

The Growing Power of OTAs in Hotel Marketing and Revenue Generation

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Abstract

How hotels are searched, compared, reviewed, priced and booked has been revolutionized by online travel agency (OTAs), which are a significant mountain in the hotel marketing and revenue generation strategies. Through platforms like Booking.com, Expedia, Agoda, and MakeMyTrip, hotels can gain greater market visibility, reach both domestic and international customers, credibility due to reviews, and other booking opportunities. For small and independent hotels, OTAs are particularly handy because they can be used as a tool that helps to fill rooms which have not been successfully marketed. The surge of the OTA power brings some challenges along with it, including commission costs, price competition, decreased customer foot-in-the-door, ranking dependency, and a more troublesome direct booking relationship. A number of recent academic journal publications reveal that OTAs affect hotel profitability, pricing, customer behavior and distribution strategy. Thus it is essential for hotels to leverage

OTA's well and mix their volume of OTA bookings with their direct bookings, regulate online reputation, boost digital content, and concentrate on the net income instead.

Keywords: Online Travel Agencies, hotel marketing, revenue generation, hotel distribution, direct booking, dynamic pricing.

1. Introduction

Today, one of the most powerful weapons in the hotel marketing and revenue arsenal is Online Travel Agencies (OTAs). Hotels are no longer searched, compared and priced the same way as they used to be. Hotels are currently being searched, compared, priced, reviewed and booked by the various platforms like Booking.com, Expedia, Agoda, MakeMyTrip etc. and more. Previously, most of the sales made by hotels depended on walk-in customers, offline travel agents, corporate bookings, telephone reservations and brand reputation. Much of the hotel discovery and booking process now takes place online. The most important aspect of OTAs is that they put a lot of hotels in one place. Prior

to booking, customers can check the price, reviews, pictures, address, cancellation terms and other services offered. This has turned OTAs into marketing platforms and intermediaries that generate profits, in addition to being booking channels. Newly-developed studies clearly indicate that OTA impacts hotel visibility, hotel-related decision-making process, pricing strategies and distribution performance (Garcia et al., 2022). For hotels, OTAs are a key driver of the ability to reach a broader audience. Independent hotels, boutique hotels, budget hotels and small properties offer domestic and international customers without investing with massive advertising budgets. This upsides comes with challenges, though. Hotels earn a

commission for OTA bookings, compete for customer prices and may lose direct control over customer interactions. A hotel's profitability from the OTA channel is balanced by its commission needs and channel dependency and can be realized from OTA participation (O'Connor et al., 2025).

2. Published Market Overview of OTAs

Digital travel planning, the usage of smartphones, Internet connectivity and consumers' preference for simple booking online have been the drivers of the strong growth of the OTA market. This area of the market is today worth hundreds-of-billions U.S. dollars and is projected to expand as well.

Table 1: Published Estimates of Global OTA Market Size

Source	Market value reported	Forecast value	CAGR	Published year
Global Market Insights	USD 253.2 billion in 2024	USD 533.7 billion by 2034	7.9%	2025
Market.us	USD 613.1 billion in 2024	USD 1,412.0 billion by 2034	8.7%	2025
Market Reports World	USD 1,054.23 billion in 2024	USD 2,348.96 billion by 2033	9.31%	2026

Source: Compiled from published market reports by Global Market Insights, Market.us, and Market Reports World. Global Market Insights estimated the OTA market at USD 253.2 billion in 2024 and forecast USD 533.7 billion by 2034; Market.us estimated USD 613.1 billion in 2024 and USD 1,412.0 billion by 2034; Market Reports World estimated USD 1,054.23 billion in 2024 and USD 2,348.96 billion by 2033.

These figures vary as market research agencies can define the OTA market by different measures such as gross booking value, service revenue, platform revenue or broader online travel services. Nevertheless, all estimates in publication agree that OTA is growing, and will continue to be a major component of travel distribution.

This is also corroborated by academic research. According to Garcia et al. (2022), OTAs have been a critical link between the customer and hospitality provider via digital platforms, making them integral to the tourism distribution landscape. Gabelaia and Gabelaia (2025) have also identified that OTA has an impact on hotel operations and financial returns, in particular with regards to distribution and revenue management.

