

Beyond Buy Now, Pay Later: Exploring the Landscape of Flexible Payment Options

A TravelBoom **Flexible Payments** Study



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In nearly every corner of the modern business world, 21st-century consumers have grown to expect high levels of **convenience and flexibility** when making their purchases.

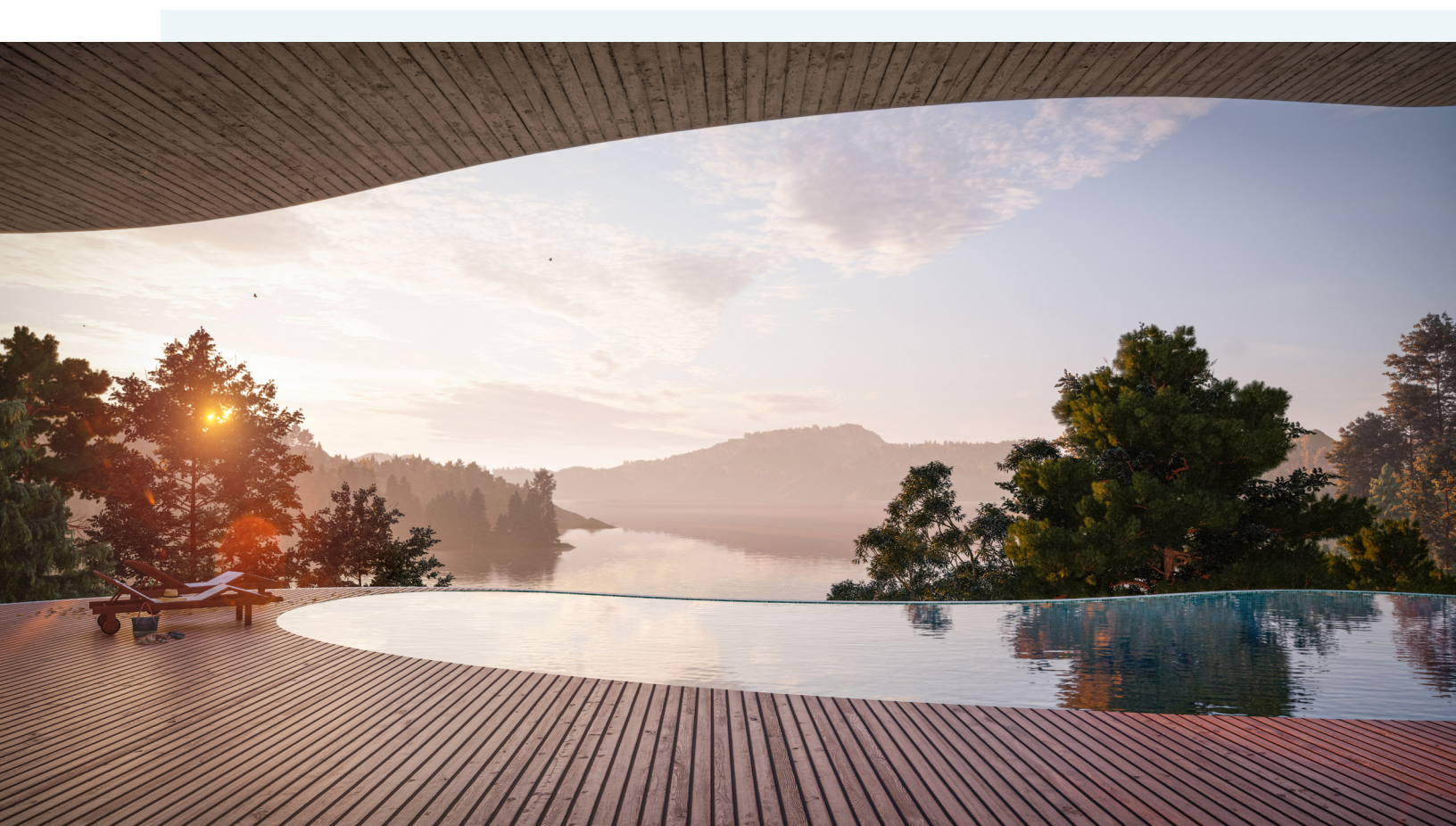
In the hospitality industry — where evolving plans, fluctuating prices, wide-ranging options, and varied purchasing preferences can make buying decisions much more involved than they tend to be elsewhere — this is certainly the case.

