



TESTIMONY

OF

**STEPHEN SHUR
PRESIDENT**

THE TRAVEL TECHNOLOGY ASSOCIATION

BEFORE THE

**SUBCOMMITTEE ON ECONOMIC GROWTH, TAXES,
AND CAPITAL ACCESS
HOUSE COMMITTEE ON SMALL BUSINESS**

HEARING TITLED:

“TRAVEL AND TOURISM: A SMALL BUSINESS ANGLE”

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Thank you, Chairman Brat, Ranking Member Evans, and all members of the subcommittee. I am grateful for the opportunity to appear before this panel, especially during National Travel & Tourism Week, as you examine and explore the many ways in which small businesses are vitally important to travel and tourism in this country. And, in return, how the travel and tourism industry benefits American small businesses.

My name is Steve Shur and I am president of The Travel Technology Association (or Travel Tech). Our membership includes online travel agencies, global distribution systems, commonly referred to as GDSs, short-term rental platforms, metasearch sites, and travel management companies. Like millions of consumers across the globe, you are likely familiar with many of our members, such as Expedia, Priceline.com, TripAdvisor, Skyscanner, Airbnb, Amadeus, Sabre, Travelport, American Express Global Business Travel, Carlson Wagonlit, and BCD Travel. Although our members are diverse and make up many different segments of the travel community, the common thread throughout the association is the independent distribution of travel.

While it is true that our members are decidedly not small businesses, I believe they each have a story to tell about how their position in the travel marketplace positively affects travel and tourism by inspiring visitors from all over the world to venture out of their own living rooms and into every corner of the United States.

Global Distribution Systems

Today's GDSs have evolved into dynamic companies providing the technological backbone of all phases of travel from search, to purchase, to ticketing and check-in. From facilitating real time, automated transactions between suppliers and booking agents in order to provide consumers with comprehensive travel tools, to running the entire backend technology components of major airlines and hotel chains, these technology leaders have truly become invaluable partners in the travel marketplace.

The technology and data-driven solutions developed by the GDSs help their many airline, hotel, and travel agency customers grow their businesses, create jobs, and streamline the travel experience for millions. The colossal scale and advanced nature of the GDS technology has become unmatched in other industries and vital to the travel economy.

For example, according to our friends at the American Society of Travel Agents, there are approximately 9,400 airline-accredited travel agency firms with over 12,000 retail locations in the United States, employing over 105,000 full-time travel agents. Yet, 98 percent of all travel agencies in the U.S. meet the Small Business Administration's definition of a small business. In Virginia alone, Mr. Chairman, 70 percent of travel agencies employ fewer than five people and 95 percent of them employ fewer than 20. And the GDSs have a significant part in the direct economic impact of the travel agency industry. The vast majority of travel agencies rely on a GDS, either directly or indirectly, for their core business infrastructure for travel search and reservations processing. The GDSs give the travel agents the ability to search, compare, and book across thousands of

suppliers in real time, handle payment processing and other fulfillment services on behalf of clients and suppliers, perform customer service functions such as changes, cancellations, and re-issues, and efficiently manage all of this business activity through direct data feeds from the GDS to the agency mid- and back-office systems. That a single GDS can provide so many services to an agency increases their efficiency.

Online Travel Agencies and Metasearch Sites

Our online travel agency (OTA) and metasearch members have created – in just two short decades – an entire marketplace where consumers can shop for hotels, flights, car rentals, cruises, restaurants, tours, and countless other travel-related activities across thousands of brands on a single platform. Travelers from all over the world have benefited immeasurably from the ability to search, research, compare, and book travel through the highly advanced technological websites and mobile applications created and operated by OTAs.

Online travel agents and metasearch sites inspire people to travel. With clever and sophisticated marketing and advertising, OTAs and metasearch sites energize people to travel, to visit places they've never been and to explore the country and the world. And when they do, small businesses benefit tremendously.

Research shows that when a traveler hits the road, they generate economic activity, often with small businesses:

- OTA guests spend \$176 (17.5%) more per trip overall than non-OTA guests. Specifically, OTA guests spend \$25 (8.4%) more per night and stay 0.3 nights (8.4%) longer than non-OTA guests, resulting in higher spending per trip overall.
- This “OTA spending premium” is evident across different trip purposes, with OTA guests spending 18.5% more than non-OTA guests during leisure trips, and 12.4% more during business trips.
- The OTA spending premium is evident across each category of trip spending. For example, OTA guests spend \$36 (11.2%) more per trip on lodging, and \$32 (17.5%) more per trip on food and beverage.
- Over one-fifth (21.4%) of hotel guest travelers use an OTA to book part or all of their trip, with a similar share (20.2%) using an OTA in trip planning.
- OTA guests are slightly younger (41.7 average age) than non-OTA guests (43.9 average age), with a higher concentration of guests in the 25 to 54 age cohort (72.0% compared to 61.8%).
- The household income distribution of OTA guests is broadly similar to that of non-OTA guests, with two-thirds of trips being taken by travelers with a household income above \$50,000 (65.7% among OTA guests, 66.1% among non-OTA guests).

