

With Tripadvisor Plus Subscription Service, Travel Site Continues to Diversify Amid Slow Recovery

During an undeniably challenging year for the entire travel industry, Tripadvisor debuted a brand relaunch despite the global pandemic that included a travel agent-staffed amenity called Reco Trip Designers. Now, it's closing out 2020 with another new direct-to-consumer business: a premium subscription service.

Dubbed Tripadvisor Plus, it costs \$99 a year and will offer customers discounts and perks on bookings such as free room upgrades or deals on experiences like walking tours. There are already more than 10,000 hotels lined up for the service, which is expected to launch "sometime in 2021," according to the brand.

Tripadvisor spent the summer beta testing Reco and is officially launching the service this week. The two products aren't expected to see much customer overlap, according Brad Soroca, who's leading DTC efforts for Tripadvisor.

"We want to create greater levels of engagement with our products and services. We view the subscription as a stepping stone to that," Soroca said. "Once you have that subscription, once you have that credit card on file, you're going to come to us."

While both products were planned before the pandemic, Tripadvisor hopes they'll be an advantage in what experts

believe will be a slow and brutal recovery.

“We’re not looking at this as a product for Covid,” Tripadvisor CEO Stephen Kaufer said at a travel conference in November. “We feel the value we can add to the traveler is a perfect match.”

Planning for the future

In 2019, more than 450 million people visited Tripadvisor’s website. Even then, executives warned of Google continuing to muscle in on its turf as the search giant built out a suite of travel products and reviews. Then, of course, March rolled around and the pandemic decimated the travel industry. In Q3, Tripadvisor saw revenue fall 65% from 2019, though site traffic rebounded from a low of 33% of normal in April to 74% in September.

In July, Tripadvisor ran an out-of-home advertising campaign featuring the brand’s new tagline, “It’s Good Out There,” in New York, Boston and Los Angeles, as well as Chicago’s O’Hare Airport and Atlanta’s Hartsfield-Jackson International Airport. It was a brand marketing bet complicated by the pandemic—for example, New York City is not expected to reach 2019 tourism levels until 2025, let alone the summer halfway through a pandemic—but Soroca said he was optimistic that the campaign accomplished what it had set out to do.

“We ended up having good timing for what was happening and the tonality of the campaign,” Soroca said. “We’re looking at the next step to build traveler confidence.”

Tripadvisor isn’t planning any major campaigns around the new products, instead relying on site traffic and its owned channels. Customers will book their reservations directly through Tripadvisor, a service the site has provided for a while but is much less profitable than its meta-search function that connects travelers with other booking sites like Booking.com, Hotels.com or a hotel brand’s direct site.

Counting on community rather than marketing

There's reason to be hopeful about the success of Tripadvisor Plus: EDreams, a Spanish online travel agency, started a similar subscription service called Prime in 2017. By June of this year, it had reached more than half a million subscribers. With each subscriber paying \$99, nearly 50,000 users would be the equivalent of more than 11% of Tripadvisor's total revenue in Q3 of 2019 (\$428 million). Not earth-shattering, but not meaningless either.

"Tripadvisor can focus on its existing base, not have to spend extra [marketing] dollars, and if it's successful, there's an opportunity that it can attract new Tripadvisor users," said Alice Jong, an analyst at travel consulting firm Phocuswright. "This year really showed that there is an even greater need for revenue diversification."

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