European Hotel Booking Analysis.

Market Overview

Device
Internet usage

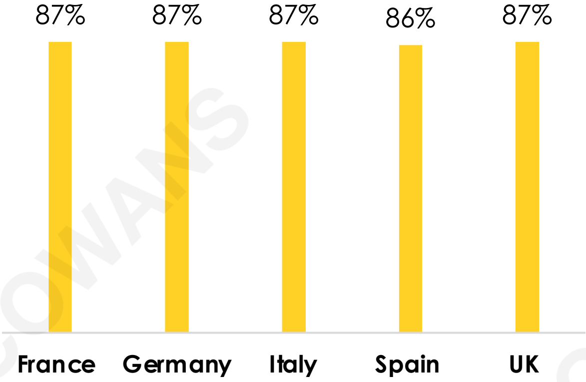
"The UK **leads the way in terms of internet access via a tablet** compared with the rest of the mainland European countries, as well as in other less common methods of access like via gaming devices and connected TVs, **though it lags behind both Spain and Italy in terms of access via smartphones**.

This is likely to be partly to do with a **reluctance to pay for both mobile and fixed line contracts in these countries**, which can often be more expensive than in the UK, leading to greater reliance on smartphones for access, **or alternatively it may just be that people are happier that their mobiles can fulfil all of their online needs**."

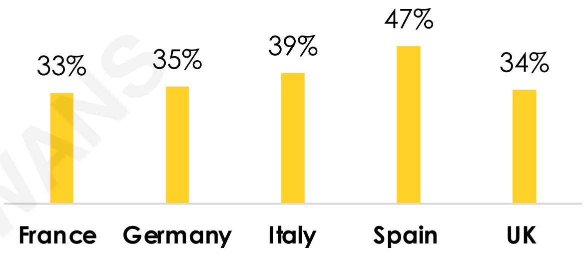
Source: Lightspeed/Mintel

Device
Internet usage

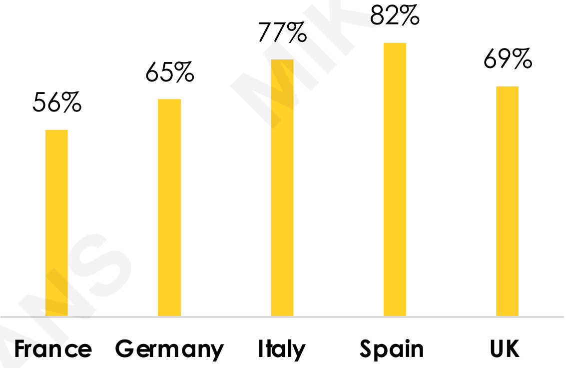
Personal Computer



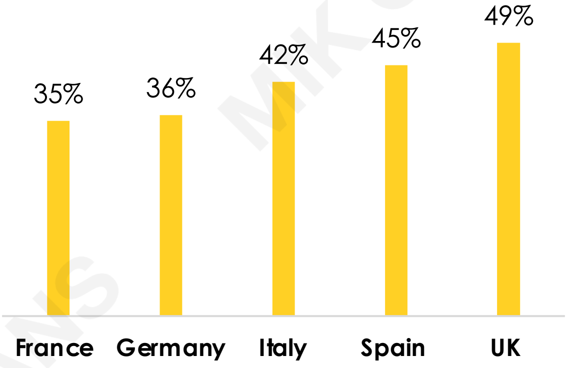
Computer at School or Work



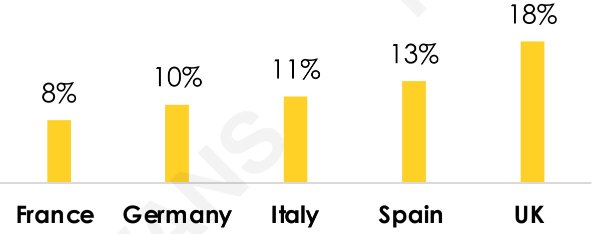
Smartphone



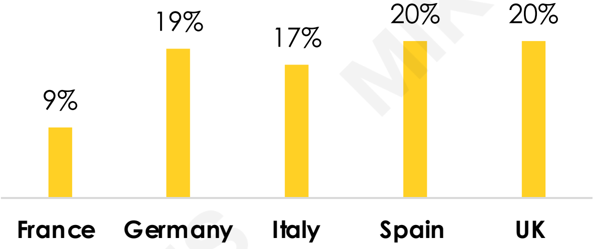
Tablet



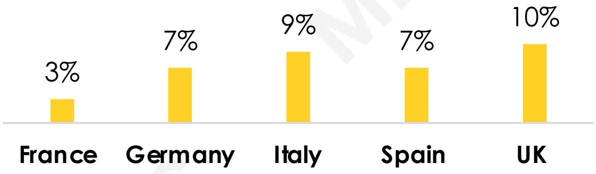
Gaming Device



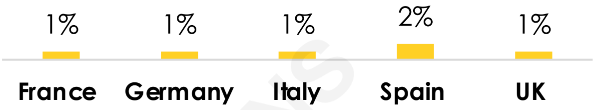
Internet TV or Set-Top Box



E-Reader



Other



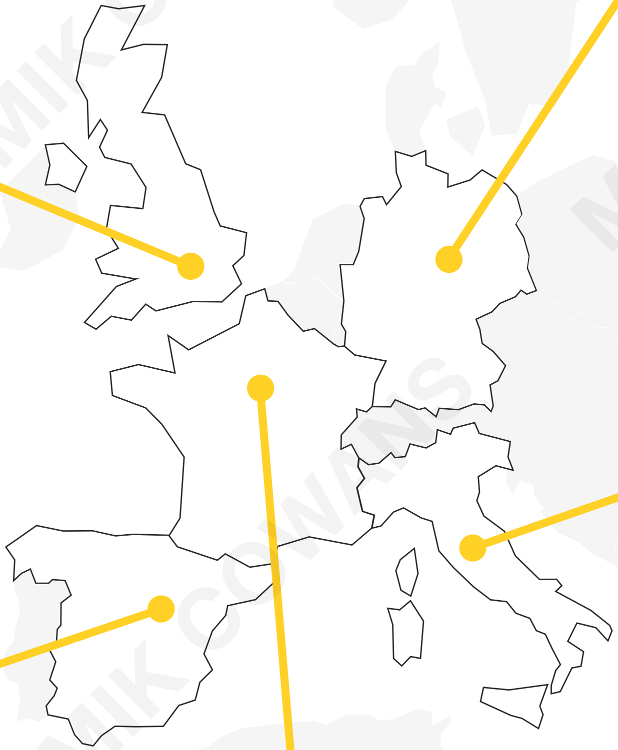
Source: Lightspeed/Mintel

Mobile & computer usage

"Despite being behind other EU countries in tablet adoption, **Germany has comparable smartphone penetration with both the UK and France at around the 80% mark**. However it also has a **higher penetration of basic mobile phones**, indicating a similar reluctance to fully make the switch away from older technologies (even if many of these are used as backup devices) as is evident in the computer market. **Spain and Italy both show significantly higher smartphone penetration**, tying in with an increased reliance on mobile internet access."

Source: Lightspeed/Mintel

Computer **Usage**



UK

E-Reader	29%
Tablet	61%
Desktop	49%
Laptop	81%

Germany

E-Reader	22%
Tablet	43%
Desktop	68%
Laptop	80%

Italy

E-Reader	21%
Tablet	53%
Desktop	56%
Laptop	85%

Spain

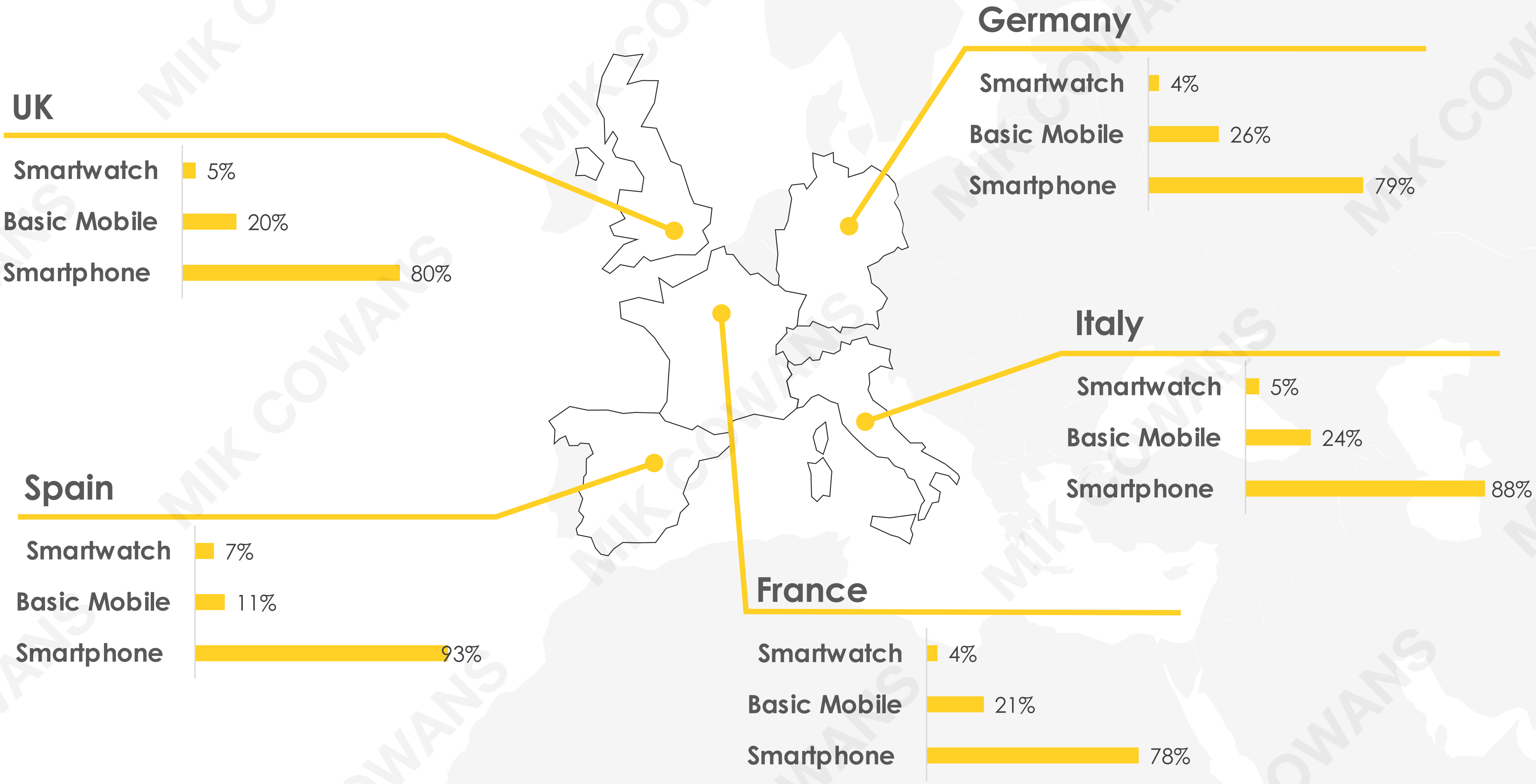
E-Reader	34%
Tablet	60%
Desktop	62%
Laptop	83%

France

E-Reader	10%
Tablet	49%
Desktop	55%
Laptop	79%

Source: Lightspeed/Mintel

Mobile **Usage**



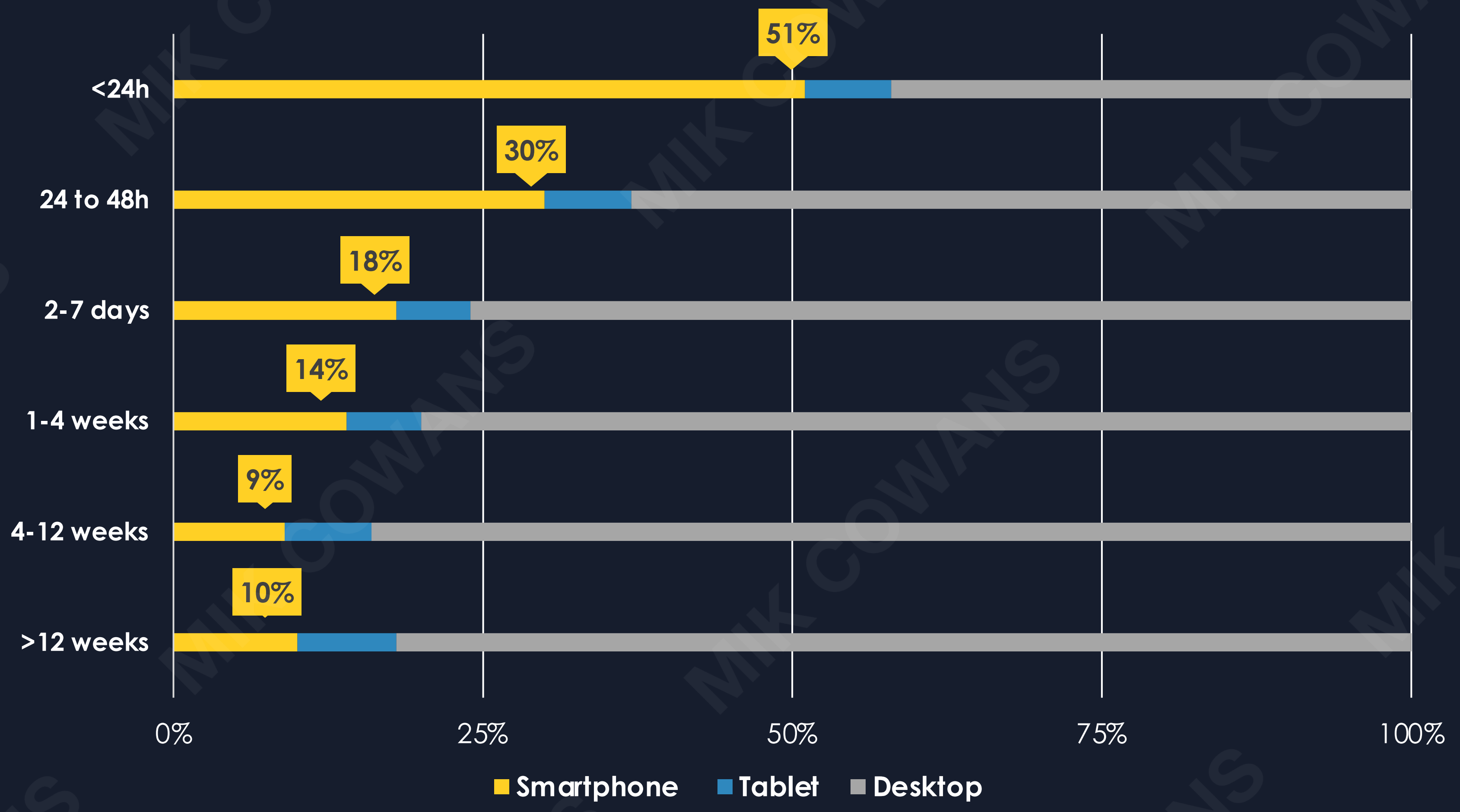
Source: Lightspeed/Mintel

Industry Overview

Smartphone travelers book **at the last minute.**

About half of all hotel bookings made **within 24 hours before check-in**, and almost a third of **next-day bookings** are made **via smartphone.**

