



Uncovering the secrets of Booking.com, Airbnb and other OTAs to outsmart your competitors

Lighthouse original research
of the latest OTA trends



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Illuminating a path through the OTA maze

The hospitality sector is in a constant state of flux and nowhere is this more evident than in the world of Online Travel Agencies (OTAs). For hoteliers, understanding this complex ecosystem is vital to success.

Intensifying competition from unexpected quarters is challenging the way hotels have typically distributed rooms. And there are underlying data signals that can mean the difference between thriving and merely surviving on OTAs.

This whitepaper unpacks Lighthouse data to bring new OTA trends to the surface and equip you with the insights needed to understand these changing dynamics and proactively adapt your strategies to gain a competitive edge.

This research will explore

- The growing impact of short-term rentals on the OTA landscape, revealing how they impact hotels' visibility and competition.
- How the impact of short-term rentals varies dramatically by market.
- The influence of seasonality on short-term rental presence and strategy.
- The role of evolving regulations in the short-term rental market and its effect on hotels.
- The often-underestimated power of guest review scores on OTA bookings.
- The direct correlation between guest review scores on OTAs and the pricing power and revenue potential of hotels.

By understanding these hidden trends, you can optimize your distribution, improve your room pricing, and outsmart the competition in an increasingly crowded marketplace.





How short-term rentals are changing the **hotel** **and OTA landscape**





What do we mean when we talk about the impact of short-term rentals on your hotel?

Short-term rentals – such as holiday homes and apartments – have moved from a niche offering to a mainstream accommodation choice, rivalling hotels in online findability and ease of booking. This shift has significantly disrupted traditional hotel distribution models.

Traditional hotel distribution channels now share space with short-term rentals, though their presence varies significantly across markets. Understanding the extent of the competition in your specific market is crucial.

Additionally, vacation rental distribution strategies differ geographically, with some markets seeing owners broadly listing across numerous platforms, while others show a preference for fewer channels. This variance impacts how you should strategize to attract guests.

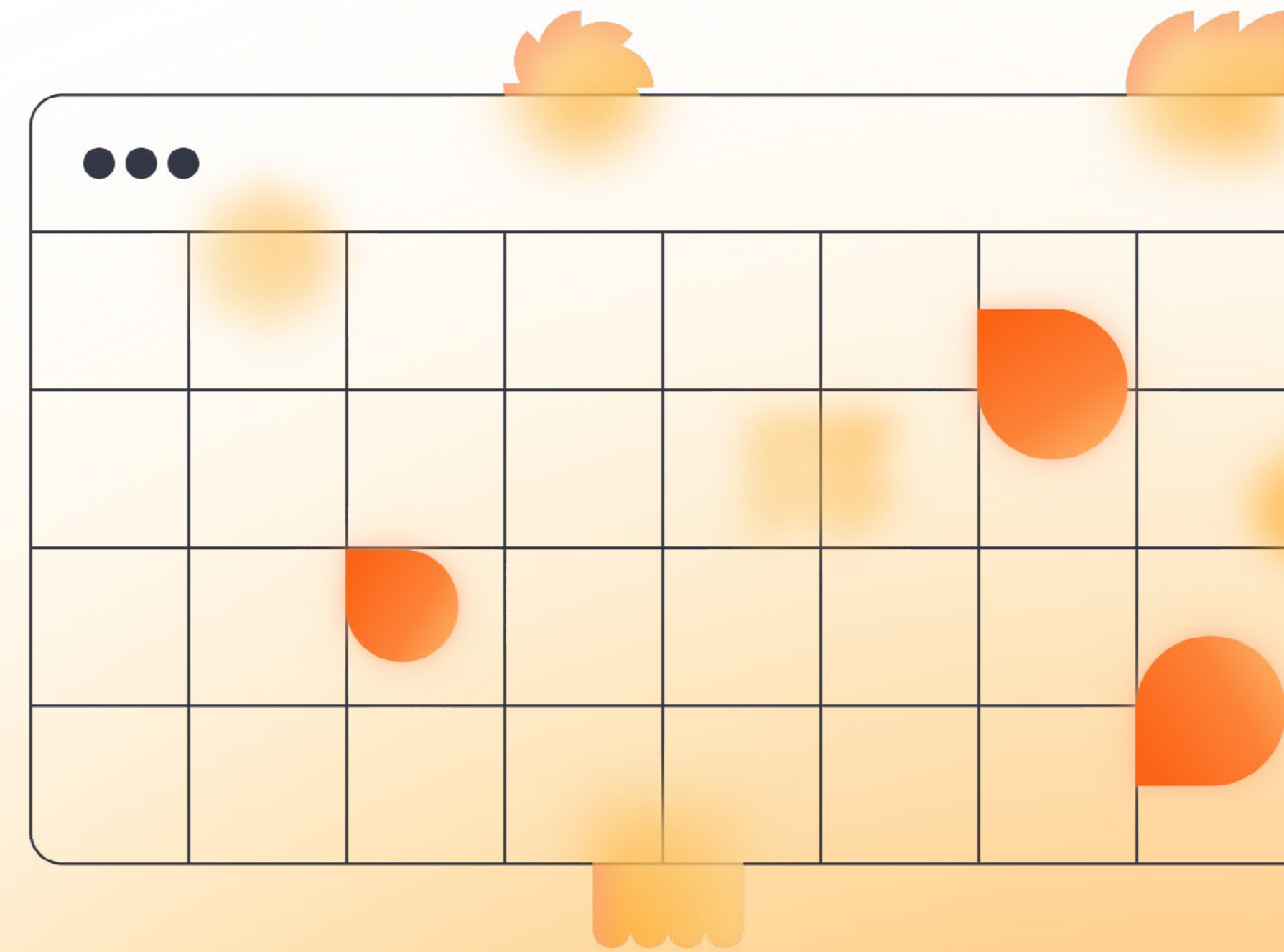
Beyond analytics, the ever-shifting landscape of short-term rental legislation adds another layer of complexity. Restrictions vary by location and evolve over time. This forces you to keep up to date with your individual market, as new restrictions for rentals can create revenue opportunities for you.

This is the new reality of hospitality – a world where short-term rentals are more prominent than ever.

Moving forward, it's essential to look at how short-term rentals affect your market with a fresh analytical perspective. Blend these new understandings with knowledge of the shifting regulatory landscape, and you'll have the insights to make better distribution and pricing decisions.



Short-term rentals appearing in **OTA** **search results**





Short-term rentals are climbing the charts

January 2025 vs. January 2023

Let's dive into the evolving distribution landscape, starting with a major player, Booking.com. This global giant has increasingly integrated short-term rentals into its organic search results. This isn't a static trend; it's a continuous expansion that's evident in everyday searches on the platform.

Focusing on the highly valuable top 20 organic results in Booking.com, **our data reveals a striking global increase of 49% in short-term rental apartments between January 2023 and January 2025.** The growth is also substantial, looking at just Europe, which shows a 38% rise in the same period.

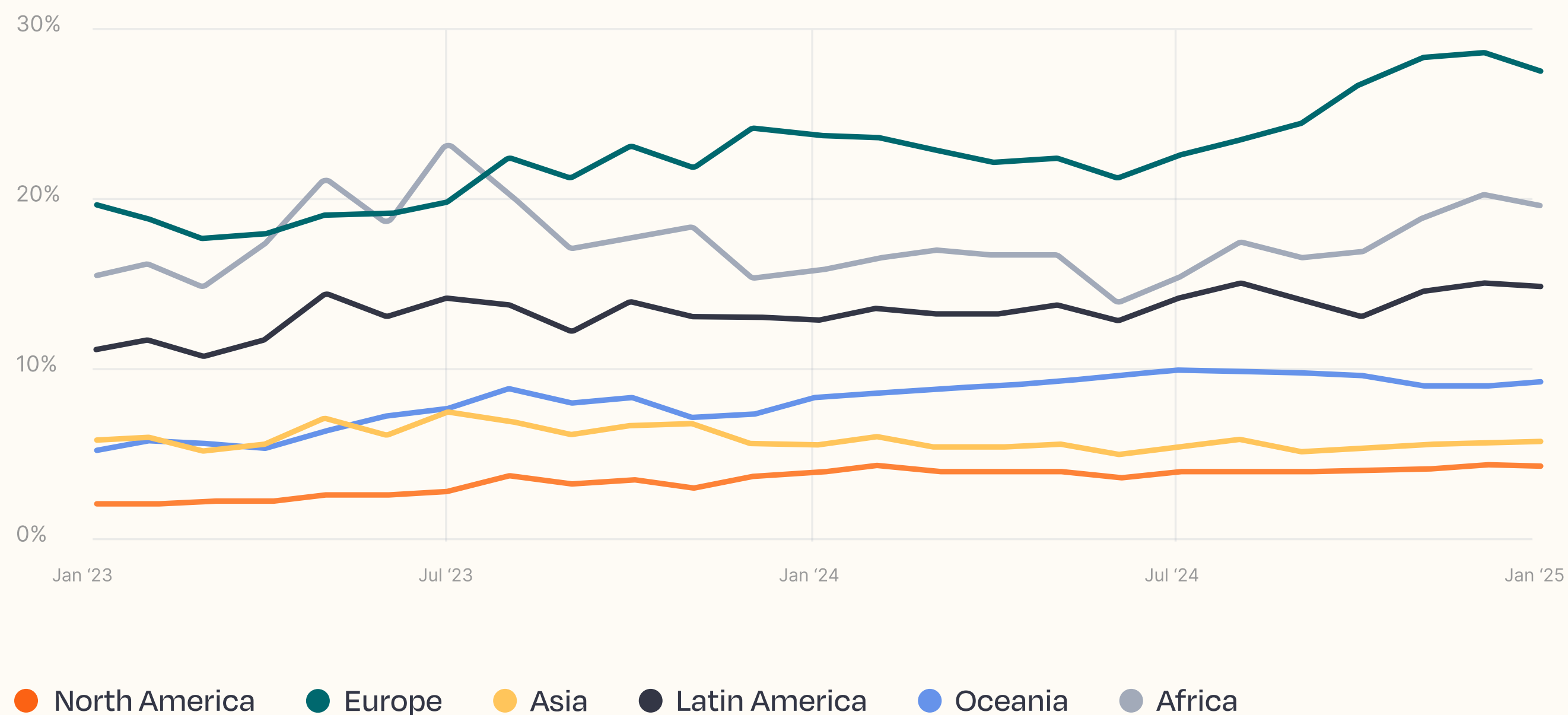
This highlights a growing battle for prime visibility within Booking.com's top search positions, underscoring the increasing competition hotels face on OTAs.





