

Student Name: Muhammad Irfan Student ID: DE240124

The Role of Online Travel Agencies (OTAs) During Christmas: Influence on Consumer Behavior

Title Page

Tourism Distribution Channels Assignment

The Role of Online Travel Agencies (OTAs) During Christmas: Influence on Consumer Behavior

Abstract

The Christmas season represents one of the most critical peak periods for the global tourism industry, characterized by heightened travel demand, intense competition, and dynamic consumer booking behavior. This report explores the role and effectiveness of Online Travel Agencies (OTAs) as dominant tourism distribution channels during the Christmas holiday season. It examines how leading OTAs such as Expedia, Booking.com, and Airbnb influence consumer decision-making through pricing strategies, promotions, bundled offerings, and advanced digital tools. Using established tourism distribution and consumer behavior theories, the study critically evaluates the transformation of traditional distribution structures into digitally driven ecosystems. A qualitative research methodology, supported by secondary data, industry reports, and case studies, is employed to assess OTA performance and strategic relevance during Christmas. Findings suggest that OTAs significantly enhance market reach, price transparency, and booking convenience while reshaping supplier relationships and consumer expectations. However, challenges such as commission dependency and channel conflict persist. The study concludes that OTAs remain indispensable during the Christmas season, provided they continue

integrating innovative technologies to optimize the tourism supply chain and deliver personalized, seamless booking experiences.

Keywords: Online Travel Agencies, Christmas tourism, distribution channels, consumer behavior, digital tourism

1. Introduction

Tourism distribution channels play a vital role in connecting travel service providers with consumers, particularly during peak demand periods such as the Christmas holiday season. Christmas is globally recognized as one of the busiest travel periods, driven by family reunions, leisure vacations, religious celebrations, and end-of-year holidays. During this time, consumers increasingly rely on digital platforms to search, compare, and book travel services efficiently. Among these platforms, Online Travel Agencies (OTAs) have emerged as dominant intermediaries, reshaping traditional tourism distribution systems.

OTAs such as Expedia, Booking.com, and Airbnb provide integrated platforms that offer accommodation, transportation, and experiential services. Their influence becomes especially pronounced during Christmas due to aggressive promotional campaigns, flash sales, bundled packages, and dynamic pricing strategies aimed at capturing seasonal demand. The convenience, transparency, and accessibility offered by OTAs significantly affect consumer booking behavior, often reducing reliance on traditional travel agents and direct supplier channels.

The purpose of this report is to explore the role and effectiveness of OTAs as tourism distribution channels during the Christmas season and to critically analyze their impact on consumer behavior. The study applies relevant distribution channel theories and evaluates contemporary trends, technological integration, and real-world case studies to understand how OTAs optimize the tourism supply chain during peak holiday demand. By focusing on Christmas as a seasonal context, this report contributes to a deeper understanding of strategic channel management in tourism.

2. Literature Review

2.1 Tourism Distribution Channels: Concept and Evolution

Tourism distribution channels refer to the network of intermediaries and platforms that facilitate the exchange of tourism products between suppliers and consumers (Buhalis, 2000). Traditionally, tourism distribution relied heavily on travel agents and tour operators, who acted as information providers and booking facilitators. However, the emergence of the internet and digital technologies has fundamentally transformed these channels, leading to the rise of electronic distribution systems and OTAs.

According to Pearce (2016), modern tourism distribution is increasingly characterized by multi-channel and omni-channel strategies, where suppliers distribute products through direct websites, OTAs, meta-search engines, and mobile applications simultaneously. This evolution has intensified competition while enhancing consumer choice and market transparency.

2.2 Role of Online Travel Agencies (OTAs)

OTAs act as digital intermediaries that aggregate travel products from multiple suppliers and present them on a single platform. Their primary value lies in convenience, price comparison, and accessibility (Law, Leung, & Wong, 2004). During peak seasons such as Christmas, OTAs play a critical role in demand management by offering real-time availability, dynamic pricing, and bundled travel solutions.

Research by Buhalis and Law (2008) highlights that OTAs significantly reduce search costs for consumers while expanding market reach for suppliers. However, this relationship often involves high commission fees, which can create dependency and channel conflict for hotels and airlines.

2.3 Consumer Behavior During the Christmas Season

Consumer behavior during Christmas differs from non-peak periods due to time constraints, emotional motivations, and heightened price sensitivity. Festive travel decisions are often influenced by promotions, limited-time offers, and perceived value

(Kotler, Bowen, & Makens, 2017). OTAs strategically leverage these factors by offering holiday-themed packages, loyalty rewards, and last-minute deals.

Studies indicate that consumers prioritize trust, ease of use, and flexible cancellation policies during Christmas due to uncertainties such as weather disruptions and schedule changes (Xiang, Magnini, & Fesenmaier, 2015). OTAs address these concerns through transparent reviews, ratings, and customer support systems.