Share of online bookings by device type

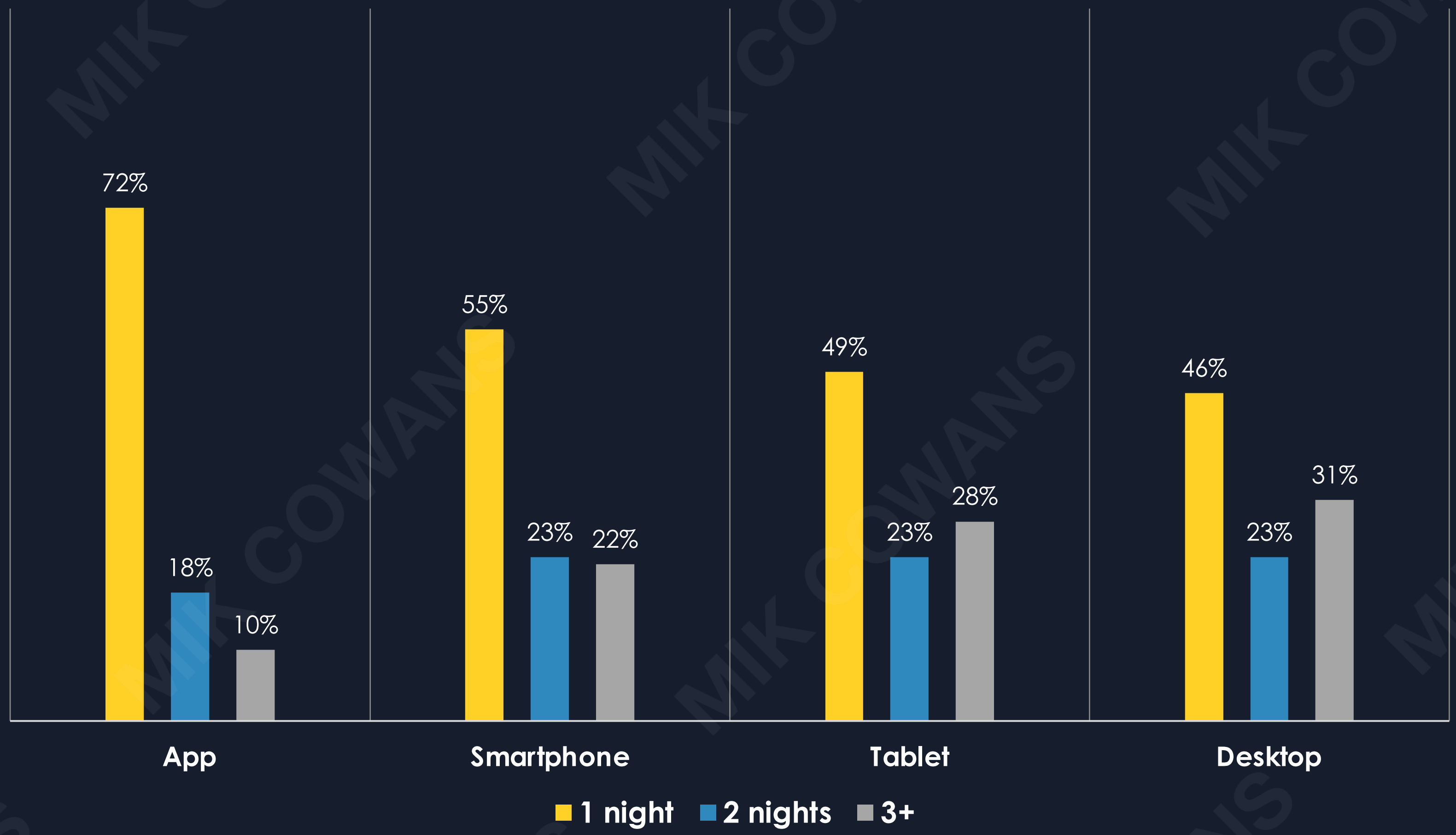


Source: Criteo 2016, France, Germany, Japan, UK, hotel, OTAs and suppliers, excluding apps

Apps dominate **short stays.**

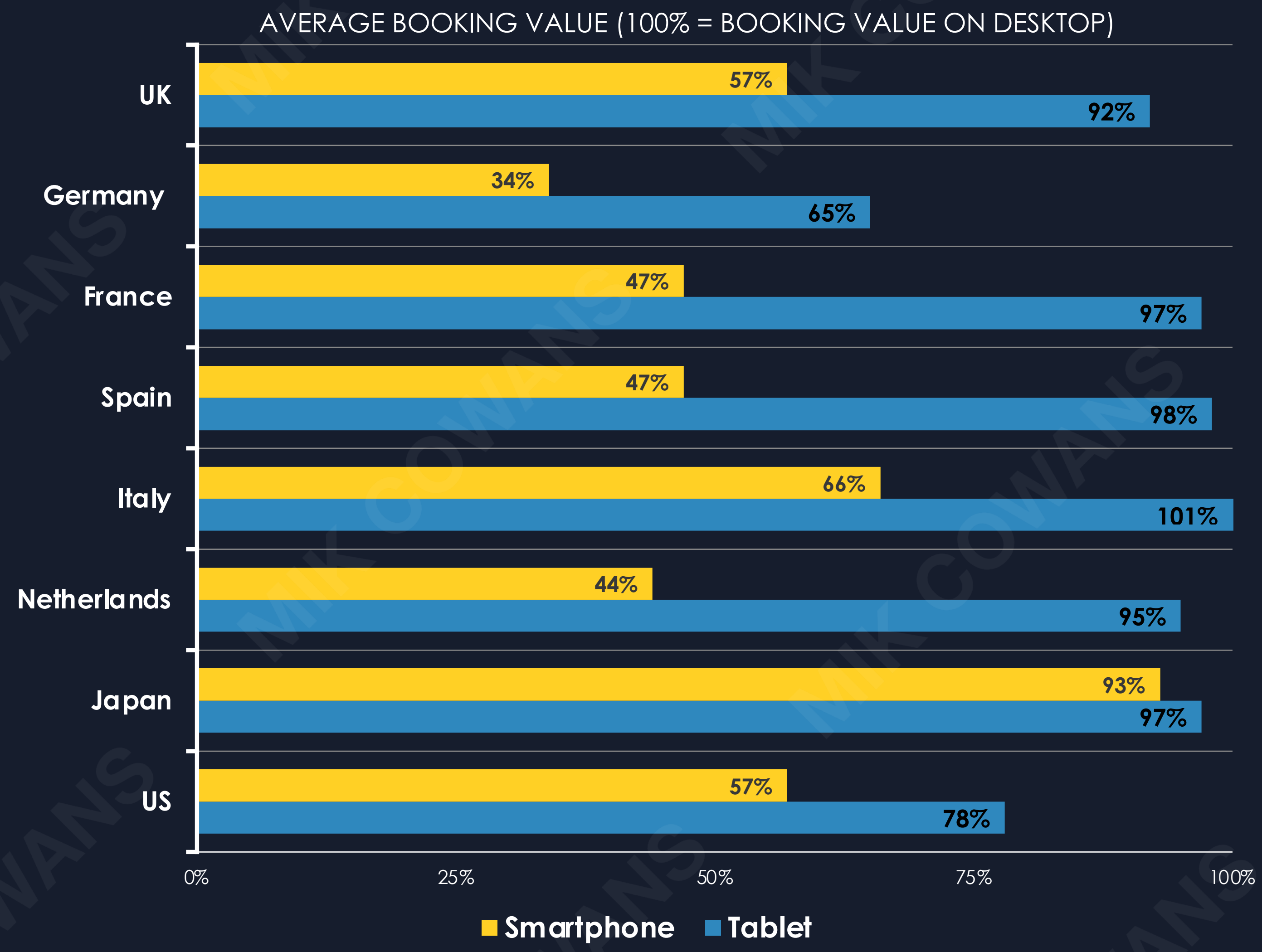
For one-night stays, **apps have a clear lead** over other devices or platforms, with nearly **three in four** app bookings made for **one-night stays**.

Share of online bookings by device type vs. length of stay



Source: Criteo 2016, France, Germany, Japan, UK, hotel, OTAs and suppliers, excluding apps

Average booking values for tablets and smartphones compared to desktop

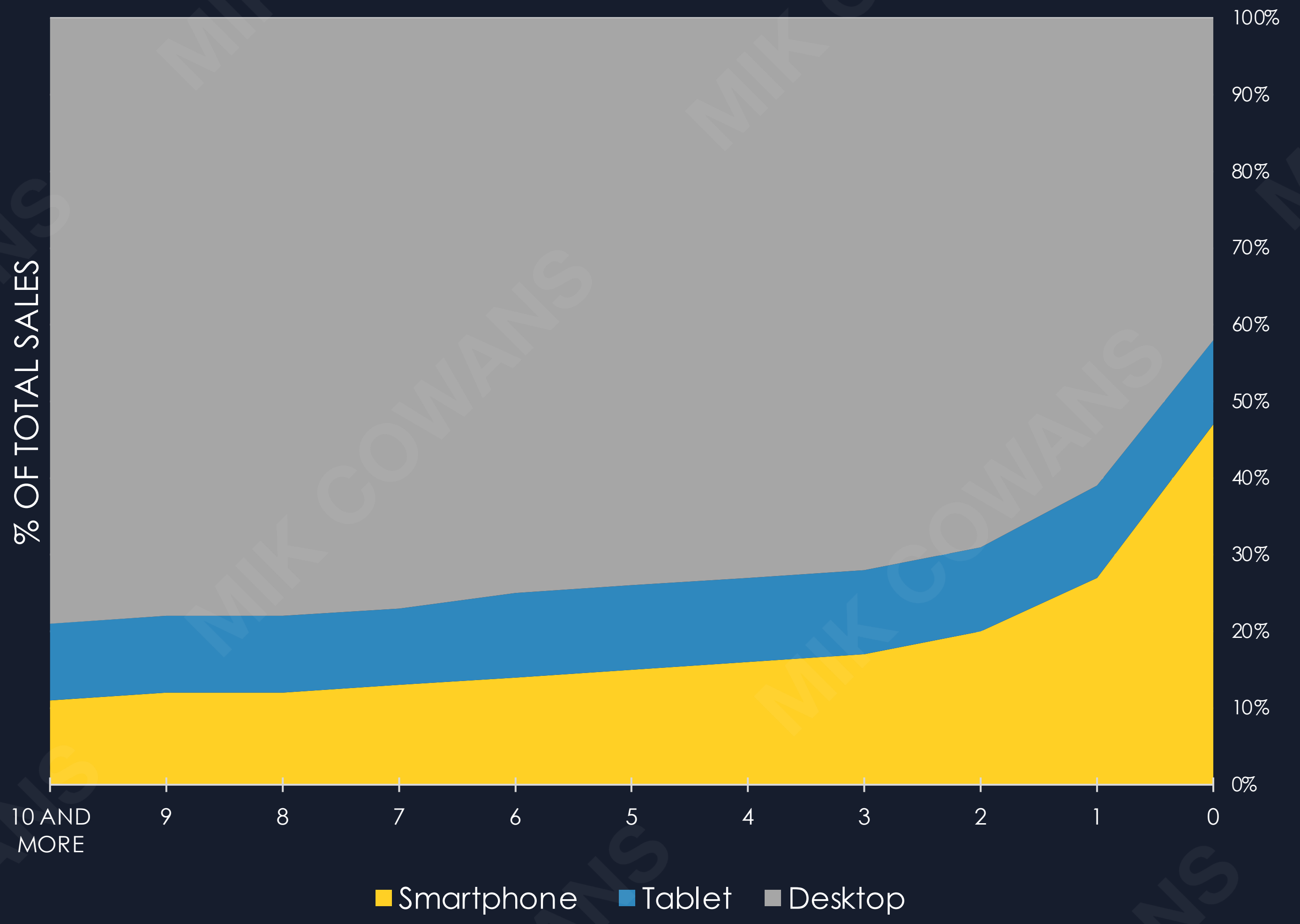


Source: Criteo, Worldwide, Hotels, 2015

The **average booking value** is, in most markets, **lower on smartphones**, notably because these devices are used more often for **short stays**.

Interestingly tablets reach desktop levels in most countries.

Bookings by device when getting closer to check-in day

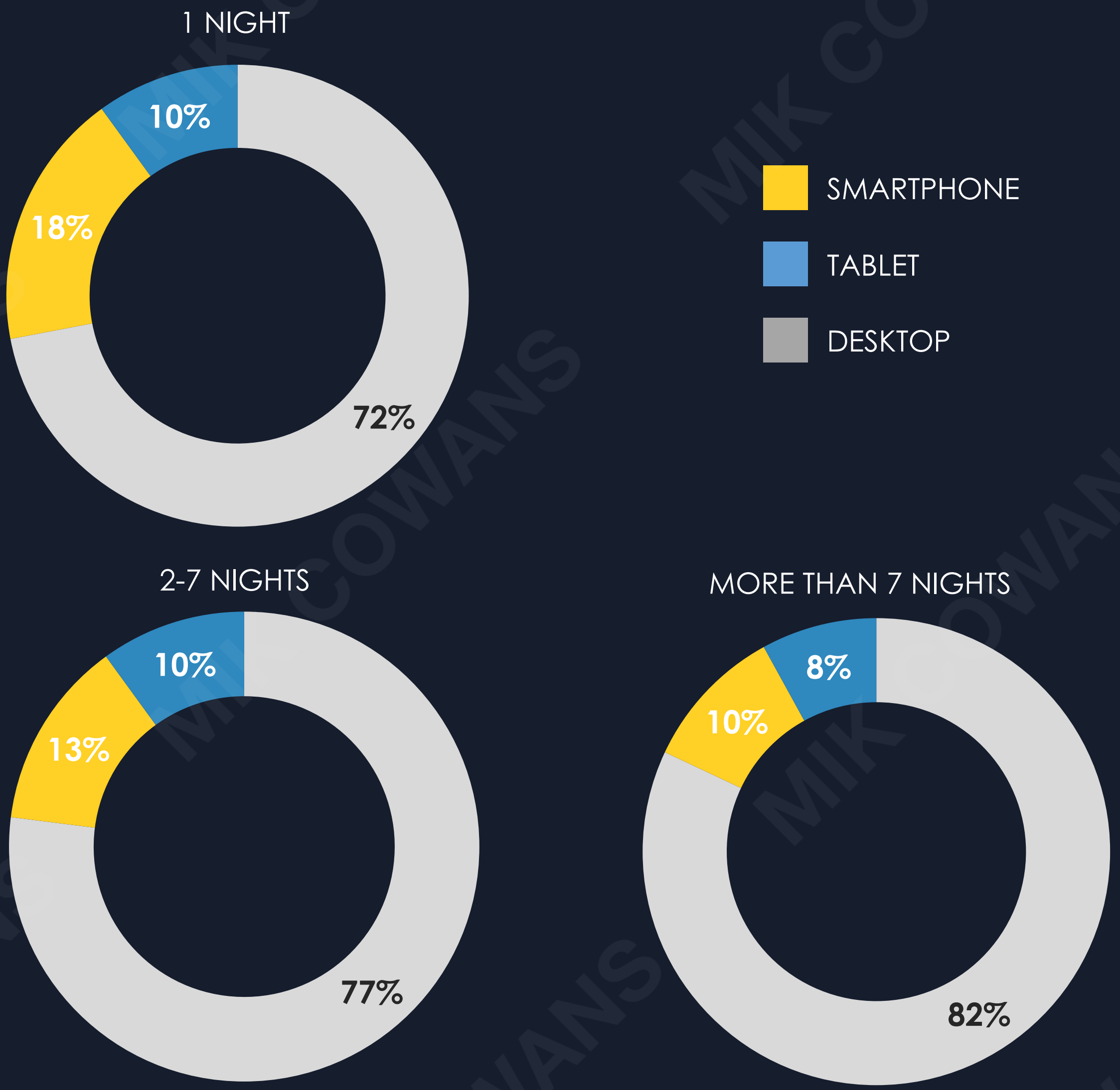


Source: Criteo, Worldwide, Hotels, 2015

For last-minute hotel booking, travellers **grab a smartphone.**

Smartphones account for **47 percent of same-day** hotel bookings. Add in tablets, and the share is **58 Percent**.