Short-term rental apartments on Booking.com

% in top 20 search results, by region



As the graph illustrates, the upward trend in short-term rental presence within Booking.com's top search results is a global phenomenon. While there are some seasonal fluctuations, the overarching trend is consistently upwards across all regions.

What immediately stands out is Europe's significant lead. Currently, Europe is approaching a staggering 27.5% of its Booking.com top 20 search results being short-term rental apartments.

Conversely, North America currently shows the lowest percentage of short-term rental apartments in Booking.com's Top 20. However, the up and to the right trend is still evident, with a notable growth rate.

Starting at just under 2.2% in January 2023, this figure has doubled to 4.4% by January 2025. This demonstrates a rapid acceleration of short-term rental visibility in North America.

The increasing presence of short-term rentals in prime Booking.com search results is a global reality, but the intensity of this competition varies significantly market to market.

TOP EUROPEAN MARKETS

Booking.com short-term rental apartment %

Top 20 search results; minimum 900 properties, December 2024

Here we show the top 10 major European destinations ranked by the percentage of short-term rentals appearing in Booking.com's top 20 search results for December 2024.

These destinations are larger European markets, including cities such as Rome, Naples, Madrid and Athens, each with a minimum of 900 total properties (hotels and individual short-term rental units) listed on Booking.com for the month of December 2024.

As we saw in the previous chart, 27.5% is the average across Europe but there is a considerable variance across destinations, particularly when you take into account the size of each market.



1	Athens, GR	8.5%
2	London, GB	6.4%
3	Palermo, IT	6.0%
4	Catania, IT	5.0%
5	Lisbon, PT	4.4%
6	Naples, IT	3.4%
7	Madrid, ES	2.5%
8	Rome, IT	2.0%
9	Paris, FR	0.8%
10	Florence, IT	0.4%

TOP EUROPEAN MARKETS

Booking.com short-term rental apartment %

Top 20 search results; minimum 600 properties, December 2024

Reducing the destination's property threshold to 600 units on Booking.com for December 2024 significantly changes the short-term rental percentages in the top 20 search results.

While the analysis of larger markets (900+ properties) showed less than 1% short-term rental presence for the lowest-ranked destinations, this smaller-market analysis still shows almost 18%.

These aren't tiny destinations; they're just smaller than the major cities previously analyzed. Examples include Sarajevo (capital of Bosnia & Herzegovina) and Skopje (capital of North Macedonia). This shift also brings more Eastern European cities into focus.

The number one takeaway here is the wide variation in short-term rental presence on Booking.com across different-sized European markets.



1	Sarajevo, BA	51.4%
2	Skopje, MK	47.4%
3	Zagreb, HR	46.5%
4	Thessaloniki, GR	32.6%
5	Kyiv, UK	27.7%
6	Durrës, AL	26.4%
7	Belgrade, RS	25.9%
8	Tirana, AL	22.9%
9	Gdańsk, PL	17.8%
10	Málaga, ES	17.6%

TOP EUROPEAN MARKETS

Booking.com short-term rental apartment %

Top 20 search results; minimum 900 properties,
December vs. September 2024

The percentages of short-term rentals in the Booking.com top 20 for these same destinations show dramatic shifts when we look at a different time of year.

For example, Athens nearly triples its share of rental units, jumping from 8.5% (roughly 1 in 11) to almost 25%. Florence experiences an even more significant increase, rising from a negligible 0.4% to 4.6%, a change of over 1000%.

This volatility demonstrates the strong influence of seasonality. Booking.com has a sophisticated understanding of seasonal travel patterns and the corresponding demand for short-term rentals in these markets at different times of the year.



		Dec '24		Sept '24
1	Athens, GR	8.5%	→	23.2%
2	London, GB	6.4%	→	4.0%
3	Palermo, IT	6.0%	→	7.7%
4	Catania, IT	5.0%	→	6.9%
5	Lisbon, PT	4.4%	→	7.5%
6	Naples, IT	3.4%	→	7.3%
7	Madrid, ES	2.5%	→	3.8%
8	Rome, IT	2.0%	→	5.7%
9	Paris, FR	0.8%	→	1.6%
10	Florence, IT	0.4%	→	4.6%

TOP EUROPEAN MARKETS

Booking.com short-term rental apartment %

Top 20 search results; minimum 900 properties, September 2024

A September snapshot of the top 10 destinations by short-term rental visibility in Booking.com's Top 20 presents a notably different list.

For instance, Belgrade shows a 43% share in September compared to 26% in December, while Sarajevo's share is 39% in September versus 51% in December.

Regionally, September's data also leans more towards Eastern European destinations. This further reinforces the critical importance of data in understanding and navigating the dynamic short-term rental landscape.



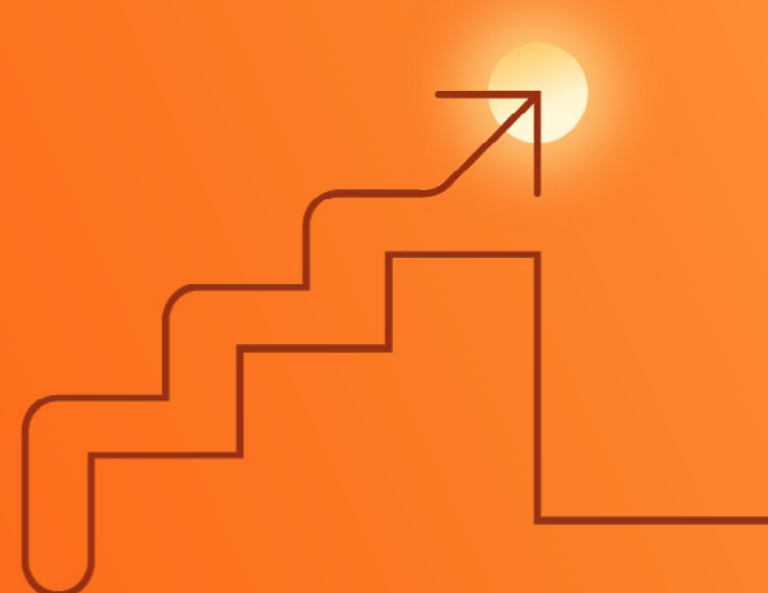
1	Belgrade, RS	43.0%
2	Sarajevo, BA	38.7%
3	Bucharest, RO	27.1%
4	Athens, GR	23.2%
5	Milan, IT	19.8%
6	Kraków, PL	18.5%
7	Budapest, HU	17.7%
8	Gdańsk, PL	14.7%
9	Tirana, AL	14.1%
10	Warsaw, PL	13.9%



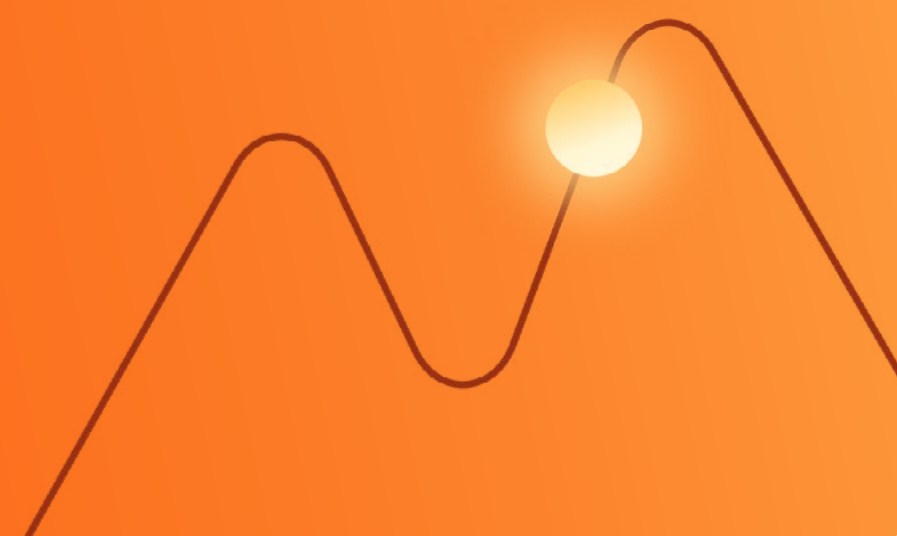
At a glance...