3. OTAs as Hotel Marketing Platforms

OTA channels have emerged as a key channel for

marketing hotels. A hotel's OTA profile is similar to a digital ad. Pictures, room information, facilities, Guest reviews, ratings, map, prices, and cancellation policies all factor into the decision. Good OTA management leads to a higher click-to-book ratio. The better hotels manage their OTA Profiles, the higher the rate of click-to-booking.

So, a hotel list content influence towards customer clicking behavior during online hotel search based on the study conducted by Xu and Luo (2023). This means there is more to it than being listed - visibility of OTA. Hotels need to showcase themselves in a new light using fresh photographs, accurate descriptions, competitive prices, good reviews and more. OTAs also have rankings. These ranking algorithms determine which hotels show up ranked in higher positions in search results. Favorable hotels with strong guest ratings in combination with competitive hotel rates and availability, coupled with a good conversion performance, are more visible. This puts a weight on OTAs' hands regarding hotel marketing, since a higher score means a bigger probability of getting a booking.

Another huge component of OTA marketing is customer reviews. Reviews eliminate any type of uncertainty and aid consumers have faith in hotels they have not been to. The study conducted by Jou and Day (2021) revealed the impact of service quality on customer perception for online hotel booking. So, in today's world, a hotel

marketing is made more than just by delivering services on-site, it's also about digital representation, social media review management and online booking experience.

4. OTAs and Hotel Revenue Generation

OTA revenue relates to increasing the number of rooms booked and decreasing rooms in the inventory of the hotel, which translates to more revenue through the booking. Hotel rooms are perishable. There has to be enough revenue in the room tonight – otherwise it will not be earned next day. Hotels can connect with their guests in this matter, which is a good method to fill hotel rooms and can fill rooms in low traffic periods of the day during weekdays off seasons and last minute booking windows by using OTA.

Outside of hotel chains, independent hotels will

use OTAs to an even greater extent because they lack brand recognition. The small hotel may not be able to afford to advertise around the world, but it can make it to many places with an OTA. This can allow OTA to be used for demand generation. According to Gabelaia and Gabelaia (2025), OTAs impact the monetary results of hotels by impacting on bookings volume, distribution roadmap and operational choices. OLZ et al (2025) also examined how participation in OTA affects the financial performance of hotels in the United States, where they found that OTA participation has a positive financial impact, but it should be evaluated carefully as commission costs are involved with OTA bookings.

Table 2: Published Revenue of Major OTA Companies

Company	Published revenue	Year	Source
Booking Holdings	USD 23.739 billion	2024	Booking Holdings annual results
Expedia Group	USD 13.685 billion	2024	Expedia Group annual report
Booking Holdings	USD 21.365 billion	2023	Booking Holdings annual results
Expedia Group	USD 12.839 billion	2023	Expedia Group annual report

Source: Compiled from published company annual reports and financial results. Booking Holdings reported revenue of USD 23.739 billion in 2024 compared with USD 21.365 billion in 2023. Expedia Group reported revenue of USD 13.685 billion in 2024 compared with USD 12.839 billion in 2023.

OTA platform commercial strength can be gauged from the revenue growth of major OTA companies. Commission revenue, merchant margins, advertising revenue and travel transactions are among the revenue sources of these companies. This growth in their revenue is driven by the fact that travelers are increasingly demanding services via digital intermediaries. The growth in their revenues is indicative of the degree to which we can control travel demand through digital intermediaries. Not just bookings but hotels' OTA revenue should be calculated as "net revenue". A booking via OTA can lead to more clients in the place but more commission charges are deducted, which means that you make less money. Hence, hotels need to contrast the commission terms and conditions, the chance of cancelling the bookings, the quality of guests, and the likelihood of future bookings of the OTA bookings with direct bookings.

5. Pricing, Competition, and Revenue Management

OTAs have increased transparency in hotel prices. It only takes seconds for customers to compare numerous hotels. This results in very competitive pricing. One of the critical factors in pricing rooms at hotels is the ability of customers to move to another property if they feel they are seeing better value for money.

It is now a common practice in the hotel revenue management world to have dynamic pricing. The price for a hotel room can vary depending on demand, local events, the holiday season, booking lead time, competitiveness, and room fill rate. Alderighi, et al., (2022) looked at the dynamic pricing on booking.com and showed they considered price fairness very important to the customer. Customers may lose their trust of the pricing change if they feel unfair.