Hotel duration of stay



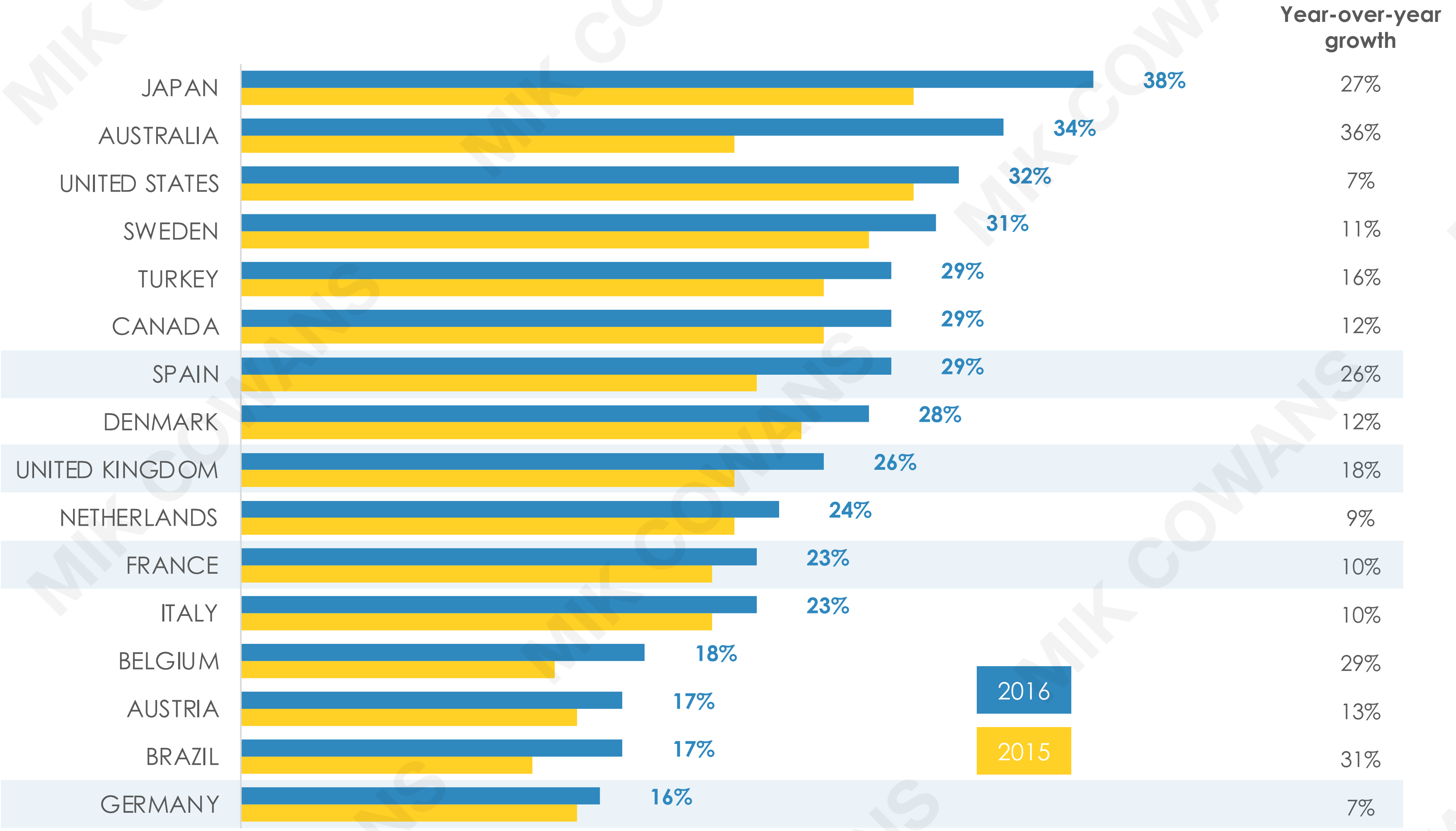
Source: Criteo, Worldwide, Hotels, 2015

Short stay, **small screen.**

When booking shorter stays, travellers tend to use **mobile devices more often**. Smartphones in particular account for just 10 % of bookings for stays of a week or more, but they register **18 % of one-night stays**.

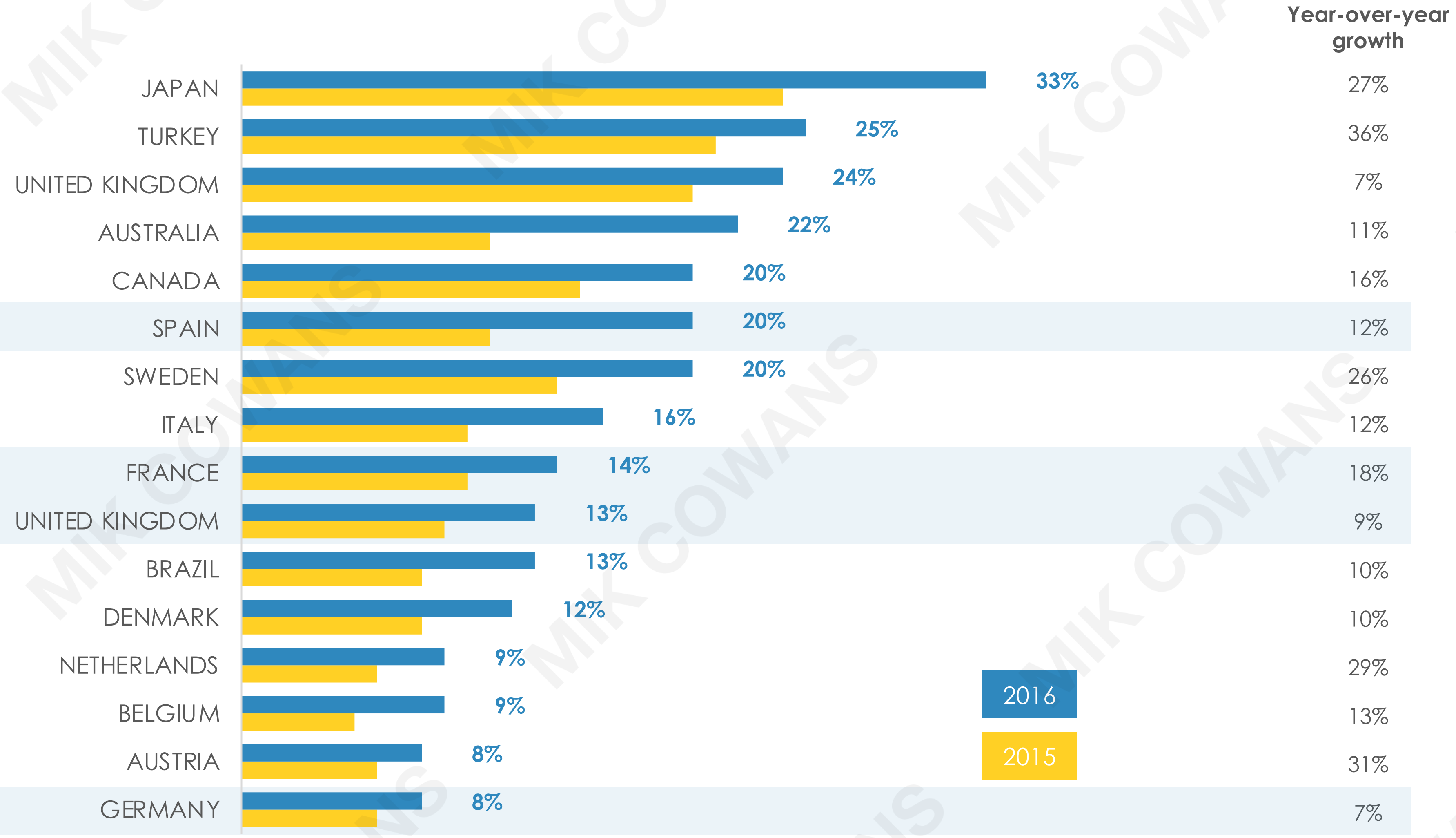
Tablets are stable and remain around 10% regardless of stay duration.

Mobile web share of
online bookings.



Source: Criteo 2016 dataset and 2015 dataset, all travel subsectors, OTAs and suppliers

Smartphone share of **online bookings.**



Source: Criteo 2016 dataset and 2015 dataset, all travel subsectors, OTAs and suppliers

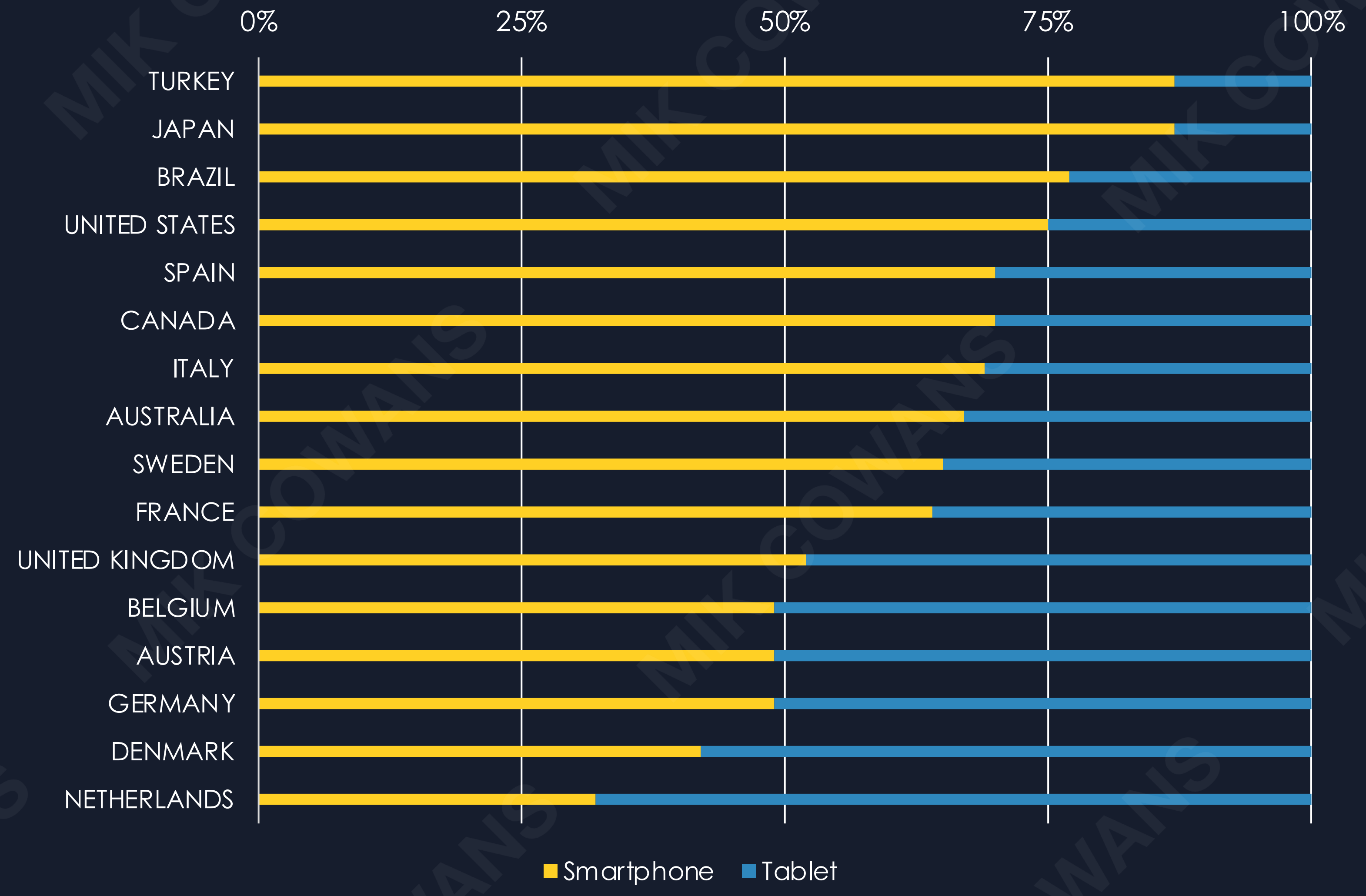
Smartphones surpass tablets **in most markets.**

Smartphones are dominating mobile bookings in most markets.

Around **two in three mobile bookings** in Spain and Italy are **already made on smartphones**.

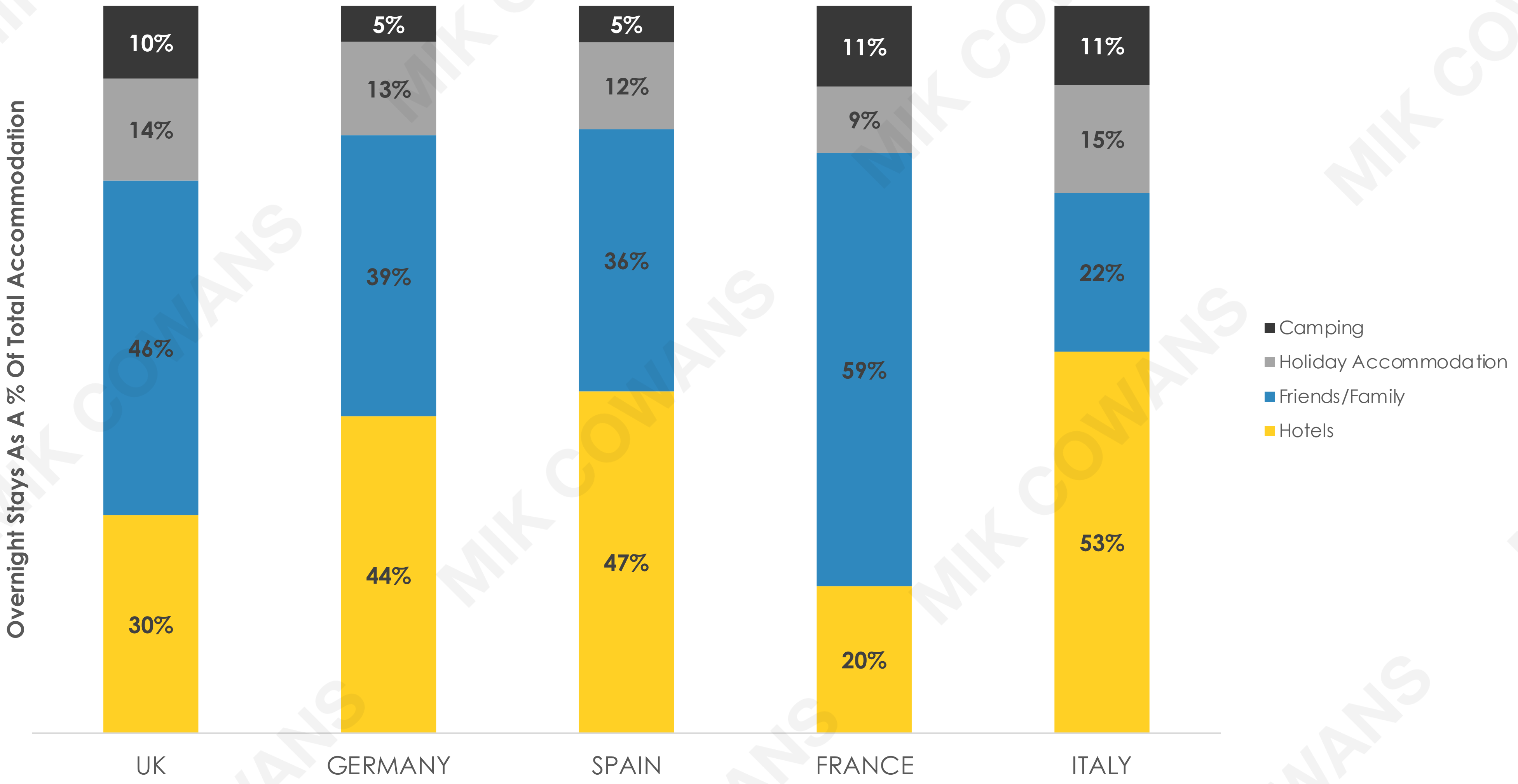
Tablets remain strong in Northern Europe but the **trend is towards growth** in smartphone bookings.