% of short-term rentals in high-value Top 20 search results growing globally

Europe is most affected, North America is least affected



High Seasonal Variance



Eastern Europe

VS

Western Europe

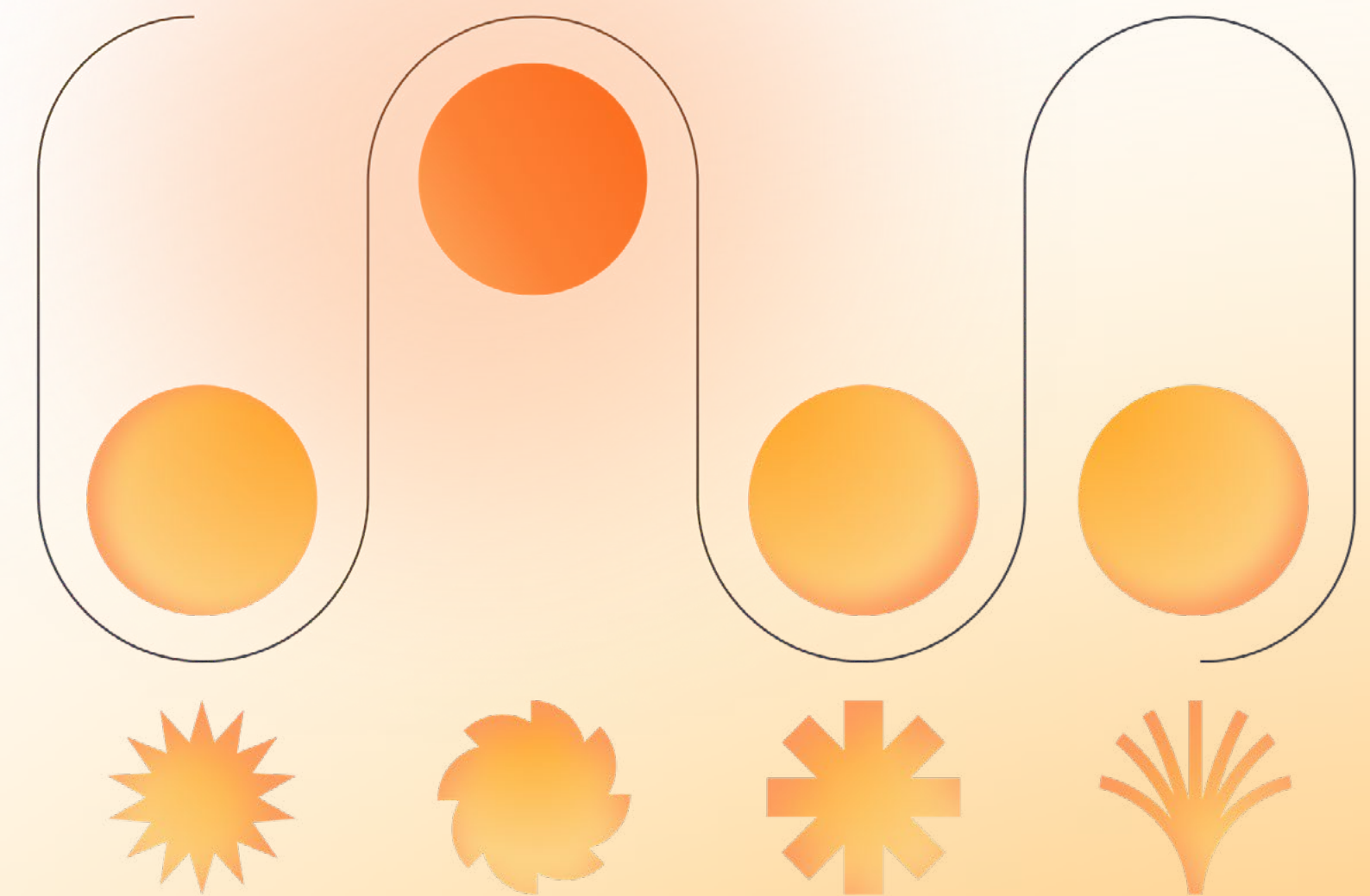
Smaller markets =

higher % of short-term rentals in Top 20 search results





Short-term rental and **cross-platform** **listings**





Lighthouse Listing Multiple

Listing Multiple (LM) is a straightforward metric developed by Lighthouse. LM simply measures the average number of booking platforms (e.g., Booking.com, VRBO, Airbnb) on which a short-term rental is listed.

This reveals typical short-term rental distribution strategies for a specific destination, providing insights into how broadly owners in that market are listing their properties across different platforms.

Understanding the Listing Multiple helps you gauge the potential reach and competitive landscape of short-term rentals in your market.

Average number
of sites each property is listed on



Higher LM
results in broader distribution

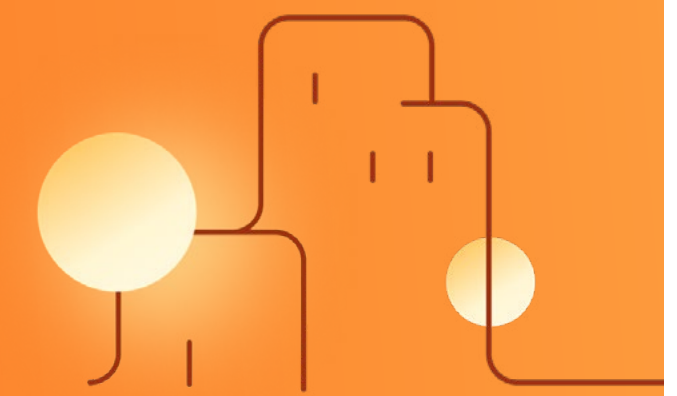
Examples

1,000 short-term
rental properties
1,200 listing

LM = 1.2

1,000 short-term
rental properties
3,000 listing

LM = 3.0



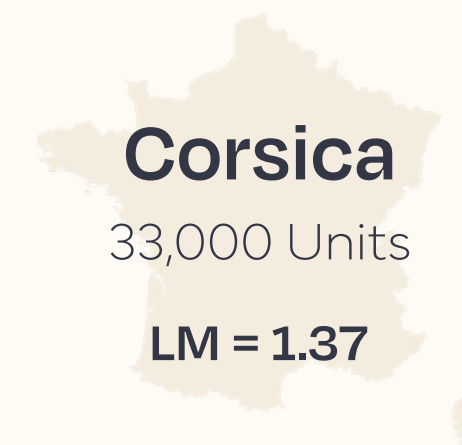


Listing strategies vary across European short-term rental markets

We track over 160 short-term rental destinations across Europe and the US. The top 10 by supply at the end of December 2024 reveal a striking difference in scale: Europe's largest short-term rental markets surpass even Orlando's ~48,000 units. In fact, the top four European markets exceed this number.

The LM reveals interesting distribution strategies. Paris, the largest short-term rental market in Europe, is listed on an average of just 1.3 platforms. In contrast, Istria, with a Listing Multiple of 2.07, sees its average short-term rental listed on over two booking sites.

The top three markets with the highest Listing Multiples – Istria, Crete and Marbella – are all heavily influenced by tourism seasonality. This suggests that in competitive, seasonal leisure markets, broad distribution across multiple platforms is key to maximizing visibility and revenue. In contrast, markets with consistent year-round travel demand may see less need for extensive multi-platform listing.





European short-term rental market

Top 10 by Listing Multiple, December 2024

Zooming out to view the markets with the highest Listing Multiples as of year-end December 2024, a clear pattern emerges: they are predominantly leisure destinations.

In fact, 8 out of the top 10 are coastal locations – think beaches and resorts.

This reinforces the idea that owners in leisure, and especially seasonal, short-term rental markets prioritize broad distribution across multiple platforms to maximize their reach. Therefore, from a competition perspective on OTAs, hotels in leisure-focused markets will likely face the most significant challenge from short-term rentals.

		Property Count	Listing Multiple
1	Istria, HR	44,000	2.07
2	Mallorca, ES	21,000	1.98
3	Funchal, PT	3,000	1.95
4	Dubrovnik, HR	6,000	1.93
5	Windermere, GB	5,000	1.88
6	York, GB	2,000	1.83
7	Porto, PT	13,000	1.83
8	Menorca, ES	4,000	1.81
9	Algarve, PT	10,000	1.81
10	Rhodes, GR	7,000	1.79



How multi-platform listings impact hotel pricing across Europe:

Comparing top and bottom 10 markets across 2024

Analyzing full-year data from 166 European short-term rental destinations, we compared markets with the highest and lowest Listing Multiples (LM), the average number of platforms a short-term rental is listed on.

The top 10 LM markets, characterized by broad short-term rental distribution, had an average short-term rental Average Daily Rate (ADR) ranking of 41st. Conversely, the bottom 10 LM markets showed a lower average short-term rental ADR ranking of 77th.

However, when examining hotel pricing, the picture shifts. Hotels in the top 10 LM markets dropped to an average rank of 68th, while those in the bottom 10 LM markets rose to 56th.

This indicates that markets with broader short-term rental distribution exert greater downward pressure on hotel rates. Where short-term rentals employ more focused distribution, the impact on hotel pricing is less significant.

Geographically, the top 10 LM markets notably feature Spain, Great Britain and Portugal. The bottom 10 LM markets, however, lean towards Nordic countries and those bordering the North Sea, including the Netherlands, Sweden, Denmark and Germany.

This regional distinction highlights how local distribution practices can directly influence market-wide pricing dynamics.