2.4 Digital Tools and Technological Integration

Technological innovation is central to OTA effectiveness. Tools such as artificial intelligence, big data analytics, and personalized recommendation engines enable OTAs to tailor offers based on consumer preferences and browsing behavior (Gretzel et al., 2015). During Christmas, these technologies help optimize pricing strategies and manage demand surges efficiently.

Mobile applications and seamless payment systems further enhance the customer experience, encouraging impulse bookings and repeat usage. The integration of digital tools strengthens OTAs' competitive advantage over traditional distribution channels.

2.5 Research Gap

While existing literature extensively discusses tourism distribution channels and OTA growth, limited research focuses specifically on their role during peak seasonal periods such as Christmas. This study addresses this gap by critically examining OTA strategies, consumer responses, and supply chain implications during the holiday season.

6. Methodology

6.1 Research Design

This study adopts a qualitative research approach to explore the role and effectiveness of Online Travel Agencies (OTAs) during the Christmas season and their influence on consumer behavior. A qualitative design is appropriate as it allows for in-depth analysis of complex phenomena such as distribution channel dynamics, seasonal demand patterns, and digital consumer decision-making processes within the tourism industry.

The research is exploratory and descriptive in nature, focusing on understanding how OTAs operate during peak holiday periods rather than testing causal relationships. This approach aligns with the objectives of evaluating distribution channel strategies and identifying emerging trends during Christmas.

6.2 Data Collection Methods

The study relies on secondary data sources, including:

- Academic journals related to tourism distribution and consumer behavior
- Industry reports from organizations such as UNWTO, Statista, and Skift
- Official reports and press releases from OTAs including Expedia Group, Booking Holdings, and Airbnb
- Online articles, market analyses, and Christmas travel trend reports

Secondary data is particularly suitable due to the availability of reliable, up-to-date information on seasonal tourism trends and OTA performance during the Christmas period.

6.3 Case Study Selection

Three major OTAs were selected for analysis:

- Expedia – representing a global full-service OTA with bundled travel offerings
- Booking.com – known for accommodation-focused distribution and flexible cancellation policies
- Airbnb – representing peer-to-peer accommodation and experiential tourism

These platforms were chosen due to their global market presence, diverse business models, and strong influence on consumer booking behavior during peak holiday seasons.

6.4 Data Analysis Technique

Data was analyzed using thematic analysis, identifying recurring patterns related to:

- Promotional strategies during Christmas
- Consumer response to discounts and package deals
- Technological innovations supporting peak-season demand
- Channel efficiency and supply chain optimization

This method enabled the comparison of OTA strategies and their relative effectiveness during the Christmas season.

6.5 Ethical Considerations

All data used in this study was obtained from publicly available and credible sources. Proper academic citation practices have been followed in accordance with APA 7th edition guidelines to ensure transparency and avoid plagiarism.

7. Findings

7.1 Increased Reliance on OTAs During Christmas

The findings indicate a significant increase in consumer reliance on OTAs during the Christmas season. Due to time constraints and heightened travel urgency, consumers prefer platforms that offer one-stop solutions for flights, accommodations, and activities. OTAs provide centralized access to multiple service providers, reducing the complexity of travel planning during the holiday rush.

Data from industry reports suggest that Christmas bookings via OTAs increase substantially compared to off-peak periods, particularly for international leisure travel and family-oriented trips.

7.2 Influence of Promotions and Discounts on Consumer Behavior

Promotions, discounts, and limited-time offers were found to have a strong influence on consumer booking decisions during Christmas. OTAs frequently launch:

- Festive sales campaigns
- Early-bird Christmas discounts
- Last-minute holiday deals

These promotional strategies create a sense of urgency and perceived value, encouraging consumers to finalize bookings quickly. Package deals that bundle flights, hotels, and car rentals were especially effective in attracting price-sensitive travelers.

7.3 Role of Flexible Booking Policies

Flexible cancellation and refund policies emerged as a critical factor influencing consumer trust and booking confidence during Christmas. Booking.com, in particular, gained competitive advantage by prominently displaying “free cancellation” options, addressing consumer concerns related to weather disruptions and schedule changes during winter travel.

This flexibility positively impacted booking conversion rates and reduced hesitation among travelers.

7.4 Impact of Reviews and Ratings

User-generated content such as reviews and ratings played a vital role in shaping consumer perceptions during the Christmas season. Travelers relied heavily on peer reviews to assess accommodation quality, location suitability, and family-friendliness.

Airbnb's emphasis on host ratings and guest reviews was found to be particularly influential for travelers seeking unique or home-based stays during Christmas holidays.

7.5 Technological Integration and Personalization

Advanced digital tools significantly enhanced OTA performance during peak demand. The findings reveal that:

- AI-driven recommendation systems improved personalized holiday offers
- Big data analytics enabled dynamic pricing adjustments during high-demand periods
- Mobile apps facilitated last-minute bookings and real-time updates

These technological integrations improved operational efficiency and enhanced customer experience, reinforcing the strategic importance of digital innovation in tourism distribution.