Share of smartphones vs. tablets among mobile web bookings



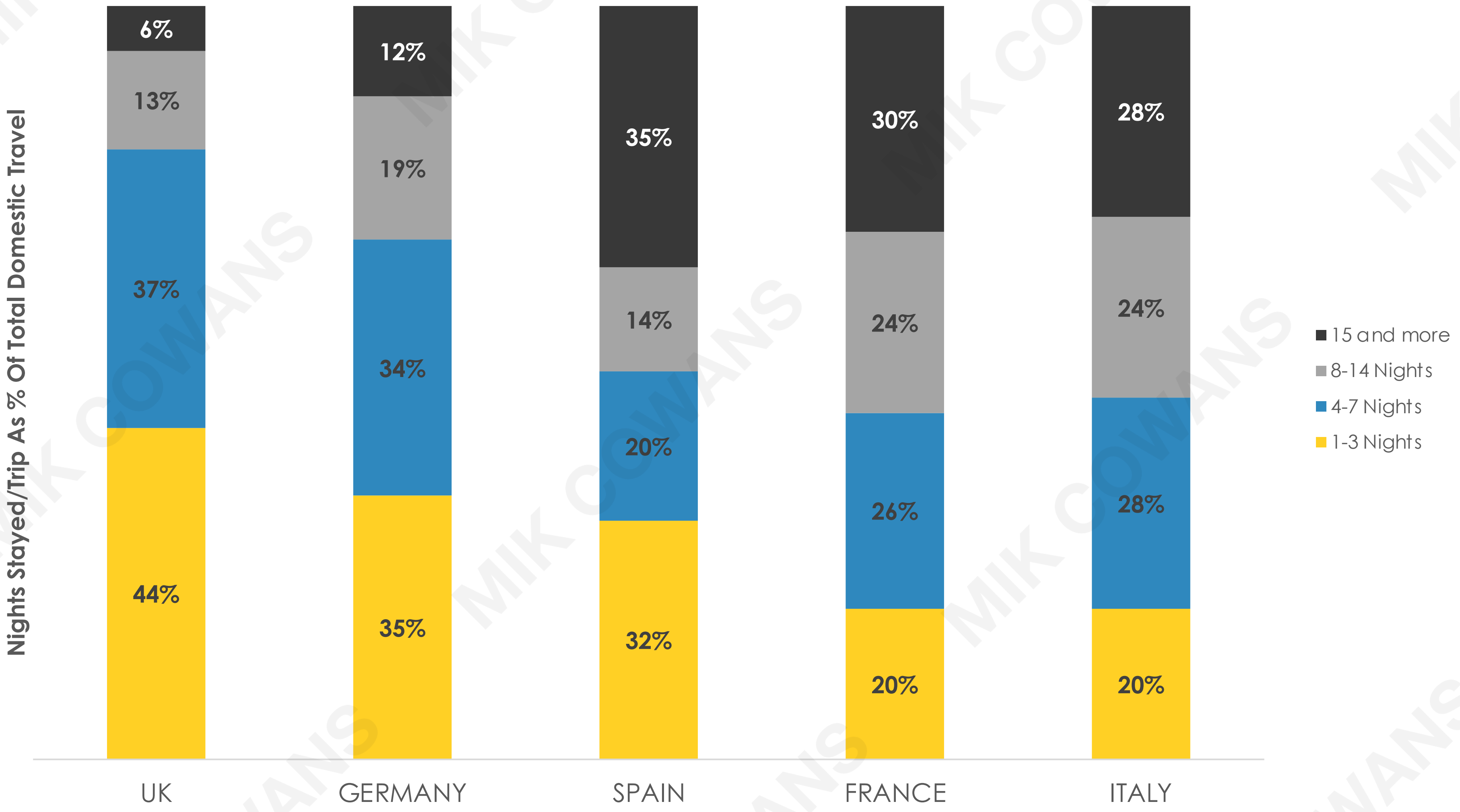
Source: Criteo dataset 2016 and 2015, all travel subsectors, OTAs and suppliers

Hotels make up an average of **~40% overnight accommodation.**



Source: Eurostat, Morgan Stanley

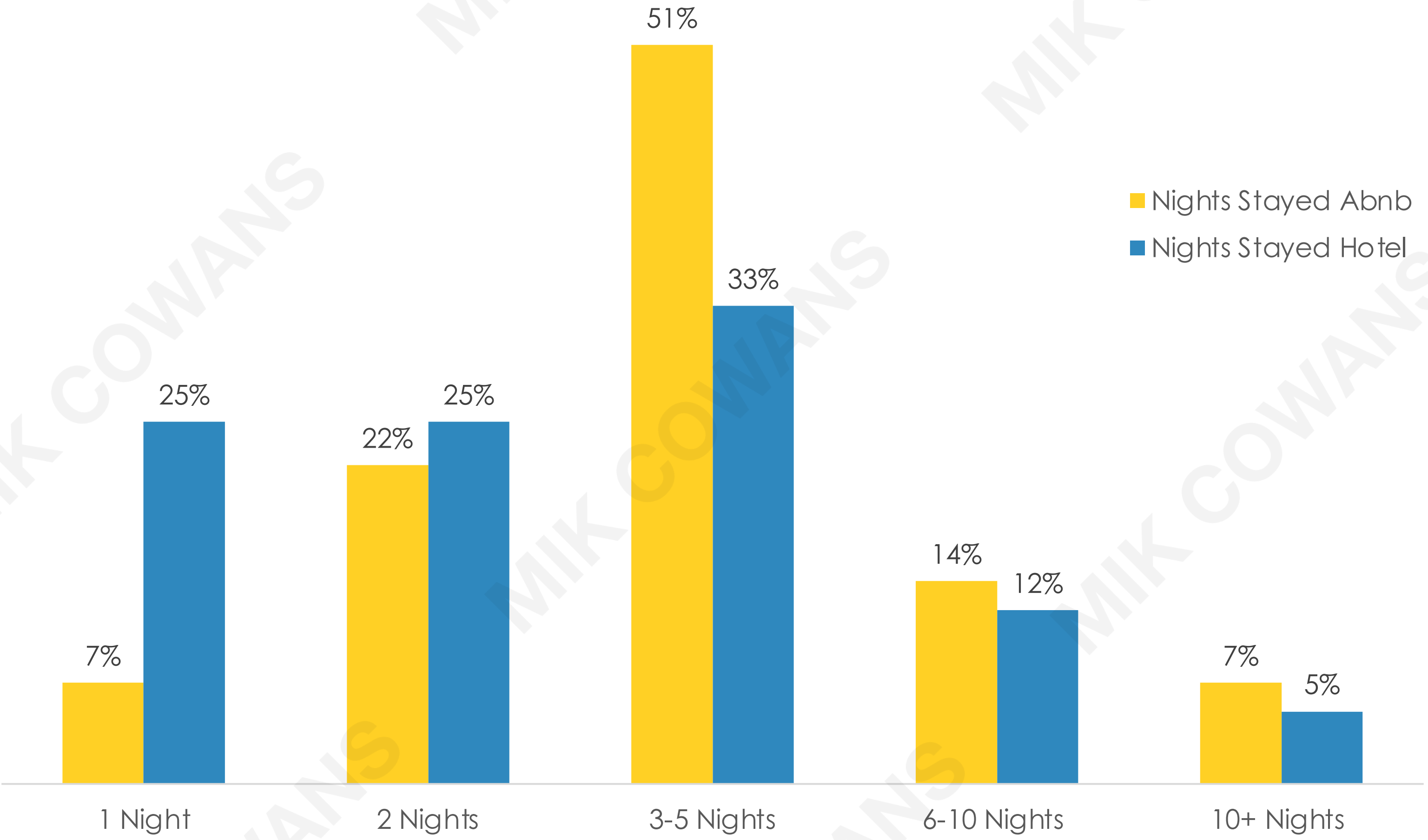
… with 1-3 night stays average 30% of accommodation nights, **which is where hotels are skewed the most.**



Source: Eurostat, Morgan Stanley

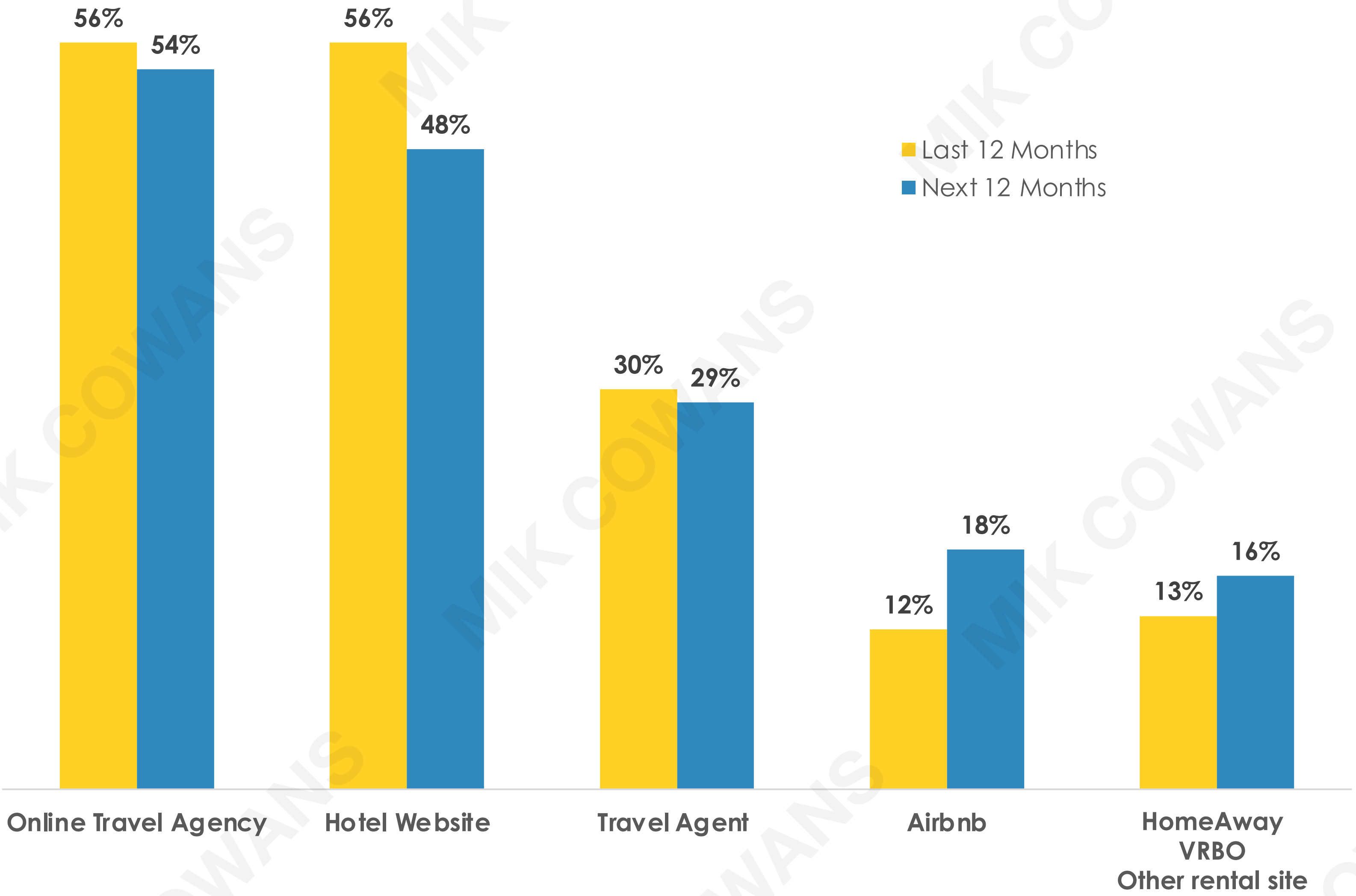
Airbnb is less focused on **single night stays.**

When you booked Airbnb / Hotel, how many nights did you stay?