So just how much can convenience and confidence-boosting transaction features influence prospective travelers' buying decisions? Our TravelBoom Flexible Payments Study surveyed 300 U.S. leisure travelers to get a better understanding of how much travel buyers valued these and other travel-booking features — and their responses offer a range of insights with the potential to power more bookings and revenues for hotel and hospitality brands.

Read on to get a closer look inside the mind of today's convenience and flexibility -seeking traveler — and for *valuable insights* on some of the leading opportunities your hotel or hospitality brand could seize upon to drive more conversions when prospective travelers are making their booking decisions.

KEY INSIGHTS OF THE REPORT REVEAL:

- **Consumers are open to flexible payment options:** 58% are likely to choose a hotel offering “buy now, pay later” services.
- **Payment options influence booking decisions:** Credit cards remain dominant (74%), but buy now, pay later, digital wallets, and mobile payments are increasingly relevant.
- **Free cancellation policies are crucial:** 80% consider free cancellation policies critical in making a booking decision.
- **Mobile booking and payment are gaining traction:** 40% prefer mobile for hotel reservations, highlighting the need for mobile-optimized solutions.
- **Group payment splitting holds potential:** 37% find it important, suggesting hotels could offer in-app splitting features to cater to group travel.
- **Younger travelers are more likely to book via OTAs:** Approximately 65% of travelers 45 and older will book directly with a property via the web or phone. Only 40% of travelers under 45 indicate they book directly with a hotel or resort.
- **Alternate payments are very likely to increase bookings from younger travelers:** 82% of travelers age 25-34 are influenced by alternate payment methods.
- **Lower income travelers demand alternate payment methods:** 69% of low income travelers are either very likely or likely to be influenced by alternate methods of payment.
- **The importance of alternate payment methods increases as age decreases:** Travelers under the age of 35 weigh all payment methods relatively equally. Older travelers weigh credit cards and debit cards significantly higher than alternate methods.