Without our members and the highly-efficient marketplaces that they have established, consumers would have to manually visit dozens and dozens of websites and waste valuable time in order to make an informed booking decision. Further, when suppliers have to compete in a dynamic marketplace, consumers benefit in the form of lower prices and better service offerings. The scale and popularity of third-party online booking sites illustrate consumers' preferences for using these efficient, third-party aggregators for researching and booking travel:

- Last year, Expedia helped travelers book over 322 million room nights.
- TripAdvisor makes up the largest travel community in the world, reaches 340 million unique monthly visitors, and hosts more than 350 million reviews and opinions covering more than 6.5 million accommodations, restaurants, and attractions.
- Priceline.com, celebrating its 20th anniversary this month, partners with over 370,000 hotels in 170 countries.
- Skyscanner helps travelers book more than 2 million flights each month.

Half of all discretionary travelers visit online travel company websites without a destination in mind, providing not just hotels and airlines but cities, states, and even countries the opportunity to compete for consumers' hard-earned dollars. Which means our members can help shape and influence where a consumer ultimately chooses to travel. And for independently-owned hotels, motels, inns, and bed and breakfasts, partnering with online travel agents, for the great visibility that they provide, has been a game-changer. OTAs give independent hotels the opportunity to compete with the

major hotel chains by showing up in search results right alongside the world's largest hotel brands.

OTAs are trusted by millions to book their travel every single day. These websites and applications are safe, effective, and transparent. In fact, the reliability of independent booking sites is why hundreds of thousands of hotels, motels, inns, and B&Bs in every corner of the U.S. and around the world willingly and enthusiastically partner with OTAs.

Short-Term Rental Platforms

Short-term rental technology companies have created a vibrant marketplace for travelers and property owners, expanding the travel landscape by allowing individuals to offer private accommodations and providing economic benefits to communities around the world. Vacation rentals have been around for decades, affording families access to the beach or bi-coastal business travelers a downtown apartment. As a result of our members' innovative approach to travel accommodations, this marketplace has grown dramatically in recent years. Today, one in every three leisure travelers has stayed in a short-term rental. That is up from one in ten just five years ago. Our members boast over four million listings in 191 countries, allowing millions of property owners the opportunity to market their residences to travelers.

Travelers choose short-term rentals for a variety of reasons. Some have larger groups or longer stays and a private accommodation is a more affordable option. Others need access to a kitchen, laundry, or special needs accommodations. And still more are

traveling to places with limited traditional options. Whatever their reasoning, it's clear that millions of travelers are looking to short-term rental platforms for places to stay.

The benefits of this new economy extend far beyond traveler satisfaction. At their core, short-term rental platforms are intermediaries, providing opportunities for homeowners and travelers to easily connect with one another through trustworthy online platforms. By bringing the two together, short-term rental platforms have facilitated new opportunities for supplemental income. Owners, operators, and hosts can then use that income to cover the mortgage, make needed improvements or repairs, or simply make ends meet for their families. Many report that short-term rental income has enabled them to stay in their home.

The economic impact from short-term rentals expands beyond homeowners to local businesses and communities. Research shows that access to private accommodations has led to more frequent travel overall. Travelers who stay in short-term rentals stay longer and spend more, bringing new tourist dollars into the communities beyond the traditional downtown tourist areas – areas that previously may not have seen the economic impact of travel and tourism. And many travelers report that without access to short-term rentals, they would not travel to a destination at all. The economic impact of a broader, more diverse traveling public is a valuable asset to any city, town, or attraction. Further, because hosts are locals, they often serve as ambassadors to their city, directing their guests on where to go and ensuring they have a great stay.

Short-term rental platforms are at the cutting edge of technology, and while they primarily connect travelers with homeowners looking to rent out their space, they also utilize their technology to help in times of crisis. For example, both Airbnb and HomeAway deploy emergency response tools, which allow their networks of hosts to offer their properties for free or at discounted rates to those evacuating due to natural disasters. In the past year, thousands of users have opened their homes to those seeking refuge from hurricanes, wildfires, and other events.

Travel Management Companies

Travel Management Companies (TMCs) are travel agents that fully manage the business travel requirements for individuals, companies, and organizations. As the leading experts in travel management, TMCs use innovative technology to help companies save time and money. Whether it's finding the best flight and hotel options, sharing local information and discounts, or simply keeping employees informed and safe when they are on the road, these business travel agents go the extra mile to provide trusted traveler care.

TMCs provide valuable expertise and support to ensure that the companies and organizations they serve are getting the most out of every dollar they spend on corporate travel. From beginning to end, TMCs are there to help guide company executives around the globe through the entire process when booking, executing, and completing a trip.

Conclusion

Travel Tech members are the leaders in independent travel distribution and travel technology infrastructure enabling multiple distribution points for a wide array of travel services. Serving as the technological backbone of global travel, our members are catalysts for increased competition, which benefits the traveling public and promotes economic growth.

The evolution of the travel ecosystem has seen travel technology companies assume an irreplaceable position in the marketplace. Travel Tech members not only provide consumers with the ability to compare the all-in cost of the ever-growing bundle of travel options, but – in a larger sense – the technology and data-driven solutions developed by travel technologists have helped their many airline, hotel, and travel agency customers grow their businesses, create jobs, and transform the travel experience for millions. The colossal scale and advanced nature of this technology is unmatched in other industries and is vital to the travel – indeed the entire U.S. – economy.

Travel Tech is proud to represent such a broad and vital industry that has been helping consumers, suppliers, large businesses, small businesses, and countless other entities in the travel marketplace grow, thrive, and prosper.

I am grateful for the opportunity to speak to you today, and I look forward to your questions.