Source: AlphaWise, Morgan Stanley 2016

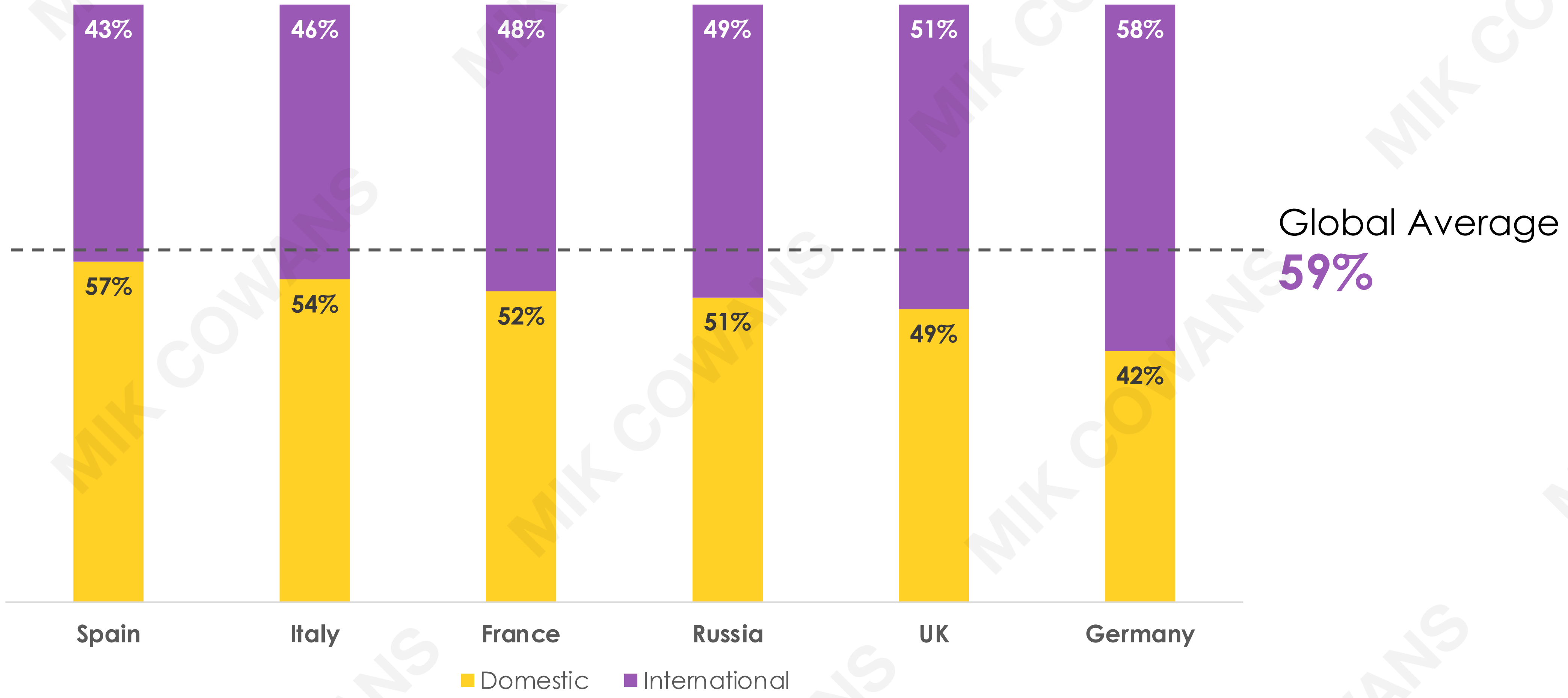
Channels used to **book accommodations.**



Source: Morgan Stanley 2015, UK, Germany, France, US

Where & Why
People Travel

Domestic or **International?**



Source: Trip Advisor Insights – Trip Barometer

Main holiday **motivations.**

Highest % per item

Lowest % per item

	UK	FR	DE	ES	IT
Sun/beach	44	40	**37**	37	**36**
Visiting family/friends	**45**	**48**	36	**40**	28
Nature (mountain, lake, landscape, etc)	23	37	30	23	18
City trip	22	31	24	21	**36**
Culture (e.g. religious, gastronomy, arts)	25	31	26	29	30
Wellness/spa/health treatment	**7**	16	13	6	16
Sports activities (e.g. cycling, scuba-diving)	10	14	15	**5**	**3**
Specific event (sporting/festivals/event)	13	**9**	**5**	7	9

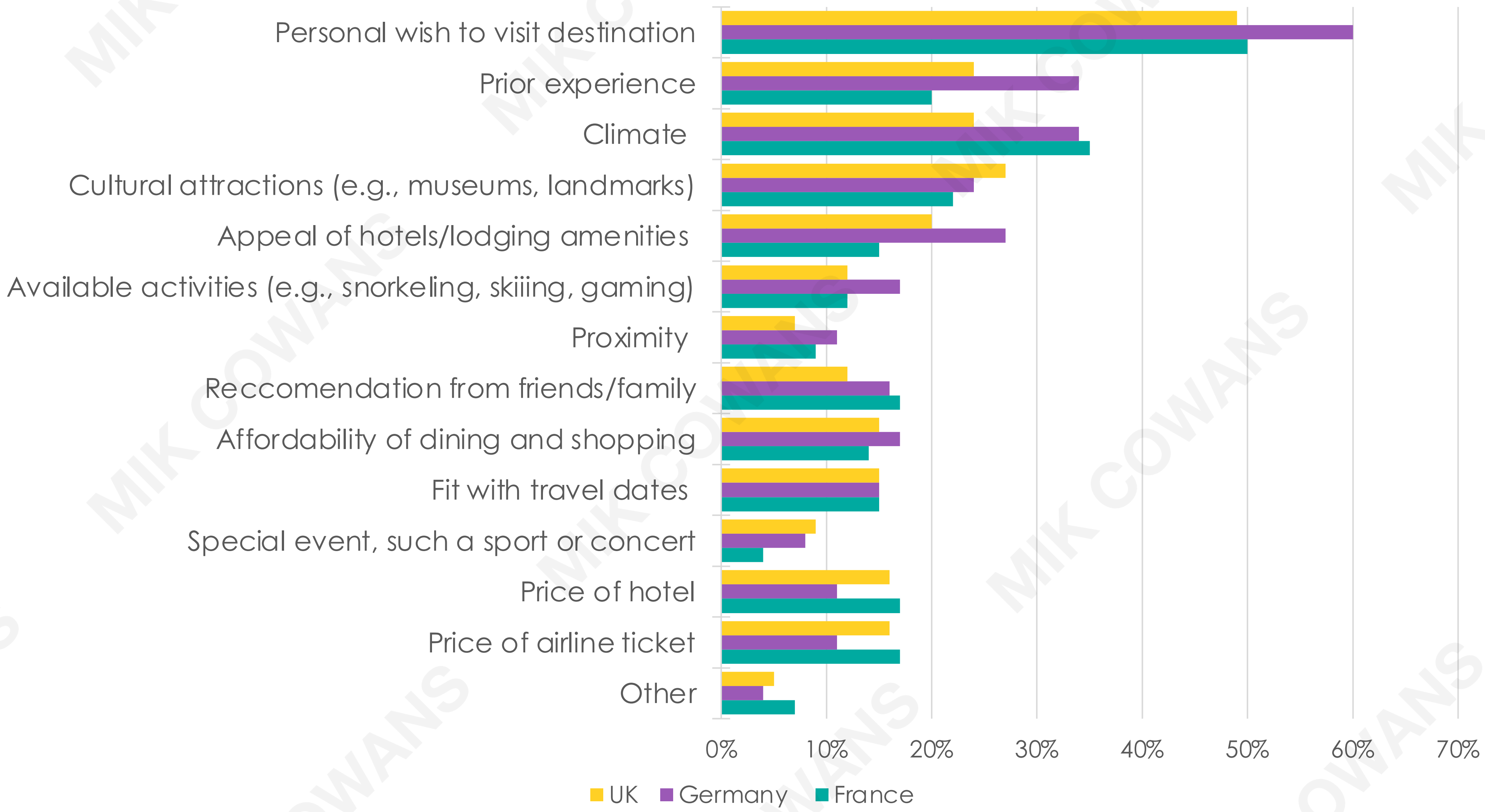
Source: European commission: Preferences of Europeans towards tourism, March 2016

Why people return to **holiday destinations.**

	UK	FR	DE	ES	IT
Natural features (landscapes, weather)	45 (+3)	58 (-2)	44 (-5)	38 (+2)	34 (-10)
Quality of accommodation	43 (-3)	32 (+2)	33 (-3)	34 (+2)	17 (-2)
Cultural & historical attractions	35 (+2)	36 (+5)	28	28 (-2)	26 (-3)
The general level of prices	30 (-2)	28 (-2)	18 (-5)	23 (-4)	16 (-5)
How tourists are welcomed	26	28 (+2)	17 (-2)	16 (-2)	23 (-4)
Activities & services available	37	20 (-1)	13 (-6)	16 (-10)	13 (-5)
Accessible facilities (disabled, elderly, etc)	12 (+1)	5 (-2)	3 (-1)	6	2 (-1)

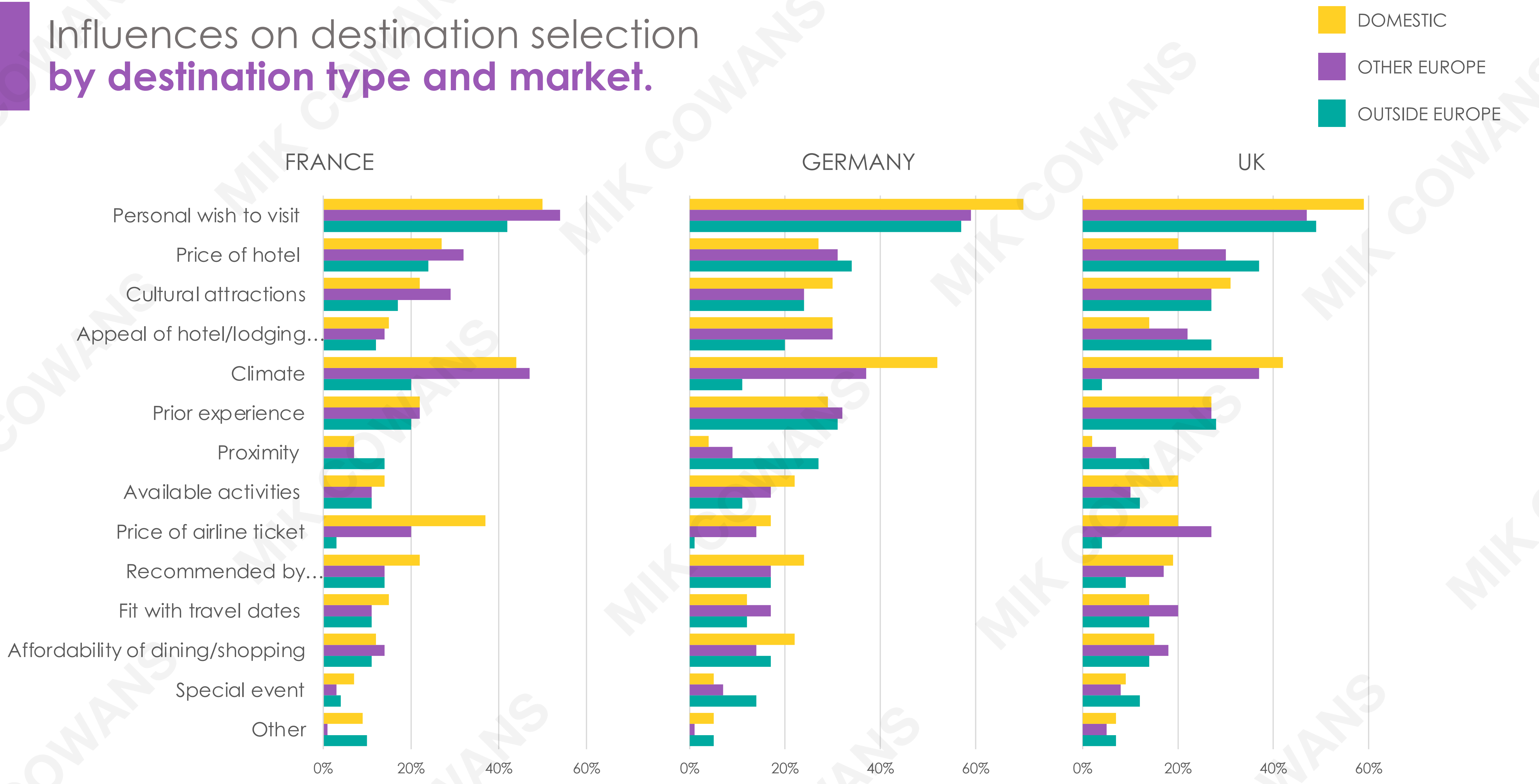
Source: European commission: Preferences of Europeans towards tourism, March 2016

Influences on **destination selection.**



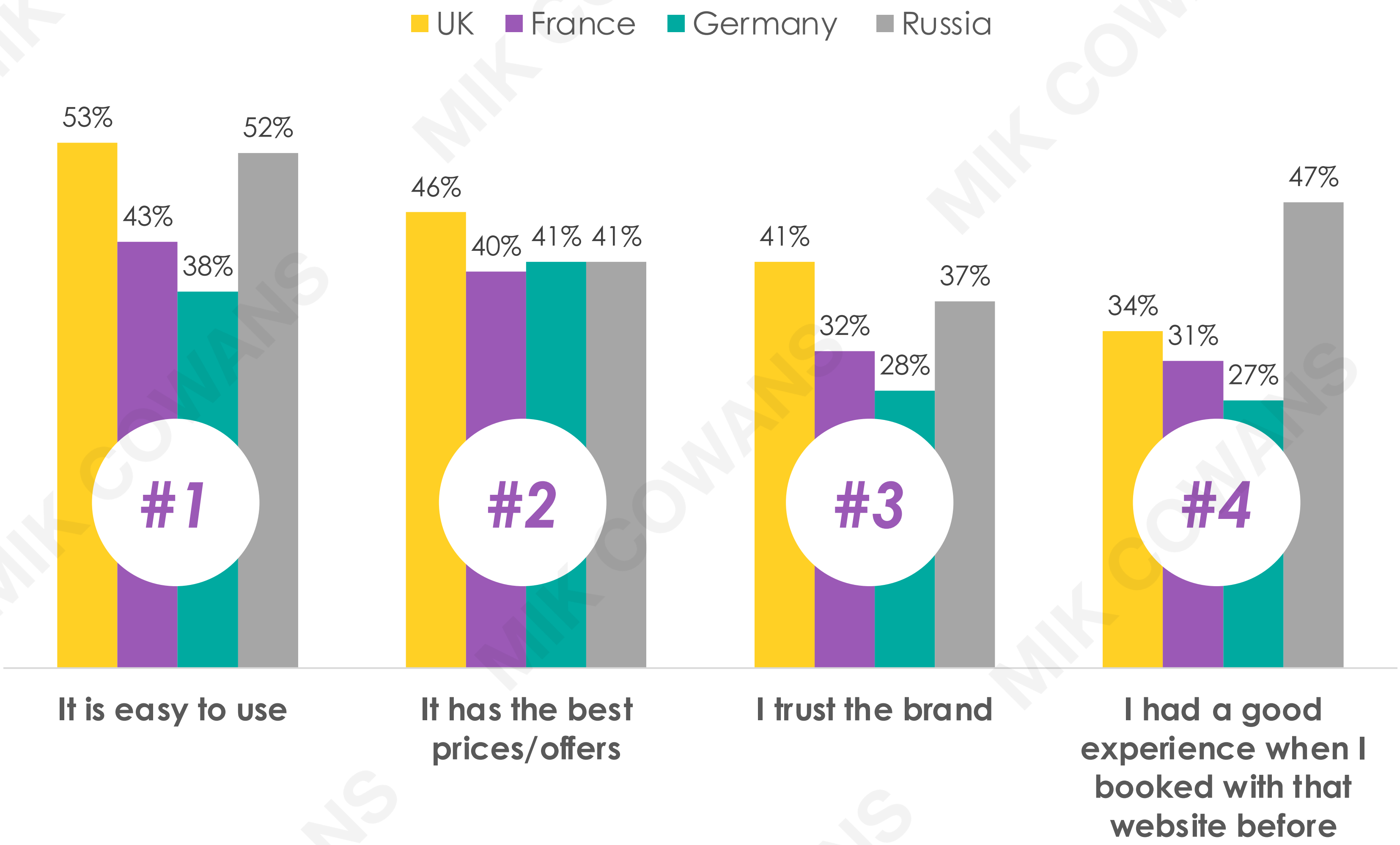
Source: PhoCusWright's European Consumer Travel Report Third Edition