- 1 Istria, HR
- 2 Dubrovnik, HR
- 3 Funchal, PT
- 4 Windermere, GB
- 5 Mallorca, ES
- 6 Cambrils, ES
- 7 Porto, PT
- 8 Algarve, PT
- 9 York, GB
- 10 Birmingham, GB



- 157 Maastricht, NL
- 158 Cologne, DE
- 159 Amsterdam, NL
- 160 Gothenburg, SE
- 161 Frankfurt, DE
- 162 Copenhagen, DK
- 163 Utrecht, NL
- 164 Munich, DE
- 165 Oslo, NO
- 166 Stockholm, SE



Average Short-term Rental ADR Ranking

41st

Average Hotel Price Ranking

68th



Average Short-term Rental ADR Ranking

77th

Average Hotel Price Ranking

56th



At a glance...

Listing Multiple (LM)

Average # of platforms each short-term rental is listed on



Leisure-dominated markets

result in higher LMs



Perennial

vs

Seasonal

Hotels need to consider broader distribution of short-term rentals where LMs are higher





The impact of short-term rental **regulations**





Notable examples of the regulatory crackdown on short-term rentals

The regulatory landscape for short-term rentals is complex and transforming rapidly worldwide. These efforts are mainly driven by the need to address issues such as housing shortages, affordability for residents and safety concerns.

Restrictions can vary significantly, ranging from nationwide policies to rules imposed by individual municipalities.

The examples here illustrate a global trend of increasingly strict regulation for short-term rentals, with cities and regions implementing diverse measures such as limiting rental durations, requiring licenses, and restricting the types of properties eligible for short-term rental.

It is vital to stay on top of these regulations, as they can dramatically impact your competitive landscape and potentially create new opportunities.



France

Max rentals of primary residences reduced from 120 days to 90 days per year



Amsterdam

You can only rent out your primary residence



Italy

Bans self check-in key boxes; mandates in-person key exchange



Barcelona

Ban on all short-term rentals by 2028



Washington, DC

All short-term rental and vacation rental properties must be licensed



Irvine, CA

Short term rentals prohibited in all residentially zoned neighborhoods



Short-term rental regulations in practice: New York City

The legislative landscape surrounding short-term rentals is a critical and often controversial issue globally. These regulations can dramatically influence the performance dynamics of both short-term rentals and hotels.

To illustrate the tangible impact of short-term rental supply on hotel pricing, let's examine a compelling real-world example, in New York City (NYC).

For years, NYC had existing regulations in place that

- Prohibited renting out homes for stays shorter than 30 days unless the host was present.
- Limited the number of guests to a maximum of two at any one time.
- Required guests to have access to the entire home.

However, these rules were largely unenforced, leading to an influx of listings that violated these regulations. The city argued that platforms like Airbnb were not adequately policing these illegal rentals, a situation cited as a contributing factor to NYC acute housing shortage and high cost of living.

A significant shift occurred in September 2023, when NYC began actively enforcing these short-term rental restrictions. This enforcement required short-term rental hosts to register their properties to legally offer short-term stays.

The penalties for non-compliance were substantial, with hosts facing fines up to \$5,000 for repeat offenses, and platforms potentially incurring fines up to \$1,500 for facilitating transactions involving unregistered, illegal rentals.

This marked a clear turning point in the city's approach to regulating the short-term rental market.



A timeline of New York City short-term rental regulations



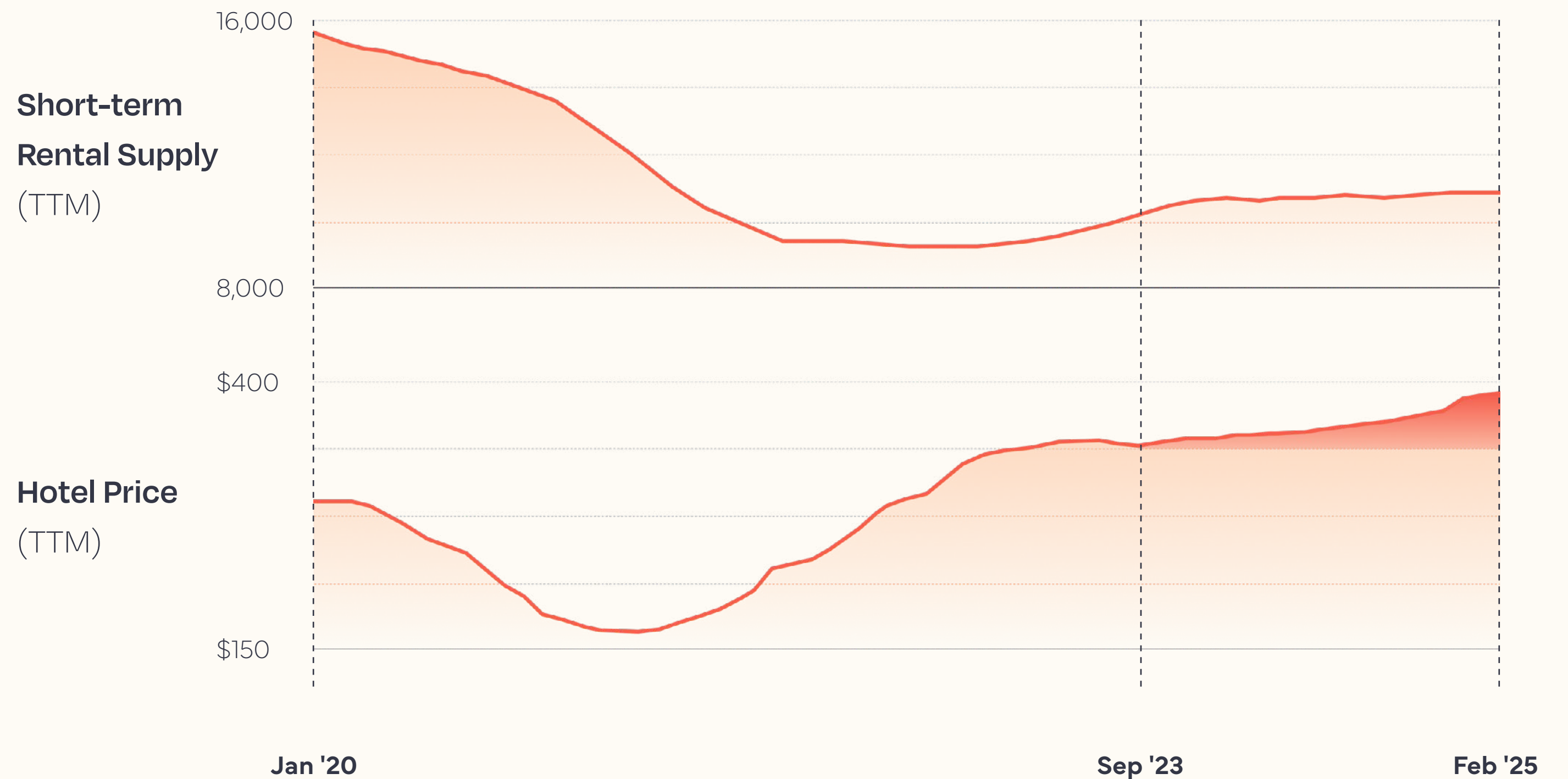
Short-term rental supply in NYC saw a significant drop during COVID lockdowns. Notably, the lowest point for hotel pricing occurred before short-term rental supply reached its lowest point.

By the time short-term rentals began to recover, hotel pricing had already rebounded and started a very marginal decline, having surpassed pre-pandemic levels.

The enforcement of stricter short-term rental regulations in NYC in September 2023 coincided with a clear shift. The growth of short-term rental supply halted, and the previously softening hotel pricing reversed direction, with average room prices jumping from \$342 to \$390.

While direct causation is difficult to prove, the timing strongly suggests that the limitation of short-term rental supply growth influenced hotel pricing in NYC.

Crucially, this example highlights that regulatory changes impacting short-term rentals in any market will likely have a corresponding effect on hotel performance. Therefore, staying informed about and monitoring these legislative shifts is vital.





Know your market, know your strategy

Several key takeaways emerge regarding the impact of short-term rentals on the hotel industry:

- **Short-term rentals are here to stay**
Acknowledge that short-term rentals are an established part of the accommodation landscape and adapt your strategy accordingly.
- **Increased accessibility drives change**
The ease of booking short-term rentals, now comparable to hotels, necessitates a new perspective from hoteliers.
- **The right data is essential**
Traditional hotel analytics may not fully capture the nuances of the short-term rental market, which operates differently and requires tailored analysis.
- **Market impacts are highly variable**
The influence of short-term rentals differs significantly across markets, even those with similar hotel performance, underscoring the need for market-specific data.
- **Seasonality plays a distinct role**
Seasonal markets tend to see short-term rental owners employ broader distribution strategies compared to markets with more consistent demand.
- **Regulations are a significant and dynamic factor**
Governments are increasingly regulating short-term rentals. These changes can rapidly and substantially impact hotel performance, creating potential pricing opportunities. Staying informed about legislative developments is therefore critical.