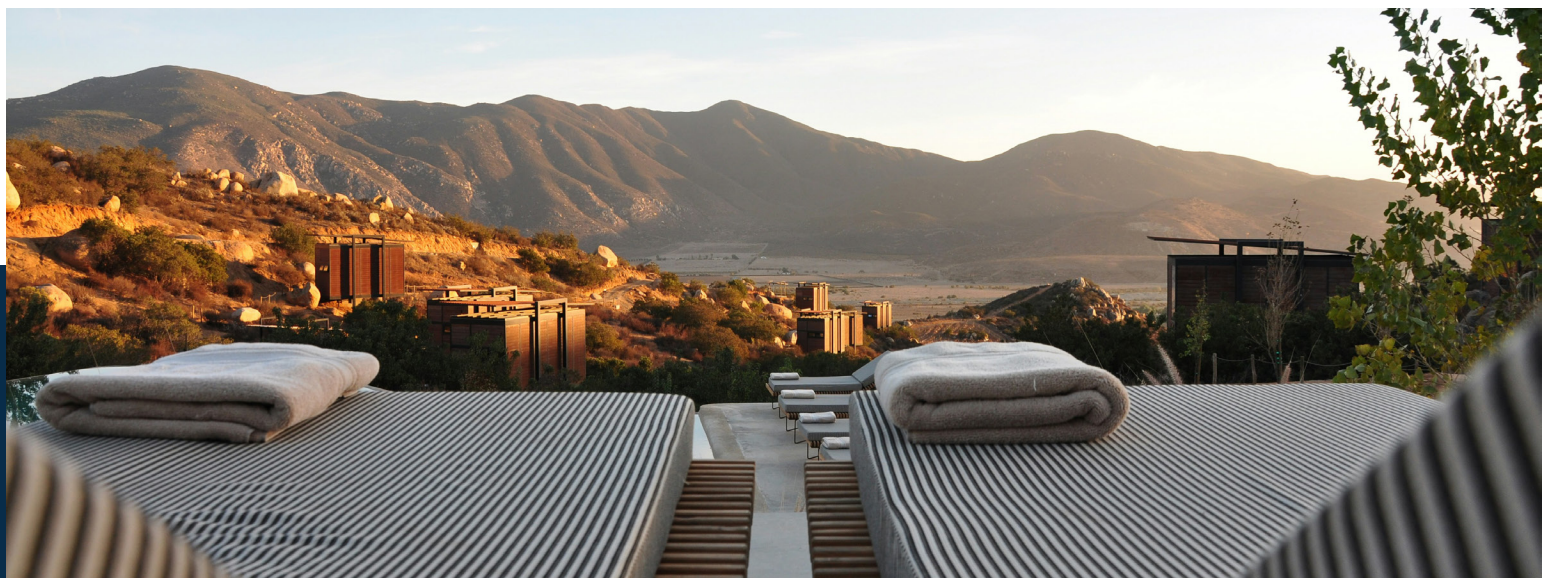
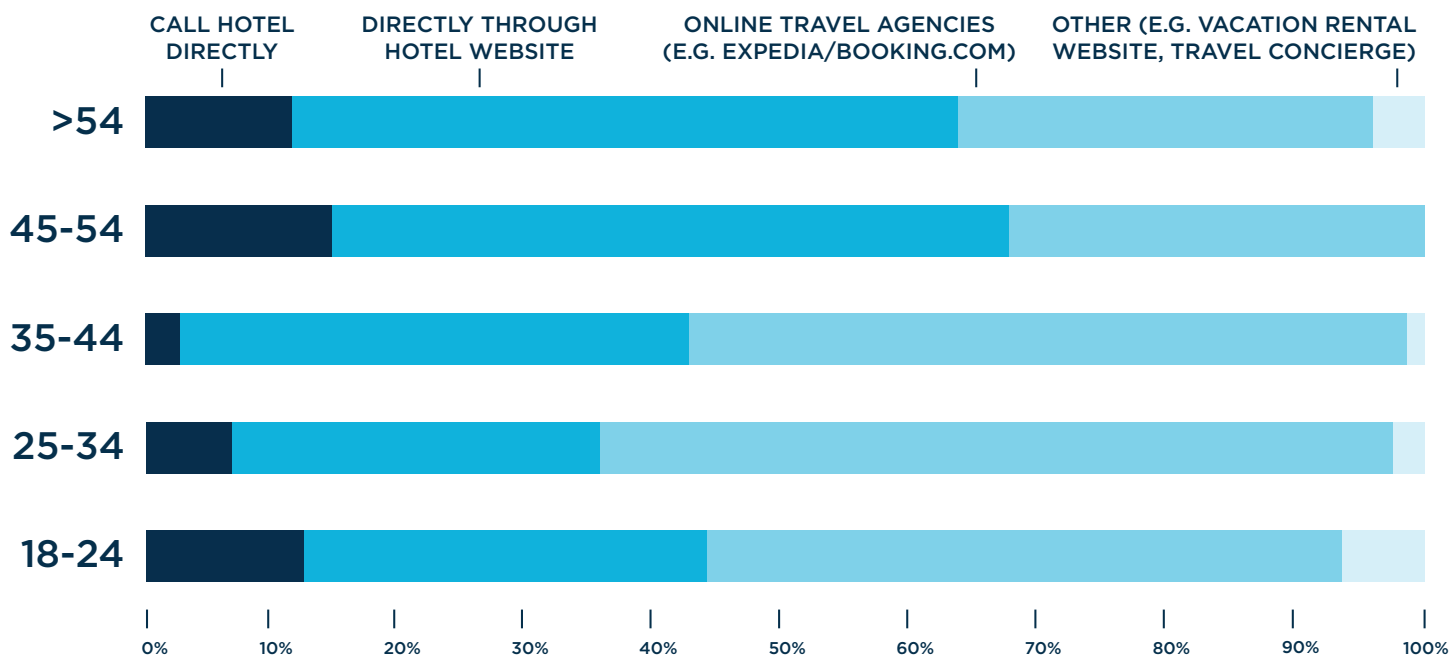
How do consumers typically **book** hotel stays?