Influences on destination selection **by destination type and market.**



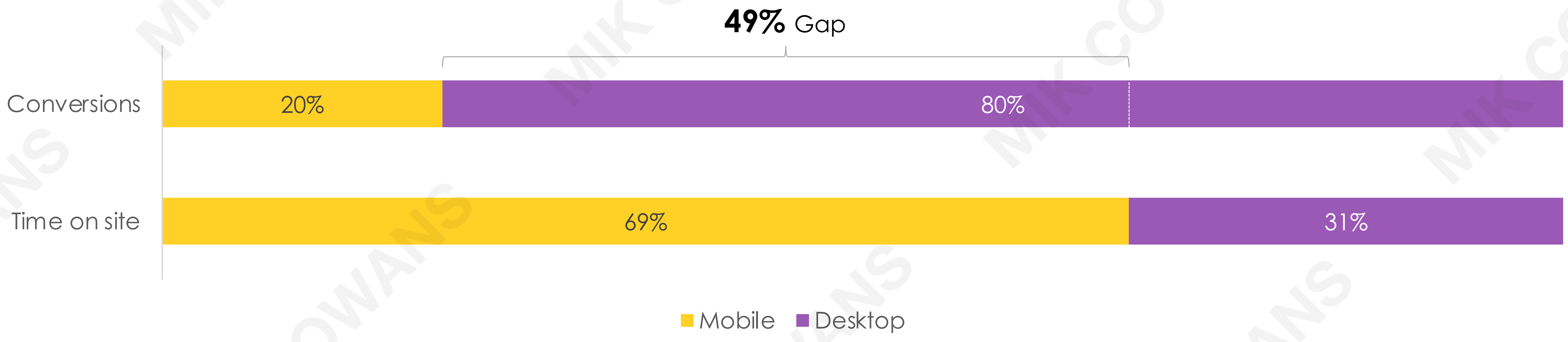
Source: PhoCusWright's European Consumer Travel Report Third Edition

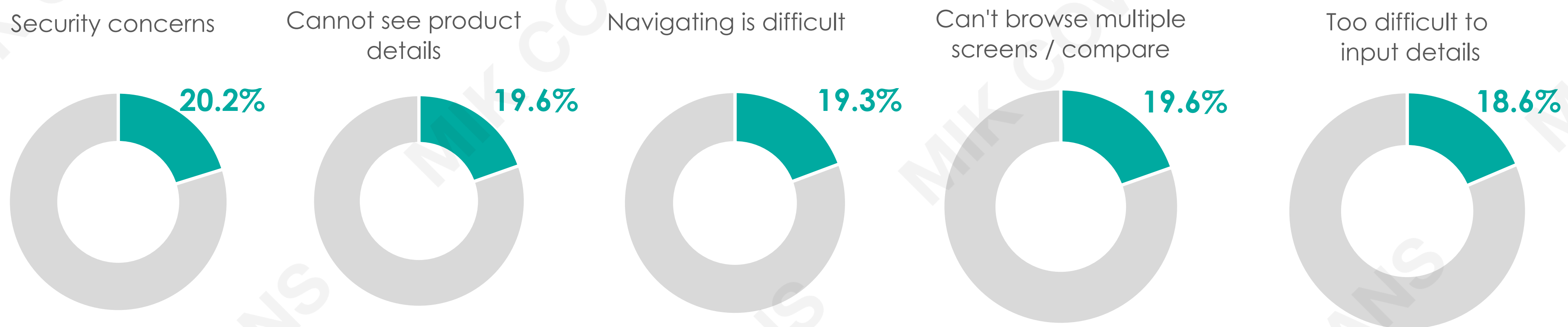
Top drivers of **hotel website selection.**



Source: PhoCusWright's Seaerch, Shop, Buy: The New Digital Funnel 2015

Barriers to mobile **website conversion.**



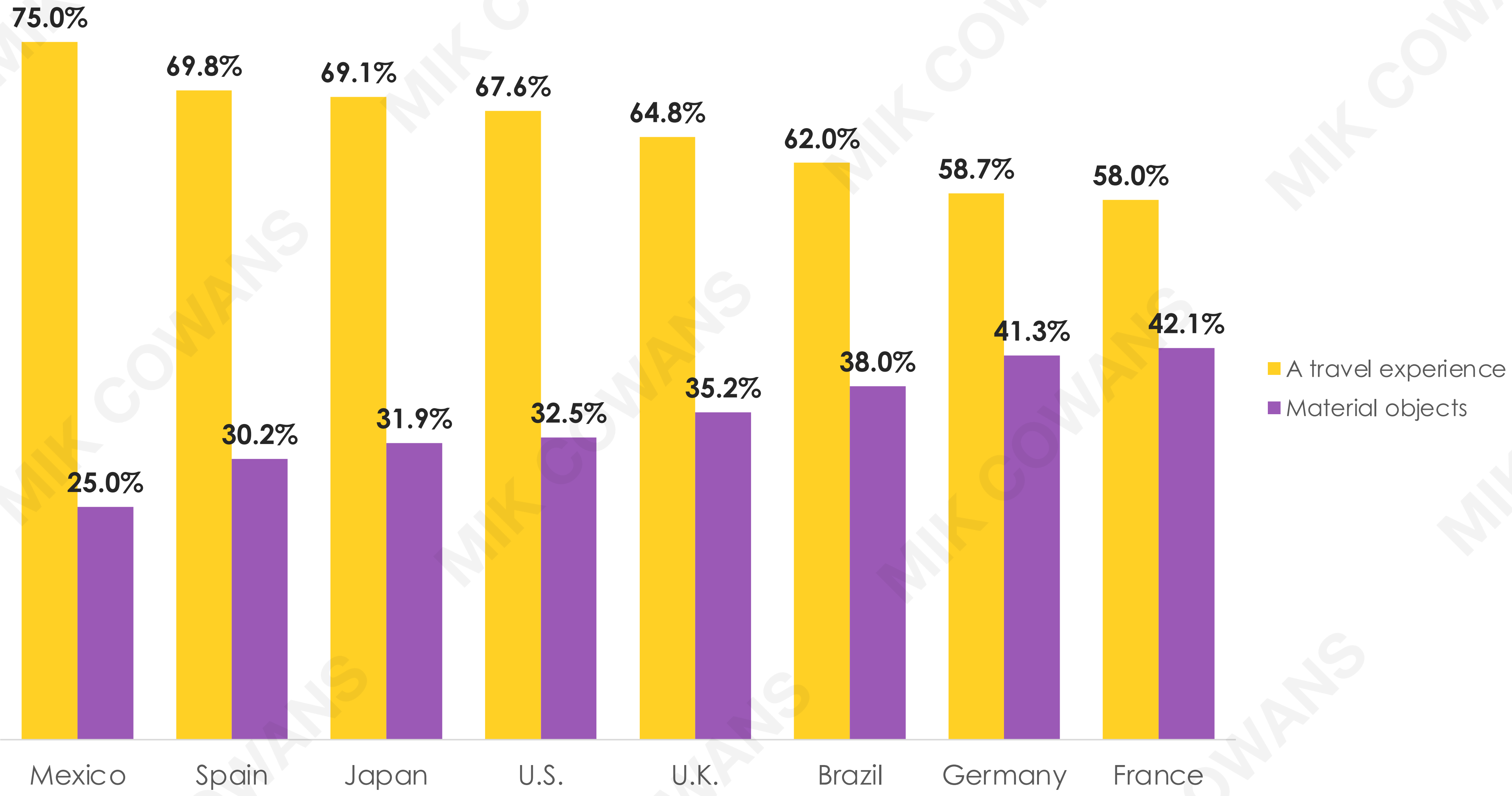


Reasons for
not converting

Source: comScore MMX Multi-Platform and e-Commerce 2016

Experience vs. **objects.**

Would you rather spend your disposable income on travel experience or material objects?



Source: Skift 2016

People from UK **travel to...**

1. Spain (+16%)
2. United States (+6%)
3. Italy (+9%)
4. Ireland (+3%)
5. Greece (+13%)
6. France (-8%)
7. Netherlands (+13%)
8. Portugal (+11%)
9. United Arab Emirates (+5%)
10. Germany (+12%)

Visitors to the UK **travel from...**

1. (+38%) United States
2. (+11%) Germany
3. (+19%) Ireland
4. (+10%) Spain
5. (-2%) France
6. (-9%) Italy
7. (+8%) Australia
8. (+31%) Canada
9. (+7%) Netherlands
10. (+23%) India

Google Jul – Sept 2016 EMEA

People from DE travel to...

1. Italy (+25%)
2. Spain (+24%)
3. Austria (+23%)
4. Netherlands (+29%)
5. Turkey (-19%)
6. United States (+19%)
7. Greece (+56%)
8. France (+1%)
9. United Kingdom (+11%)
10. Poland (+40%)

Visitors to DE travel from...

1. (+14%) Netherlands
2. (+17%) Switzerland
3. (+12%) United Kingdom
4. (+39%) United States
5. (+15%) Austria
6. (0%) Italy
7. (+18%) France
8. (+11%) Denmark
9. (+13%) Belgium
10. (+10%) Spain

Source: Google Jul – Sept 2016 EMEA

People from FR **travel to...**

1. Spain (+17%)
2. Italy (+8%)
3. United States (+11%)
4. United Kingdom (-2%)
5. Portugal (+26%)
6. Greece (+10%)
7. Germany (+18%)
8. Netherlands (+10%)
9. Morocco (+11%)
10. Belgium (-8%)

Visitors to FR **travel from...**

1. (-8%) United Kingdom
2. (+9%) Belgium
3. (+13%) United States
4. (+1%) Germany
5. (-9%) Spain
6. (-29%) Italy
7. (+4%) Switzerland
8. (-3%) Netherlands
9. (-3%) Canada
10. (-10%) Brazil

Source: Google Jul – Sept 2016 EMEA

People from ES **travel to...**

1. Portugal (+11%)
2. Italy (+8%)
3. France (-9%)
4. United States (+15%)
5. United Kingdom (+10%)
6. Andorra (-3%)
7. Germany (+10%)
8. Mexico (+15%)
9. Netherlands (+8%)
10. Dominican Republic (-1%)

Visitors to ES **travel from...**

1. (+16%) United Kingdom
2. (+24%) Germany
3. (+17%) France
4. (+6%) Italy
5. (+25%) Netherlands
6. (+46%) United States
7. (+21%) Belgium
8. (+23%) Switzerland
9. (+12%) Portugal
10. (+20%) Ireland

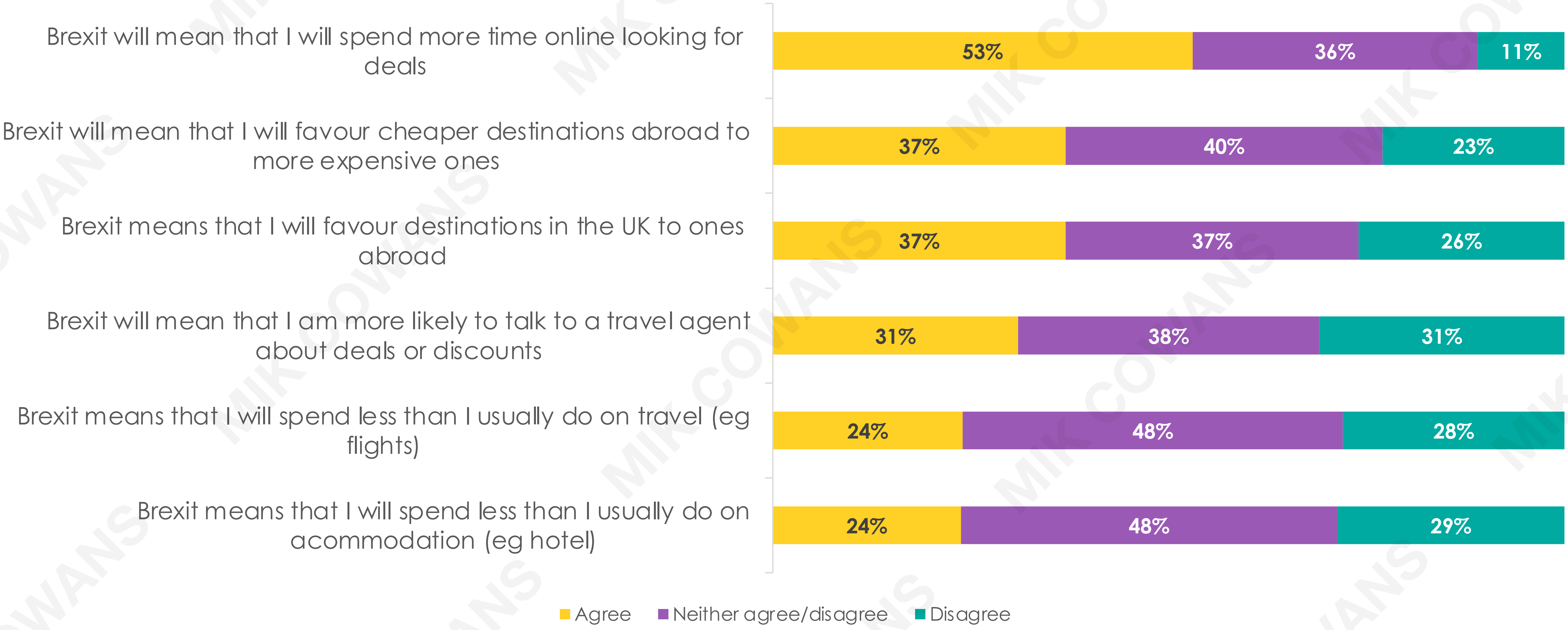
Source: Google Jul – Sept 2016 EMEA

Special Brexit **analysis.**

"Brexit analysis data suggest **consumers will be more cautious**, although this **does not mean they will forgo their holidays**. 53% say that Brexit will mean they spend **more time looking for deals**, rising to 61% for 16-34s. For comparison, a comparatively low 46% of over-55s say the same. **Millennials will make use of online tools and websites to help them find cheaper deals**. 37% also say they will **favour cheaper destinations** because of Brexit. Again, younger consumers are more likely to do this. 51% of 16-24s and 44% of 25-34s intended to do this compared to just 27% of over-55s. Because **Millennials like to fit in multiple holidays** through the year they will choose locations that will suit their budget, in an effort to go on more trips."