The hidden revenue potential of **OTA** review scores

Connecting your reputation with pricing power



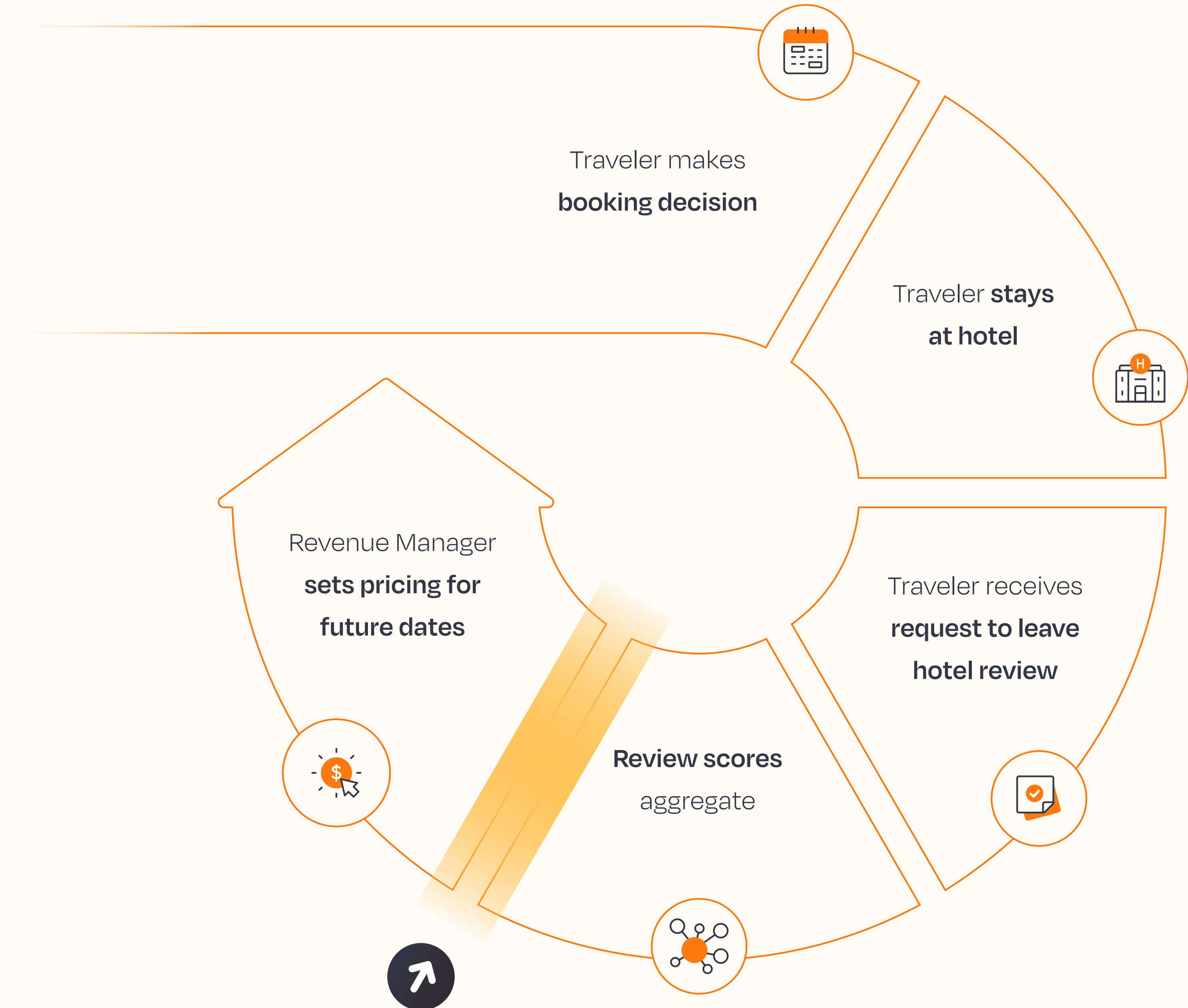


What do we mean when we say there is revenue potential tied to OTA review scores?

Your pricing strategies may already incorporate key factors such as seasonality, historical demand patterns, local events and group bookings, and baseline demand for specific nights.

However, have you ever thought about the role that your review scores on OTAs have on your ability to charge certain room prices? And, to what extent should you incorporate this into your room pricing strategy?

We aim to understand the correlation between higher review scores on OTAs and the pricing power that hoteliers have.





Why do review scores on OTAs matter?



Untapped pricing power? Are you overpriced?



Identify strategic opportunities



Bridge the gap between the guest experience and your pricing strategy



Which markets have the strongest relationship? How much is each point worth?

This analysis examines the correlation between a property's Booking.com rating and its pricing power. A high rating can signify untapped revenue potential, while a low rating may suggest a misalignment between current rates and guest perception.

This analysis provides hoteliers with actionable insights by examining how their property's and competitors' average review scores correlate with pricing. The goal is to optimize rate strategies for maximum bookings and revenue per available room (RevPAR).

Furthermore, we aim to demonstrate the financial impact of guest satisfaction on revenue. Consistently low reviews can directly hurt your pricing power. This data can highlight the importance of service excellence in achieving revenue goals.

Conversely, a given rating at a specific price point sets a clear expectation for the guest experience delivered by operations.

Our analysis will identify markets where price and review scores show the strongest relationship, explore differences across hotel categories, and quantify the potential pricing advantage of higher ratings.



Methodological notes: Understanding our data and analysis

- Our analysis relies on data from Booking.com (1-10 guest rating scale).
- We examined over 100 European markets across various hotel segments. Only statistically significant correlations between review scores and pricing are included, based on aggregates of at least 20 hotels.
- All pricing data represents a one-night stay (LOS1) to isolate the impact of review scores.
- To account for pricing fluctuations, data was collected across lead times up to 90 days before the stay date, with even distribution.
- The "increment in price" quantifies the average dollar increase in nightly rate for each 0.1-point improvement in review score. For instance, a \$3 increment means a hotel rated 7.1 typically prices \$3 higher than a 7.0-rated hotel, and an 8.0-rated hotel \$30 higher.

→ **Booking.com** (1-10 scale)

→ **Statistical correlation**

→ **LOS = 1**

→ **Uniformly Distributed Lead Time**
(max 90 days)

→ **Price increment**

→ **\$USD**



Europe's top 10 most correlated destinations where ratings drive revenue

The following top 10 markets show the strongest statistical correlation between higher Booking.com review scores and higher prices.

This means that in these locations, improvements in your review score are most likely to translate into increased pricing power. For instance, 3-star hotels in Bratislava with better ratings typically charge higher rates.

Notably, the 4-star category is the most prevalent among these top correlated markets, with 3-star being the next most common. This suggests the strongest price-to-rating link exists in the mid-to-upper-midscale segments.

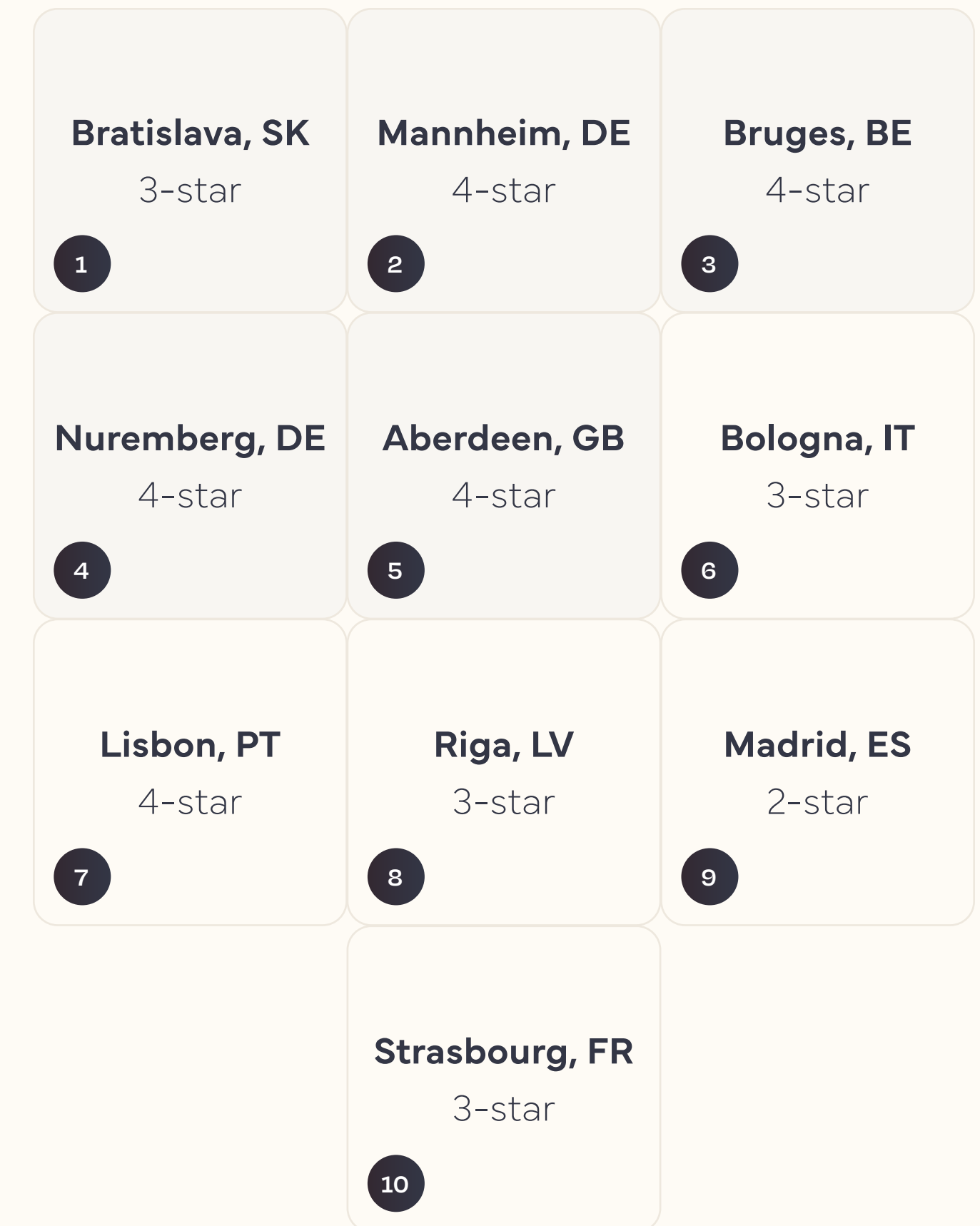
We believe this is more pronounced in Europe due to the greater diversity within the 3 and 4-star hotel landscape compared to the US, where branding offers more consistency.

