or neighborhood:
Kuala Lumpur	Penang	Penang is a good alternative destination for those interested in escaping the city life and getting in touch with nature.
Kuala Lumpur	Cenang Beach , Langkawi, Malaysia	With an abundance of restaurants nearby and a trail that leads straight to Cenang Beach for water sports and sunset, Cenang is becoming more popular every month.
Singapore	Arab Street	Close to Bugis, the hip suburb around Haji Lane and Arab Street is a hot spot for individual shops, some of the best coffee in town and a serious culture fix. It's a stark contrast to the gleaming modernity of nearby Bugis Junction.
Singapore	East Coast	The East Coast neighborhood offers a legendary park along the scenic coastline of Singapore and is a favorite among many locals.. It's a wonderful spot to ride a bike, swim, or wakeboard . Best of all are the fantastic local seafood food courts and brand new design hotels opening up.
Sydney	Chippendale (Central station area), New South Wales, Australia	Close to Central Station, the hip suburb of Chippendale is a great alternative to the central business district, and is turning into a real hip foodie spot in Sydney, thanks to the re-development of the Kensington Street precinct.
Sydney	Manly, New South Wales, Australia	The surf town of Manly, just a 20-minute fast-ferry ride into the city, is a great option for travellers looking for affordable apartment style accommodations and a more relaxed vibe.



LOOKING AHEAD



The last three months of 2016 can offer fantastic opportunities for great deals on hotel rooms around the world. To reiterate, here are several key takeaways Expedia researchers uncovered while mining data for this report:

- Sundays are the best days to get deals on hotels, especially if you're booking same-day travel.
- Booking hotels anywhere from 3-4 weeks ahead of the time of travel usually yields the best rates.
- The most popular hotels on Expedia's websites are those with a 3-star rating.
- International travelers and UK-based travelers were looking to spend more nights in UK hotels shortly after the Brexit vote—potentially a comment on exchange rates.
- Often it pays to stay at hotels in alternate neighborhoods when visiting a big city around the world.

Farther down the road, we expect the year 2017 to deliver similar deals. We've already referenced the Morningstar⁴ report that indicated OTAs constitute half of all online U.S. hotel bookings. Well the same report notes this figure is up from the 41 percent OTAs represented in 2008, despite the U.S. hotel market having the largest hotel chain brand mix of any region.

⁴ Book Shares of Priceline and Expedia: Hotel Direct Risk Overblown, Morningstar Equity Research, September 30, 2016



What's more, the Morningstar report indicates the online hotel market is large and growing, adding further incentive for large hotel brands to strengthen online capabilities across channels. Morningstar data indicates that hotel online penetration continues to grow across key regions such as the United States, Europe, Asia/Pacific, and China. Morningstar estimates the global leisure and unmanaged corporate hotel bookings market is around US\$450 billion, with increasing online penetration, which is currently around 35 percent.

One of the most consumer-friendly takeaways from this success: choice. A recent trial search on a branded hotel chain website for a long weekend trip to Paris yielded hotel rooms at six different properties. A similar search on Expedia.com yielded rooms at 1,800 different properties—most of which were at a lower price-point than the alternative. Of that sample, about 1,000 of the properties came highly rated. With more rates and availabilities than hotel websites, Expedia simply offers better choice of hotels. It's a secret we've known for years. We're excited to share it loud and proud with the world.

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All dollar amounts are in USD unless otherwise specified.