Source: Lightspeed/Mintel

Holiday attitudes **following Brexit.**

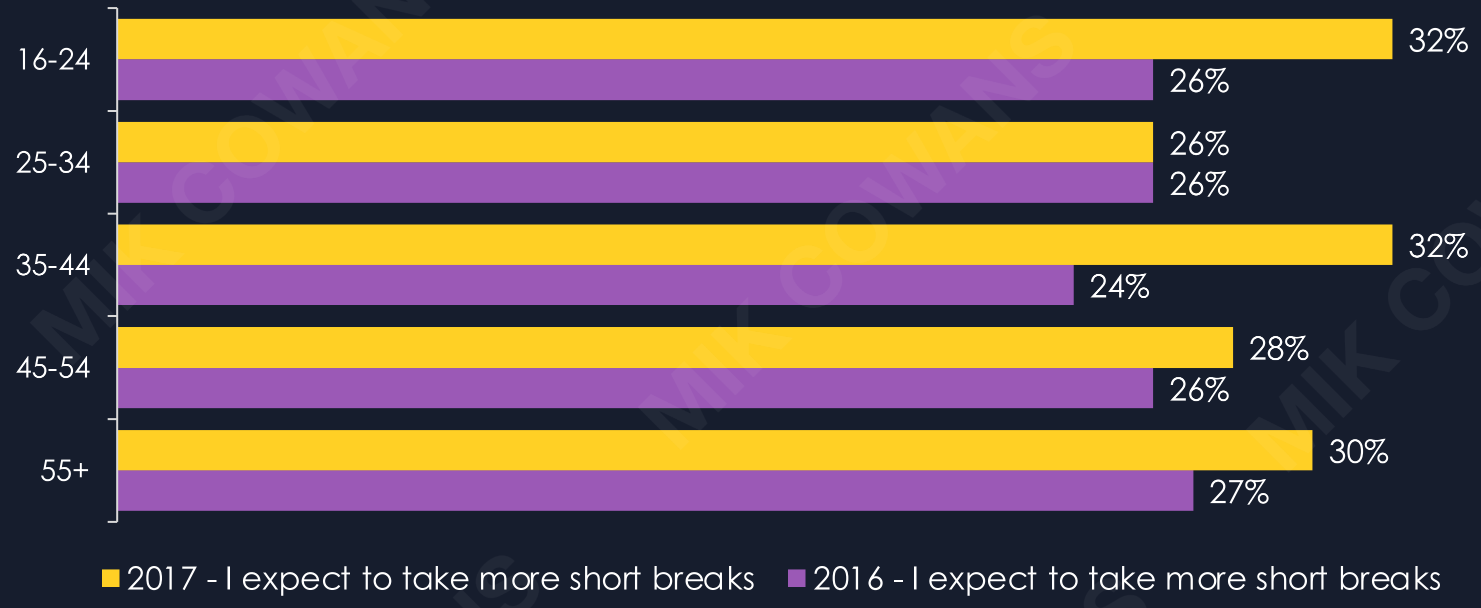


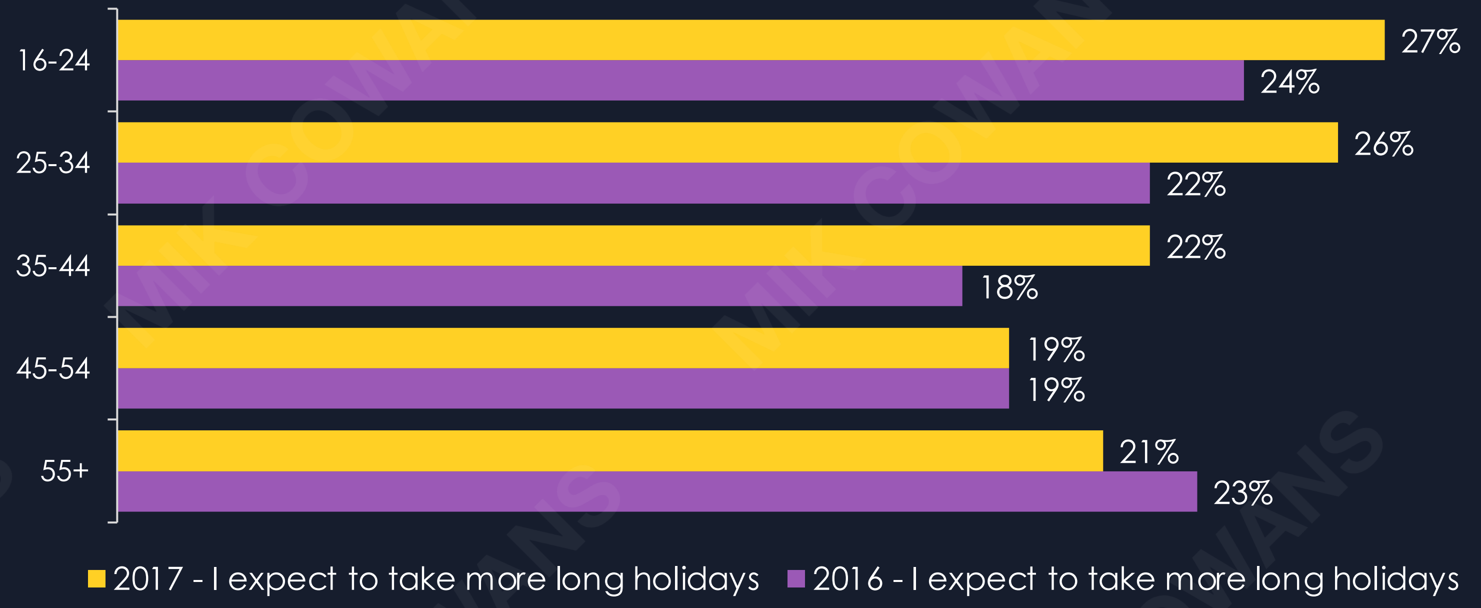
Source: Lightspeed/Mintel

Long & short holiday plans **by age.**

All age groups apart from the 25-34s expect to take **more short breaks** in 2017. However, the 25-34s plan on taking **more long holidays** in 2017 than they did the previous year.

In addition, far more are planning to **take a major holiday** in the coming year. Naturally, longer holidays will tend to be **destinations beyond Europe**.



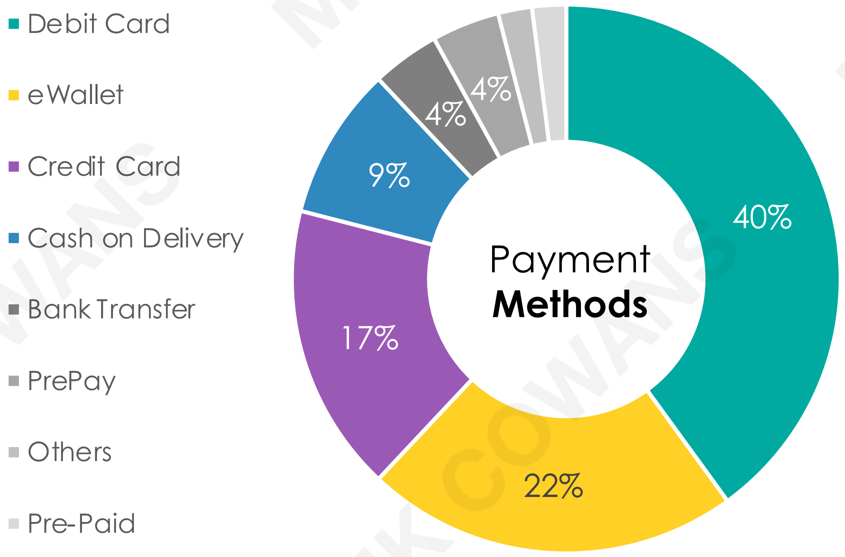


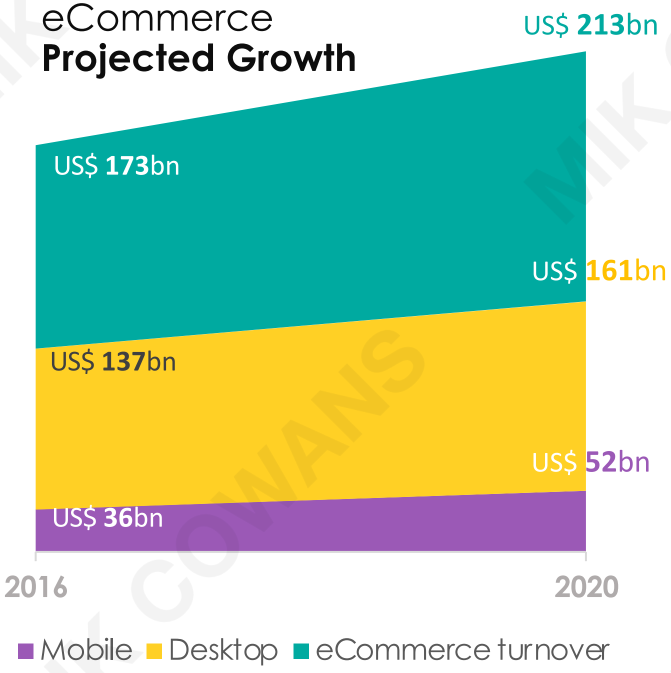
Source: Lightspeed/Mintel

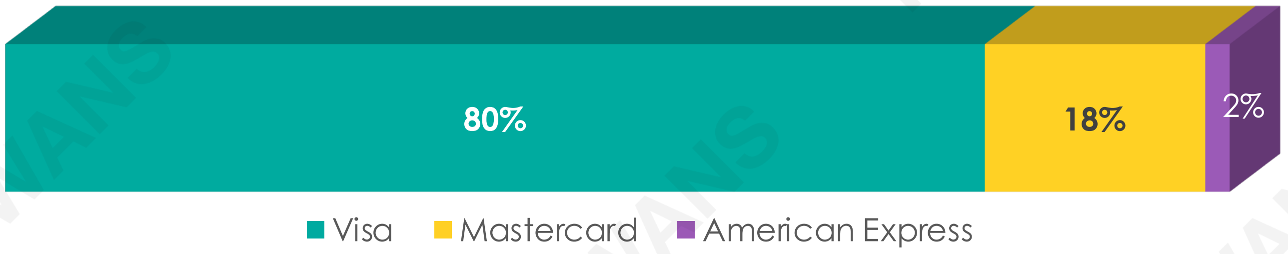
Payment Platforms

UK

mCommerce is particularly strong in a **steadily growing market**







Source: WorldPay 2016

As an early adopter of eCommerce, the **UK's eTail market has matured, and growth is steady rather than dramatic**. However, smartphone penetration is high and the **mCommerce sector is likely to almost double** over the next few years.

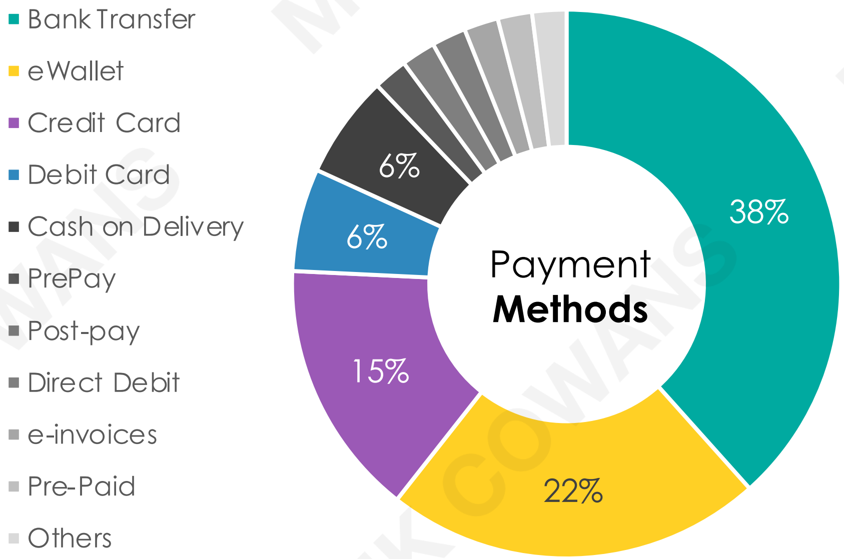
In terms of payment, **cards are the most popular method**, with 57% of the market, while **eWallets follow behind** at 22%. However, the share of cards is expected to decline over the next few years

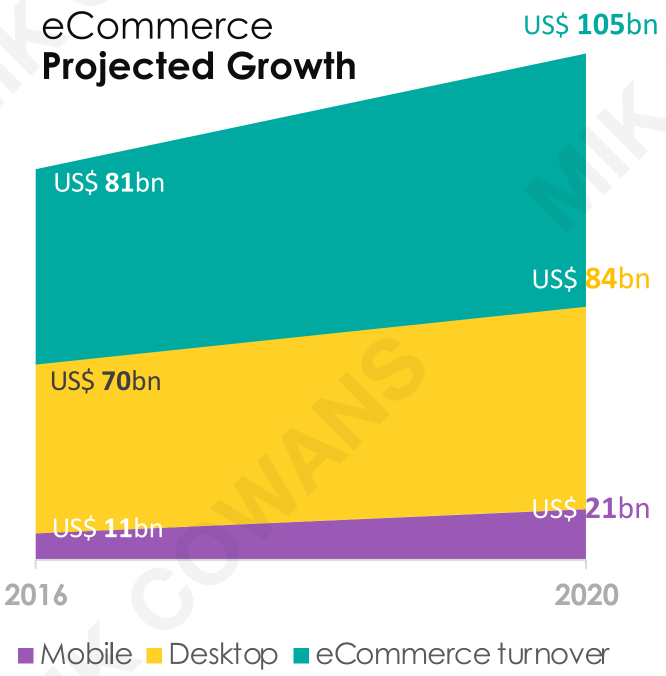
TOP ALTERNATIVE PAYMENT METHODS

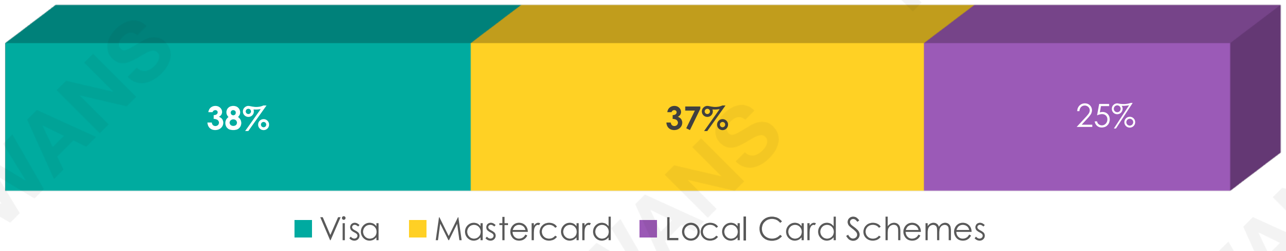
1. **PAYPAL**
2. **CASH ON DELIVERY**
3. **BANK TRANSFER**

DE

Bank Transfers to continue to dominate payments. **Popularity of cards expected to decline.**







Source: WorldPay 2016

Germany **ranks fifth in the world, in terms of online sales volume.** It's also a world-leader in crossborder eCommerce, behind only the US and the UK, with 50% of online purchases made via an international website.

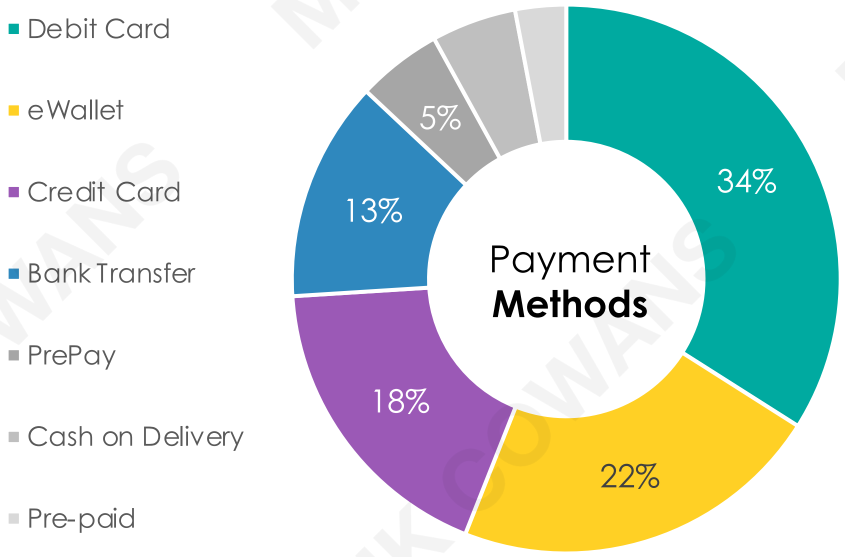
The **preferred online payment method is Bank Transfer** closely followed by eWallets (PayPal and cards). **Credit Cards are used by a small proportion of online purchasers** (9.1% of men, 5.8% of women in 2015). **This share is expected to decline further by 2020**, when alternative payments are expected to dominate.