Statistically, Europe has far more independent hotels than chain properties. This wide variance in European independent hotels means a traveler's experience at a 3 or 4-star property can differ greatly – from newly renovated to outdated.

Consequently, travelers booking in Europe, especially in this mid-range, may rely more heavily on review scores to assess quality and are likely more willing to pay a premium for higher-rated properties due to this uncertainty.

In secondary and tertiary markets with potentially fewer hotel options, review scores can become a more critical factor in perceived quality and pricing. Bookers in these markets might weigh reviews more heavily than in primary markets with more options and other influencing factors.

There's also potentially greater price sensitivity at the lower end of the market, making review scores a less dominant factor for these budget-conscious travelers.





Price increments ranked by destination

Europe, 2-star hotels

Displayed in this chart are the top 10 price increments for 2-star hotels within Europe. Notice that for the majority of these markets, the price increment is less than \$3, with Santorini, Florence and Madrid being the exceptions.

At first glance, an increase of just a couple of dollars in price for each 0.1 improvement in review score might seem negligible. You might question the value of significant effort to achieve such a seemingly small gain.

However, when you examine the potential impact of even a modest price increment on an annualized basis, it becomes far more substantial.

To illustrate this, we look at the average price increment observed across all European markets in our analysis of **\$2.41**.

	Price Increment (\$USD)
Santorini, GR	\$5.04
Florence, IT	\$3.98
Madrid, ES	\$3.96
Sicily, IT	\$2.75
Venice, IT	\$2.58
Paris, FR	\$2.47
London, GB	\$2.43
Porto, PT	\$2.36
Rhodes, GR	\$2.16
Nice, FR	\$2.13
European 2-star Average	\$2.41



Annualized impact: What does an additional \$2.41 per room sold look like annually?

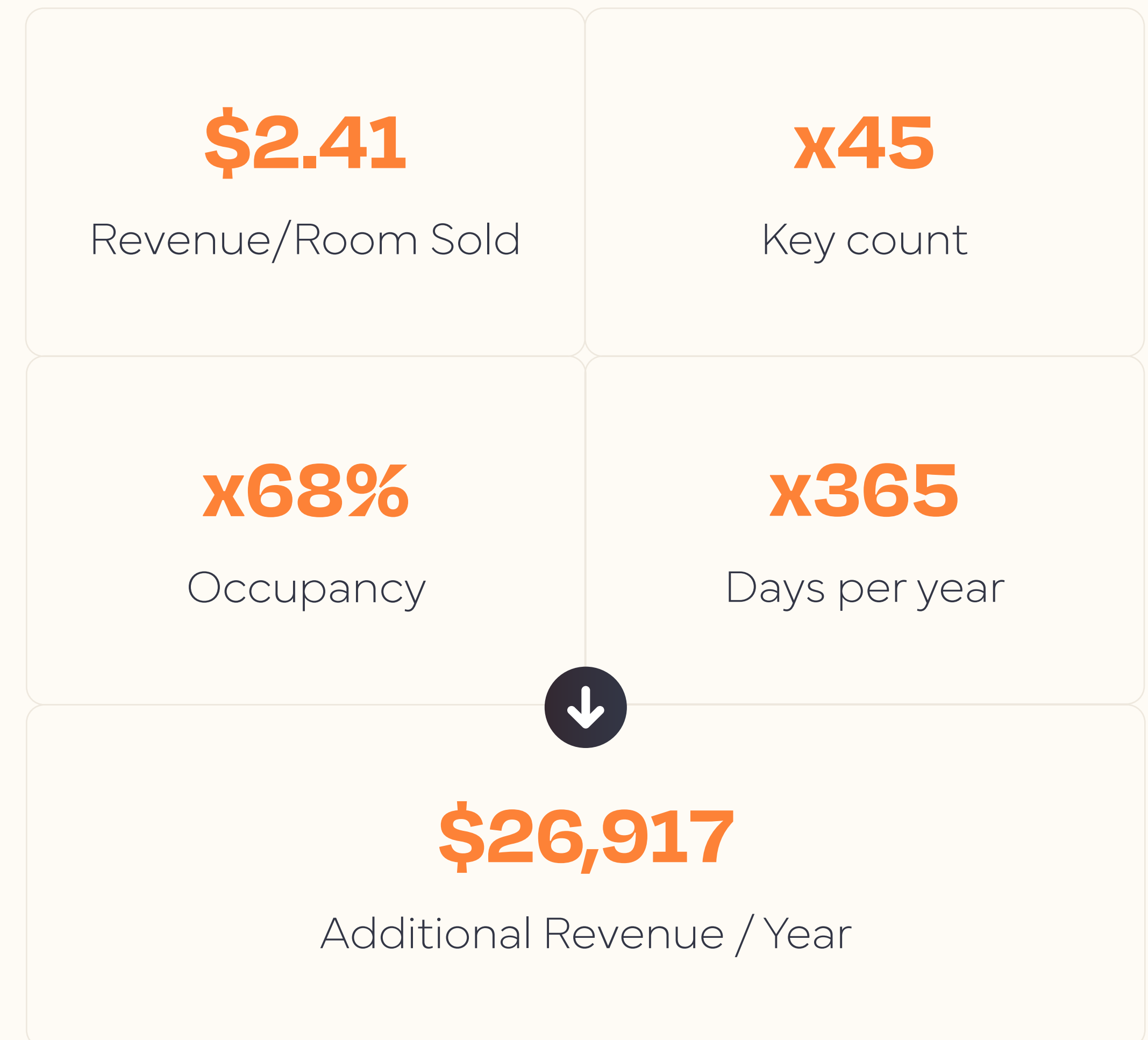
To understand the financial implications of this seemingly small amount of \$2.41, let's consider a hypothetical scenario.

Imagine a 55-key, 2-star hotel in a representative European market achieving an annualized occupancy of 68%. If this hotel were to realize an additional \$2.41 in revenue for every room night sold due to a marginal improvement in its review score, the cumulative impact over a year would be \$26,917.

For smaller select-service and limited-service hotels, an additional \$26,000+ in annual room revenue can be a significant financial gain.

Additionally, this extra revenue is largely incremental. While there might be some initial investment required to enhance service and improve review scores, the ongoing operational costs associated with this increased revenue are likely minimal, assuming the same number of rooms are sold.

As you will see in the next few pages, the annual revenue increase in room revenue only increases for 3, 4 and 5 star properties.





Price increments ranked by destination

Europe, 3-star hotels

The prevalence of Italian markets in the top 10 price increments for 3-star hotels is notable, with 5 out of the 10 destinations being in Italy. This could be partly attributed to the significant number of American tourists visiting Italy (the second-largest international feeder market after Germany), as US travelers may heavily rely on review scores when booking international trips.

The UK, for which the United States is the primary international feeder market, also appears on this list. This suggests that review scores are particularly influential when it comes to international inbound hotel bookings.

Many of these destinations represent "once-in-a-lifetime" trips for international travelers, who may be more willing to invest in higher-rated properties for such important journeys.

You will also notice that the average price increment observed across all European markets has **risen to \$2.57, compared with \$2.41 for 2 star hotels.**

	Price Increment (\$USD)
Manchester, GB	\$7.49
Sorrento - Amalfi, IT	\$7.14
Nantes, FR	\$6.46
Verona, IT	\$5.35
Milan, IT	\$5.20
Edinburgh, GB	\$5.02
Granada, ES	\$4.85
Beaune, FR	\$4.74
Bologna, IT	\$4.73
Rome, IT	\$4.72
European 3-star Average	\$2.57



Price increments ranked by destination

Europe, 4-star hotels

At the 4-star hotel level, an interesting trend emerges: four of the top five markets with the largest price increments are mainly coastal beach destinations.

This is likely driven by the priorities of resort travelers in these more exotic locations, particularly those seeking higher-end accommodations. These guests tend to be less price-sensitive and more focused on the quality and availability of amenities such as restaurants, spas and bars.

Leisure travelers heading to these destinations, especially international visitors who may have fewer reference points, heavily rely on reviews and review scores to ensure they are selecting a property that meets their desired amenity and quality expectations. The substantial price increments in these beach destinations reflect this reliance.

The prominence of leisure destinations like Venice, Bruges and Seville (7 of the top 10) further underscores the strong link between review scores and pricing in these markets.

For 4-star hotels, the average price increment observed across all European markets has now **jumped to \$5.72**.

Price Increment (\$USD)

Gran Canaria, ES	\$22.69
Sorrento - Amalfi, IT	\$14.64
Lyon, FR	\$14.31
San Sebastian, ES	\$13.93
Santorini, GR	\$13.54
Venice, IT	\$12.04
Bruges, BE	\$10.69
Nuremberg, DE	\$10.17
Zurich, CH	\$10.01
Sevilla, ES	\$9.68
European 4-star Average	\$5.72



Price increments ranked by destination

Europe, 5-star hotels

The significant price increases we see at the 5-star level stem from the least homogeneity within this category; there's effectively no upper limit to what a property can offer. This means a 5-star rating can encompass both standard luxury and the ultra-luxury experiences found in cities like Paris or Milan.

Since there's no "6-star" tier to differentiate, these top-tier properties, particularly with exceptional reviews, can achieve substantial price premiums.