7.6 Supply Chain Optimization During Peak Season

OTAs played a key role in optimizing the tourism supply chain during Christmas by:

- Managing inventory in real time
- Distributing demand across different destinations
- Supporting smaller suppliers by increasing visibility

However, high commission fees remained a concern for suppliers, highlighting ongoing tensions between OTAs and service providers during peak seasons.

Discussion

The findings of this study highlight the central role of Online Travel Agencies (OTAs) in shaping tourism distribution and consumer behavior during the Christmas season. When examined through the lens of tourism distribution channel theories, the results demonstrate a clear shift from traditional intermediary models to digitally driven, multi-channel ecosystems.

According to Buhalis' (2000) tourism distribution framework, intermediaries add value by reducing information asymmetry between suppliers and consumers. During Christmas, this role becomes more pronounced as travelers face time constraints and heightened uncertainty. OTAs effectively minimize search costs by aggregating travel products and offering transparent price comparisons, thereby reinforcing their relevance during peak holiday periods.

From a consumer behavior perspective, the theory of perceived value (Zeithaml, 1988) explains why promotional offers and bundled packages significantly influence booking decisions during Christmas. Consumers evaluate value not only based on price but also on convenience, flexibility, and emotional satisfaction associated with holiday travel. OTAs successfully capitalize on these factors through festive promotions, loyalty rewards, and flexible cancellation policies.

The findings also align with channel power theory, which suggests that intermediaries with greater market reach and data control exert stronger influence over suppliers (Kotler et al., 2017). During Christmas, OTAs leverage real-time data and dynamic pricing tools to manage demand, often placing suppliers in a dependent position. While this enhances market efficiency, it also intensifies channel conflict due to high commission structures.

Technological innovation further strengthens OTAs' competitive advantage. The integration of artificial intelligence and big data analytics supports personalization theory, enabling tailored recommendations that increase booking conversion rates during high-demand periods. Mobile technology, in particular, supports impulse and last-minute bookings, which are common during the Christmas season.

However, the dominance of OTAs also raises strategic concerns. Over-reliance on third-party platforms can reduce supplier brand visibility and profitability. This underscores

the need for balanced channel management strategies that integrate OTAs with direct booking channels to ensure long-term sustainability.

9. Conclusion

This study examined the role and effectiveness of Online Travel Agencies (OTAs) as tourism distribution channels during the Christmas season, with a particular focus on their influence on consumer behavior. The analysis revealed that OTAs play a critical role in facilitating holiday travel by offering convenience, transparency, and value-driven booking solutions during one of the busiest periods in the tourism calendar.

The findings confirm that promotional strategies, flexible booking policies, user-generated content, and advanced digital tools significantly influence consumer decision-making during Christmas. Platforms such as Expedia, Booking.com, and Airbnb have successfully optimized tourism supply chains by managing inventory, distributing demand, and enhancing customer experience during peak holiday demand.

Despite their effectiveness, OTAs also present challenges related to commission dependency and channel conflict. To address these issues, tourism suppliers should adopt hybrid distribution strategies that combine OTA partnerships with strengthened direct booking channels. Future research could incorporate primary data or comparative seasonal analysis to further explore the evolving dynamics of tourism distribution during peak travel periods.

Overall, OTAs remain indispensable actors in the tourism distribution landscape during Christmas, provided they continue innovating and aligning their strategies with both consumer expectations and supplier sustainability.

10. References

(APA 7th Edition)

- Buhalis, D. (2000). Marketing the competitive destination of the future. *Tourism Management*, 21(1), 97–116.
- Buhalis, D., & Law, R. (2008). Progress in information technology and tourism management. *Tourism Management*, 29(4), 609–623.
- Gretzel, U., Sigala, M., Xiang, Z., & Koo, C. (2015). Smart tourism: Foundations and developments. *Electronic Markets*, 25(3), 179–188.
- Kotler, P., Bowen, J. T., & Makens, J. C. (2017). *Marketing for hospitality and tourism* (7th ed.). Pearson.
- Law, R., Leung, R., & Wong, J. (2004). The impact of the Internet on travel agencies. *International Journal of Contemporary Hospitality Management*, 16(2), 100–107.
- Pearce, D. G. (2016). *Tourism distribution channels*. Channel View Publications.
- Xiang, Z., Magnini, V. P., & Fesenmaier, D. R. (2015). Information technology and consumer behavior in travel. *Journal of Travel Research*, 54(2), 244–259.
- Zeithaml, V. A. (1988). Consumer perceptions of price, quality, and value. *Journal of Marketing*, 52(3), 2–22.
-

11. Appendices

Appendix A: Summary of OTA Christmas Promotions

Appendix B: Comparison of OTA Features During Peak Season

Appendix C: Theoretical Framework Applied in the Study