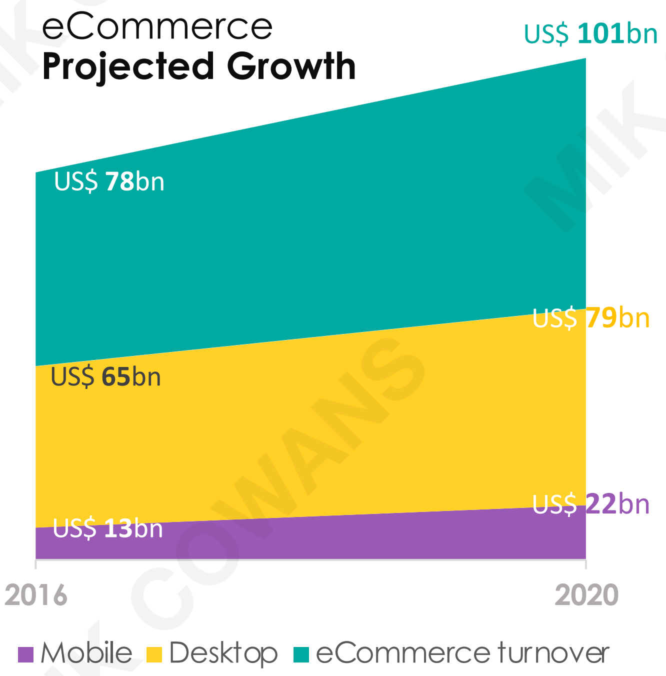
TOP ALTERNATIVE PAYMENT METHODS

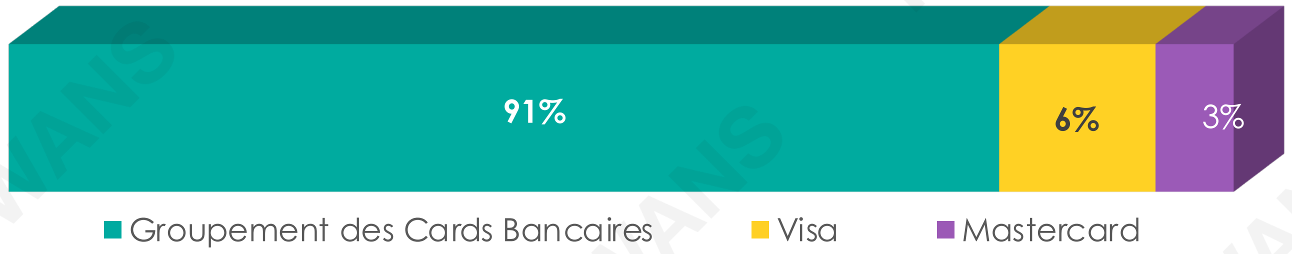
1. **SOFORT BANKING**
2. **SEPA DD**
3. **GIROPAY**

FR

While innovating in the payments arena, **cards remain dominant payment method.**







Source: WorldPay 2016

France has high levels of eCommerce, leaving less opportunity for rapid growth compared with some other countries. **Although growth is modest, it remains significant**, particularly in the mobile channel.

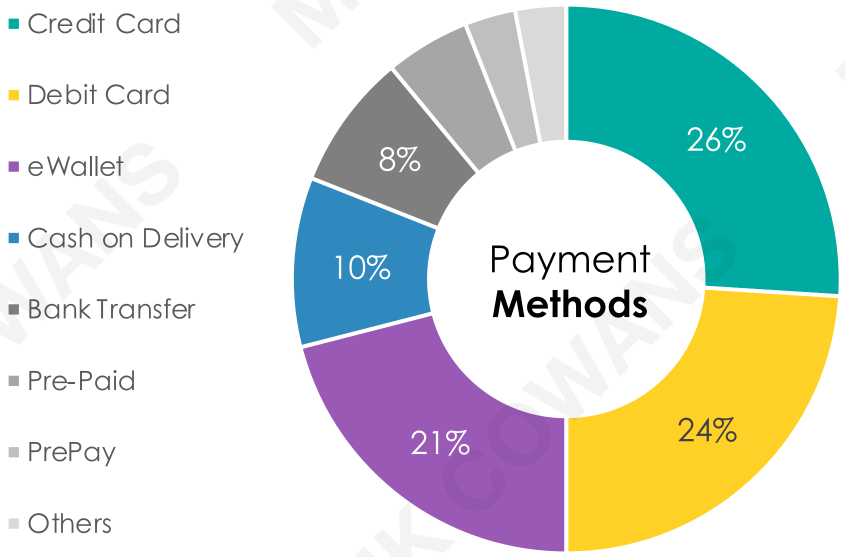
The most popular payment method is Debit Cards, followed by eWallets. **Card Bancaires maintains a high share** of transaction volumes. The new **bank-owned national eWallet (Paylib) has become very popular** in the market.

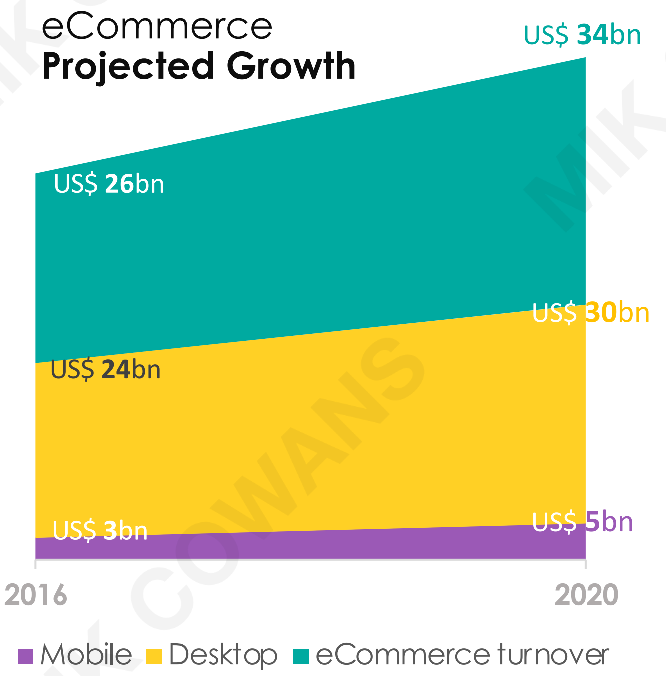
TOP ALTERNATIVE PAYMENT METHODS

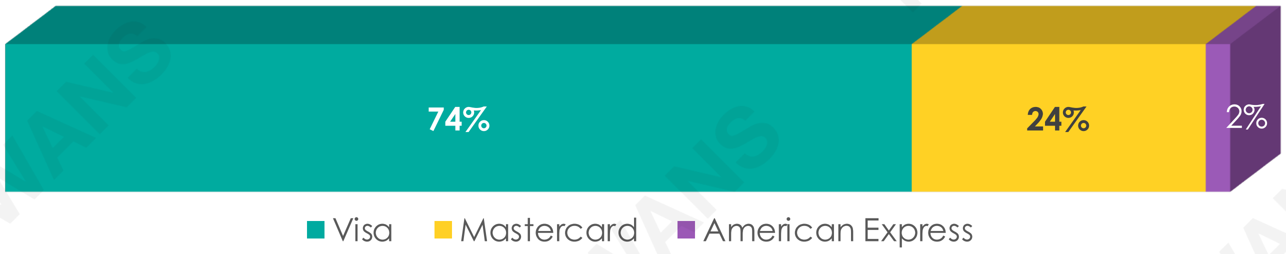
1. **PAYPAL**
2. **PAYLIB**
3. **BANK TRANSFER**

ES

Strong mobile sector is playing a major role **in the steady growth of Spain's eCommerce market.**







Source: WorldPay 2016

Spain's eCommerce market has begun to expand significantly after a slow start due, at least in part, to the effects of the country's recent financial crisis.

This growth is **driven by a high level of mobile activity** that will most likely see Spain's **mobile eCommerce market more than triple by 2020**. While cards remain a popular form of payment, their dominance is declining, **with 64% of online shoppers naming PayPal as the preferred payment** in 2015.

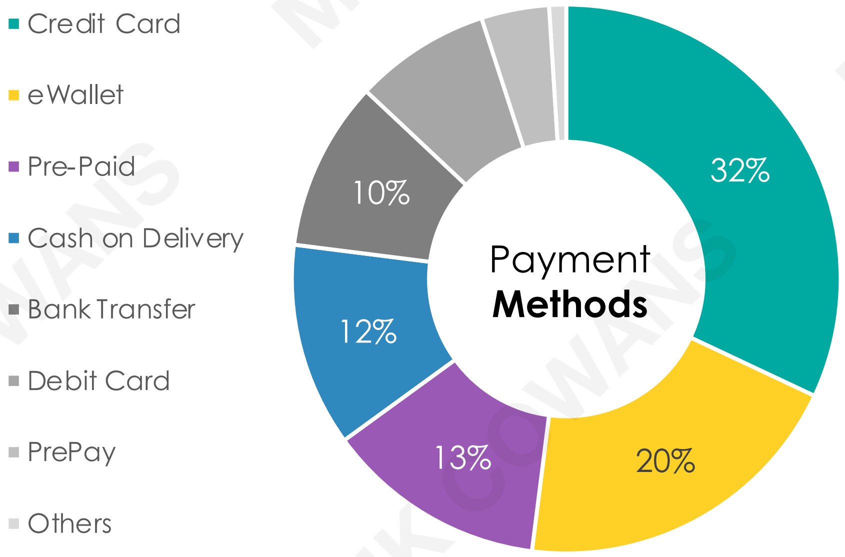
This **fall in overall card usage is expected to continue** until 2019, as consumers become ever more confident with alternative payment methods.

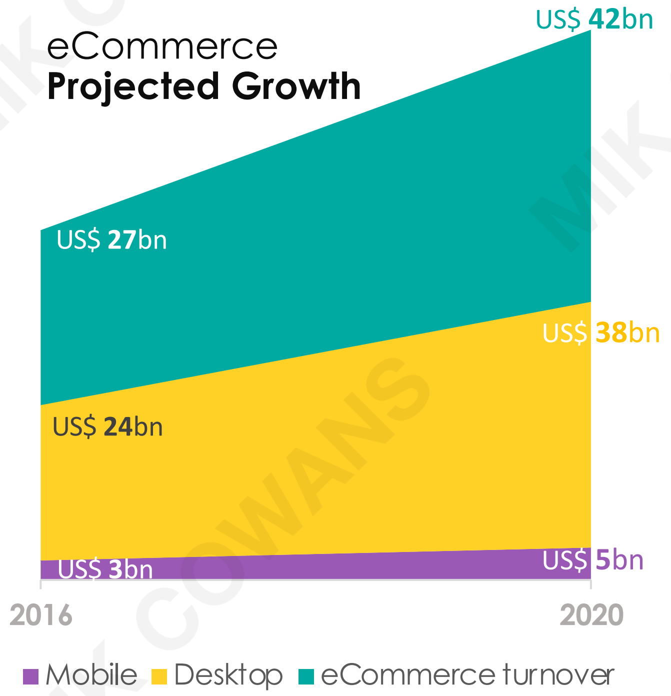
TOP ALTERNATIVE PAYMENT METHODS

1. **PAYPAL**
2. **TRUSTLY**
3. **BANK TRANSFER**

IT

Within a generally expanding eCommerce market, **mCommerce is growing particularly quickly.**





Source: WorldPay 2016

Although Italy's Internet adoption is still low, the **country's eCommerce sector is beginning to pick up pace**.

mCommerce is growing particularly quickly with over **20% of Italians now making a purchase via their mobile or tablet**.

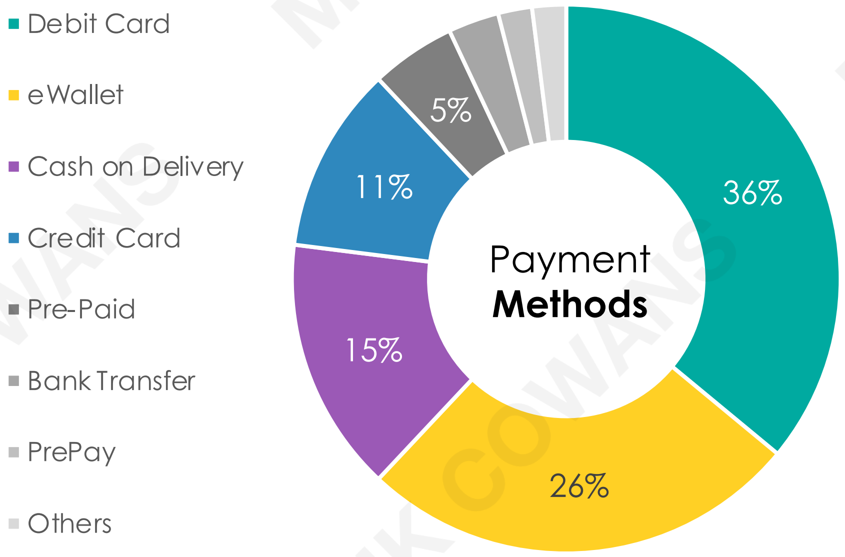
In payments, Credit Cards still remain the most popular form of online purchases with a 32% share of the market, although this is expected to fall in the near future. In fact, card payments are **expected to fall by 3% by 2020**.

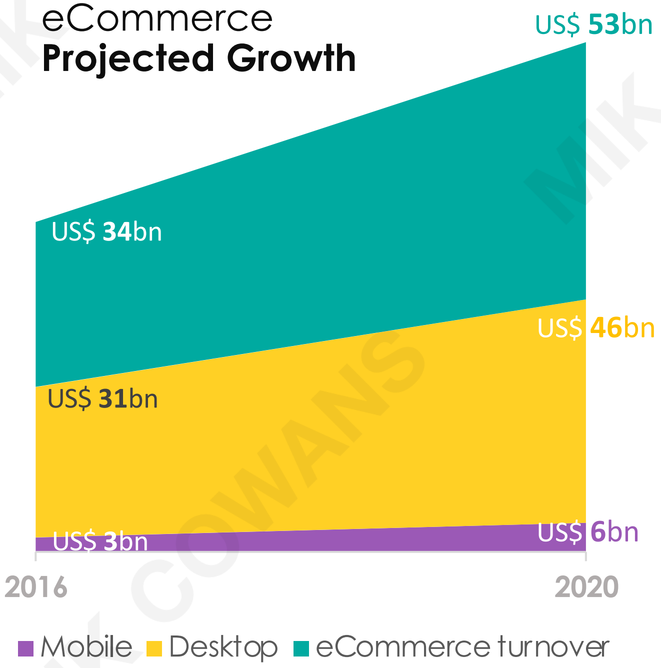
TOP ALTERNATIVE PAYMENT METHODS

1. **PAYPAL**
2. **POSTEPAY**
3. **BANK TRANSFER**

RU

Cards overtake cash in a rapidly **expanding eCommerce sector.**





Source: WorldPay 2016

Exceptionally high smartphone adoption is one of the main driving forces behind Russia's rapidly expanding eCommerce sector – growth that is **set to continue** for the next few years, as Internet penetration across the country picks up speed.

For payment, Cash on Delivery has historically been a popular method. However, **Debit Cards are now the most used payment method**. As well as cards, eWallets are also popular, particularly products such as Qiwi and Yandex.money.

TOP ALTERNATIVE PAYMENT METHODS

1. **QIWI**
2. **YANDEX**
3. **WEBMONEY**