Many of the top markets shown in the chart are major international arrival hubs: Venice sees 86% international visitors, Madrid 56%, the Algarve 68% and Milan 56%. This reinforces the idea that international travelers, perhaps less familiar with local standards, heavily rely on positive review scores, translating to a greater willingness to pay higher prices for well-regarded properties.

Interestingly, Italy again features prominently, accounting for half of the top 10 markets in both the 3-star and 5-star lists (and two in the 4-star list). This suggests that travelers to Italy show a particularly strong willingness to pay a premium for hotels with higher review scores across different luxury levels.

Finally, when looking at 5-star properties the average price increment observed across all European markets has **now risen dramatically to \$27.33**.

	Price Increment (\$USD)
Milan, IT	\$52.97
Madrid, ES	\$48.98
Algarve, PT	\$45.36
Venice, IT	\$44.70
Sicily, IT	\$39.67
Sardinia, IT	\$35.87
Paris, FR	\$31.39
Athens, GR	\$26.61
Florence, IT	\$26.58
Vienna, AT	\$25.30
European 5-star Average	\$27.33



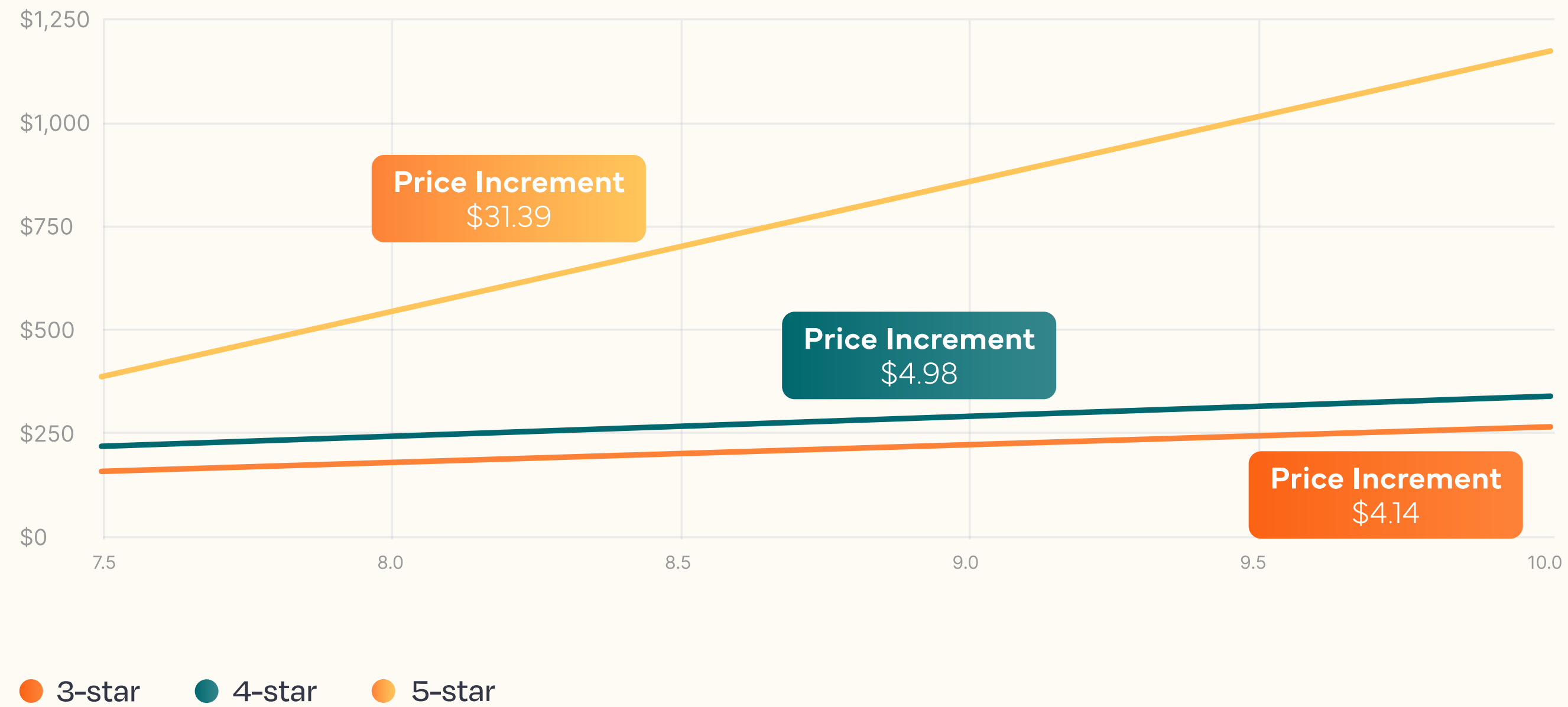
Market case studies of **Price vs. Review score**





Price vs. Review Score

The average pricing trend in Paris



The pricing curves for 3-star and 4-star hotels in Paris show a parallel trend, although not perfectly so. This similarity is due to the price increment differing by less than a dollar between the two categories.

However, the price scale differs significantly. The 3-star curve begins at \$158, while the 4-star curve starts at \$214. This gap widens as review scores increase, with 3-star hotels reaching \$261 and 4-star hotels reaching \$339 at a score of 10.

In contrast, the 5-star pricing curve, with a \$31 price increment, ascends more rapidly.



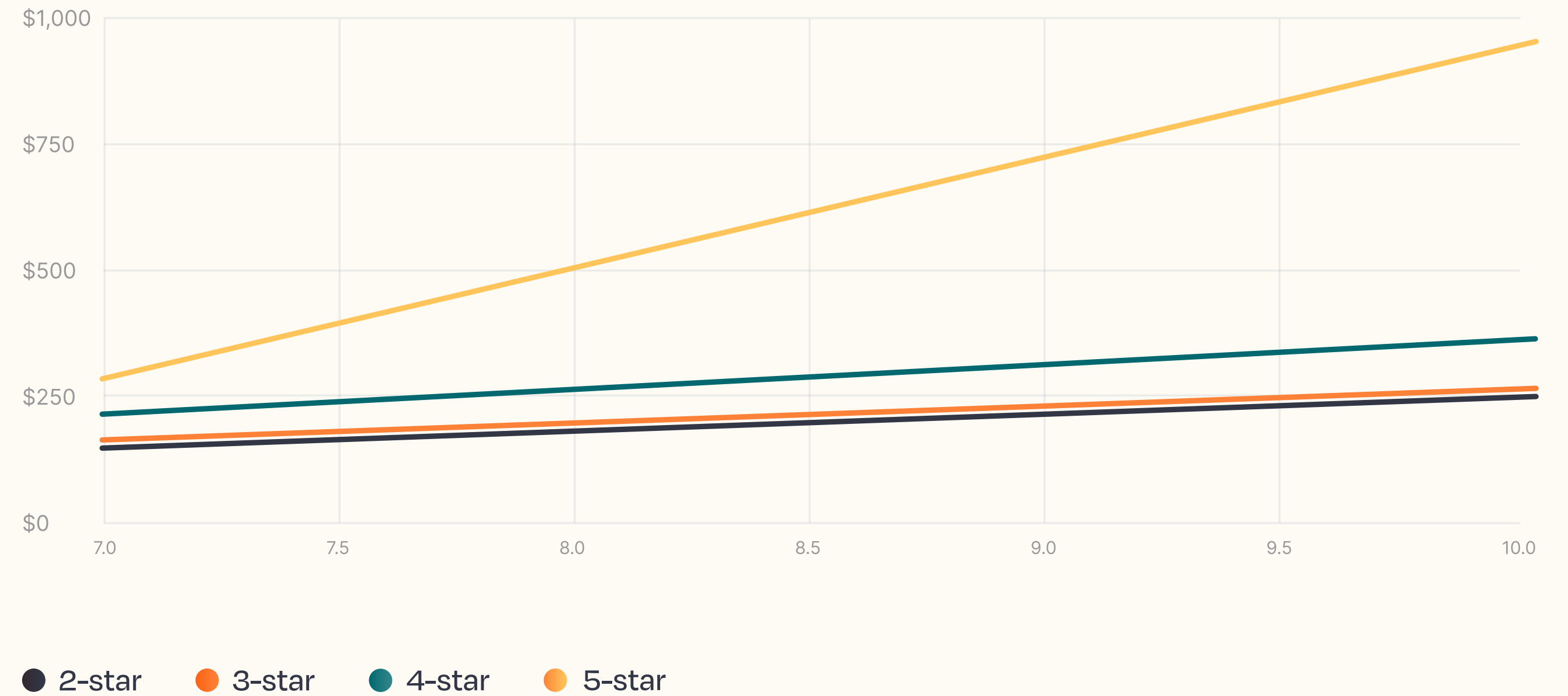
Price vs. Review Score

The average pricing trend in a smaller city like Florence

For smaller cities, like the example of Florence in this chart, the pricing curves by star level tend to show a more typical pattern: each progressive star category exhibits a larger price increment than the one below it.

This results in the price gap between star levels widening as review scores increase.

This suggests that in smaller markets, the perceived value difference between hotel star levels becomes more pronounced as guest satisfaction (reflected in review scores) improves.





Ranking buckets on Booking.com

Beyond the direct monetary impact, consider Booking.com's review score filters. These highlight the significance of even small increments in your rating, particularly the critical tenths of a point that elevate you into a new review score bracket – moving from a 7.9 to an 8.0, for example.

Then factor in the much-used option for users to sort search results by "ratings (highest first)." In a competitive accommodation market saturated with hotels and short-term rentals all vying for visibility, any opportunity to outrank a competitor is invaluable.

Therefore, the benefit of improving your score from a 7.9 to an 8.0, moving into a higher filter category and potentially appearing higher in sorted results, is often greater than the benefit of moving from an 8.0 to an 8.1 within the same filter range.