Other things that affect pricing include discounts, mobile-only rate, member rate, promotions, and visibility programs. Tools can be used to help hotels book more rooms in the same way as they can help lower their average daily rate if it is used too much. Hotels can be pushed to provide a discount to rank higher in OTA or to beat the competition from other hotels in the same area.

Wang et al. (2026) suggested that the biggest impact OTAs have on the hotel market strategy is due to their platform encroachment. This study was also conducted by Zhu et al. (2026), which proved that hotel sales channel strategies and

business model methods carefully need to select how to distribute hotel inventory through both direct and OTA channels.

So revenue managers need to be thinking about profitable distribution. When good demand is created, OTA's should be introduced but hotels need to ensure that they don't discount the property beyond reason and are not relying too heavily on high cost channels.

6. Consumer Behaviour and Online Booking Decisions

Such a growth of OTAs has a close correlation with customers' behavior. The tourists which are traveling today want to be convenient, they like to compare, they want to be fast, they like transparency, and they like their reviews. These features are offered by OTA. That's why many hotel users start to search hotel OTA before they go to a hotel website directly.

The factors that customers consider before deciding to use a property include price, photos, location, review score, the property's reputation, room types, cancellation policy, and trust in the platform. In the study, Raghavendra et al. (2024) demonstrated that analyzing user-generated content provides valuable insights into user behavior with the online hotel booking platform. Similarly, Pant and Kumar (2025) concluded that the convenience, trust, price, and experience of

booking has an influence on OTA and direct reservation behaviour.

OTAs minimize customer risk. You cannot know the local hotel personally, but feedback and ratings can help you make a choice. This grants OTAs a formidable influence in driving demand. Overall high rates on OTA and a good rating on the review should lead to higher rates of bookings and poor reviews result in the loss of customer confidence.

According to Park et al. (2026), there is a potential for promoting direct online hotel sales through sales promotions and value-based offers. That is, hotels can rent rooms at better prices to OTA, but if there is a clear ROI for the customer.

7. Challenges of OTA Dependency

One of the primary hotel challenges with OTA dependency is one of its biggest.

- 1) Excessive channel distribution can impact the ability of the hotel to manage relationships, pricing and profit. OTAs typically deal with the booking interface, customer data, and communications prior to arrival. This is a problem for any hotel when it comes to creating customer loyalty.
- 2) One of the other significant issues is the commission cost. A hotel can even

have a high book-in percentage and still have a low profit margin because the bookings are done in commission dealing OTA channels. Stockholm (2023) point out that OTAs affect hotels' revenue and distribution functions, which means hotels have to deal with both the profit and losses of the OTA.

- 3) OTAs also cause pressure in the ranking. Hotels can participate in paid visibility programmes, discounts, or preferred partner schemes, or provide promotional offers to improve their ranking in search results. A combination of these tools can lead to more bookings, but it also raises expenses and limits your pricing options.

Gao et al. (2024) analyzed the hotel platforms' choice strategy and found that there is a balancing effect between the traditional OTA platforms and alternative digital platforms in hotel platforms. In addition, Mantovani et al. (2024) demonstrated that large-scale platforms like Booking.com have the potential to influence the level of tourist innovation uptake. This means that OTAs are not only sales channels but also impact the operation and competition of the hotels.

8. Conclusion

OTAs have turned into a significant force in the hotel marketing and Revenue Mix. They aid hotels in boosting their visibility, attracting local and foreign visitor numbers, enhancing occupancy, controlling online reputation, and making bookings. They're particularly beneficial for independent hotels and smaller establishments, which don't have a lot to spend on marketing. But OTA's present challenges, too. Hotels have to deal with commission fee, price pressure, lack of customer data, ranking pressure, and lack of direct customer contacts. Academic literature indicates that OTA have an impact concerning the marketing of the hotel, its revenue management, the behaviour of its customers, its pricing and profits. Balanced Distribution is the best approach. Hotels can maintain the same mindset that they go with OTAs and adopt the same strategy – visibility & customer acquisition, but ultimately, they should be looking to enhance their direct bookings, increase their online reviews, manage pricing carefully and focus on net revenue. Today, OTA becomes a hotel distribution fixture but hotels should not rely on it completely, rather use it wisely:

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