Review score

<input type="checkbox"/>	Wonderful: 9+	168
<input checked="" type="checkbox"/>	Very Good: 8+	345
<input type="checkbox"/>	Good: 7+	431
<input type="checkbox"/>	Pleasant: 6+	471

↓↑ Sort by: Property rating (high to low) ◇



Understand how review scores impact your price ceiling

Several key takeaways emerge regarding the connection between your OTA review scores and your pricing power.

- **4-star hotels and pricing**
The strongest correlations between review scores and pricing are often found in the 4-star category, likely due to the varied service and amenities at this level, especially in Europe.
- **Competitive set matters**
A strong correlation might exist within your direct competitive set, even if the overall market doesn't show one. Market-level trends can be misleading.
- **Analyze your competitors' review scores and pricing**
Track these metrics (ideally comparing similar days/lead times) to identify patterns and determine the impact of review scores on pricing in your competitive set.
- **Small gains, big impact**
Even small improvements in review scores can lead to significant revenue increases annually.
- **High-increment markets**
France, Spain and Italy often show the highest price increases linked to review scores, potentially due to strong international tourism.
- **Amenity-focused travelers**
Higher-end travelers, particularly in the 4-star segment, prioritize amenities and quality, making review scores a key pricing factor in leisure markets like the Amalfi Coast.
- **A boost in visibility**
Higher review scores improve filtering, visibility and search ranking.



Overcome OTA challenges with smart technology

This research shows that selling rooms on OTAs is tougher than ever. Short-term rentals are everywhere and your review scores can hugely impact your pricing power.

When you are juggling many tasks with limited resources, smart technology is key. Using a solution to automate pricing and distribution is essential to compete effectively, maximize revenue and run your hotel smoothly.

Here's how these tools tackle today's big challenges

- **Boost visibility and avoid overbookings**

With short-term rentals crowding OTA search results (up 49% in Booking.com's Top 20), getting noticed is harder.

Lighthouse Channel Manager makes it easy to list your property across the ideal mix of OTAs, automatically putting you in front of the right guests and preventing double bookings – all in a flash.

- **Price smarter with your review scores**

Better reviews mean you can charge more. Lighthouse Pricing Manager uses AI to watch market prices and your review scores, (and your competitors'). It then cleverly optimizes your rates to make the most of your reputation, ensuring you're not missing out on income or misaligning prices with guest expectations.

- **Adapt quickly to market changes**

Short-term rental strategies, seasonality and new rules can change things fast. Lighthouse's AI-powered platform allows you to react instantly. Pricing Manager finds the best new rates and Channel Manager updates them everywhere, keeping your pricing and distribution strategy sharp.

- **Save time and reduce errors**

Manually managing OTAs is time-consuming and error-prone. Lighthouse's platform solution automates these crucial jobs, freeing you up to focus on the guest experience, so you can boost those all-important reviews.

Intelligent automation is your secret weapon to conquer the complex world of OTAs and significantly boost your bottom line. [Lighthouse's platform for independent hotels](#) effortlessly uses AI technology to monitor prices, fine-tune your rates, and strategically place your rooms online. The result? Greater visibility, an end to double bookings, and lightning-fast control over your pricing and distribution, so you perform better without working harder.

Stay ahead of your market by acting on emerging trends with the right data

The OTA landscape is constantly evolving and your success depends on understanding and responding to these changes effectively.

The increasing presence of short-term rentals on major booking platforms and the very real connection between your guest reviews and your pricing power are not minor details, they are features of a new competitive reality. To thrive in this environment, it's time to move beyond outdated methods and embrace a data-first strategy.

This involves more than just acknowledging these OTA trends, it means actively using these insights to shape your pricing, distribution, and operational decisions. For independent hoteliers, leveraging smart tools like channel managers and pricing tools is crucial for competing effectively.

Lighthouse is dedicated to providing the actionable intelligence you need to manage your online presence without being overwhelmed. By understanding the forces at play – from new competitive pressures to the nuances of online reputation, and more – you can adapt, increase your bookings, maximize your revenue and confidently guide your hotel's success.

The hoteliers who will lead the way are those who can identify underlying trends like these and strategically use data to capitalize on them..





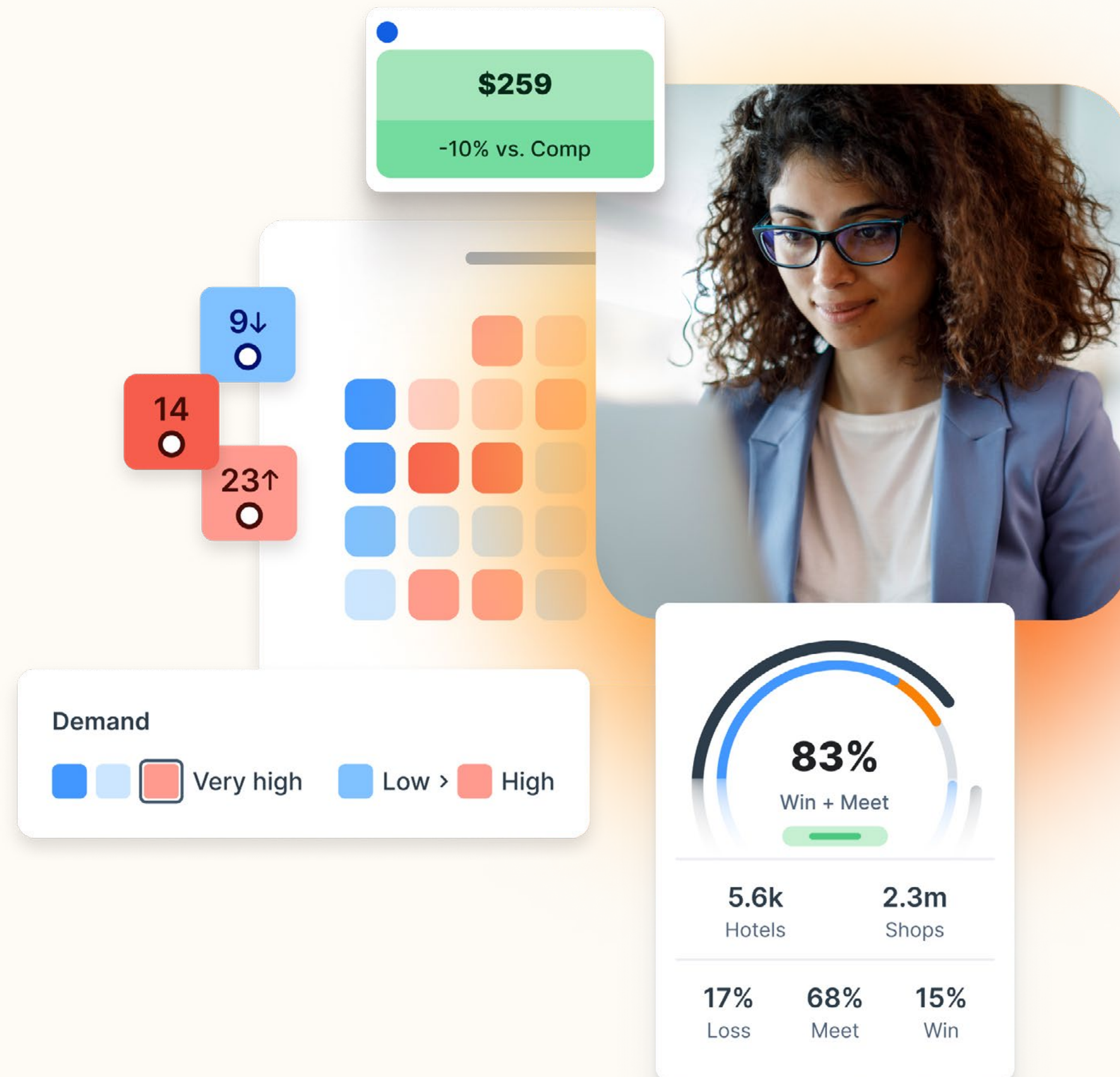
Lighthouse's all-in-one platform for independent hotels

Want to drive bookings and maximize your hotel's revenue while saving valuable time? Lighthouse's solution for independent hotels is what you need.

Our all-in-one platform automates a variety of management tasks, allowing you to focus on guest experiences.

- **Dynamic pricing** helps you maximize revenue with smart dynamic pricing automation across your channels.
- **Channel management** connects to over 200 OTAs and leverages AI to optimize your visibility and distribution.
- **Direct bookings** enables a smooth booking process on your website, designed for maximum conversion.
- **Payment processing** streamlines your payment and reconciliation process, allowing for flexible payments at any stage of the guest journey.
- **Reservation management** simplifies and automates daily reception tasks such as check-ins, room allocation and email communication.

Explore our all-in-one solution or contact our sales team to see how Lighthouse can help you gain a competitive edge.





Lighthouse is the global leader in cloud-based rate & market intelligence, parity management and business intelligence for the travel & hospitality industry.



About Lighthouse

Lighthouse is the leading commercial platform for the travel & hospitality industry.

We transform complexity into confidence by providing actionable market insights, business intelligence, and pricing tools that maximize revenue growth.

We continually innovate to deliver the best platform for hospitality professionals to price more effectively, measure performance more efficiently, and understand the market in new ways.

Trusted by over 70,000 hotels in 185 countries, Lighthouse is the only solution that provides real-time hotel and short-term rental data in a single platform. We strive to deliver the best possible experience with unmatched customer service. We consider our clients as true partners – their success is our success.