In aggregate travelers are equally as likely to book direct versus booking via an OTA or other 3rd party platform.

- **45%** book directly through the *hotel website*
- **44%** use online *travel agencies* (e.g. Expedia or booking.com)
- 9% call the hotel directly

The **results shift significantly when respondents are grouped by age group**. Younger travelers are significantly more likely to book via an OTA. Travelers between 25 and 34 only book direct (phone or online) approximately 35% of the time. This suggests a significant threat to hoteliers seeking to maximize direct bookings. Older travelers are better conditioned to book direct, however, if hoteliers do not better showcase the direct-booking benefits they risk losing future direct guests.

DIRECT BOOKING BY AGE GROUP

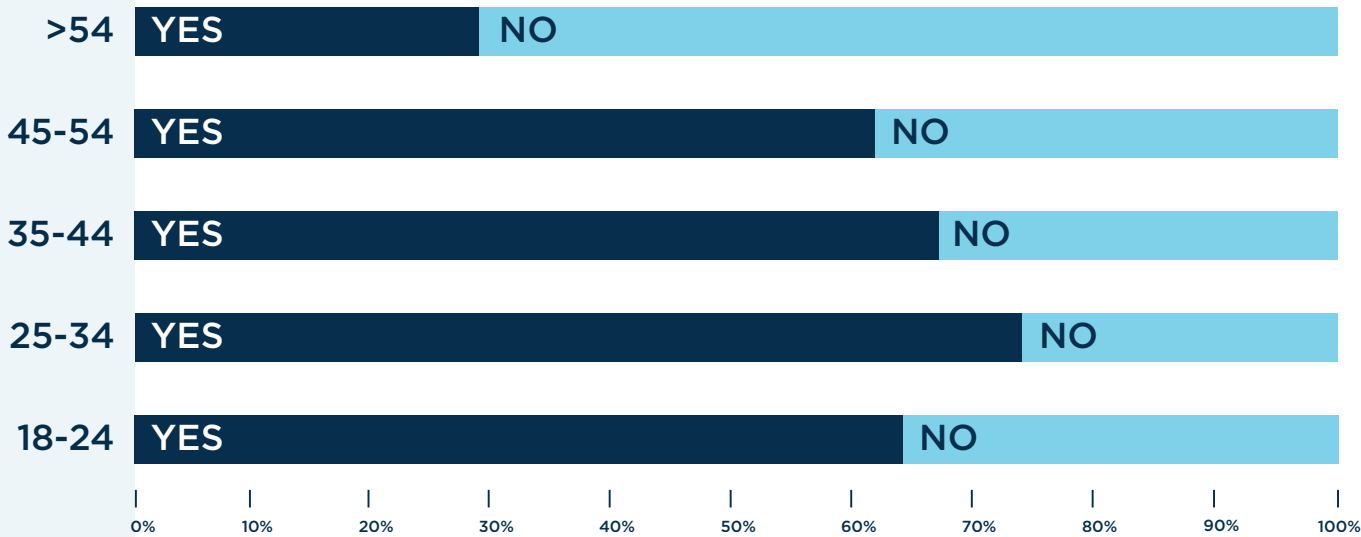




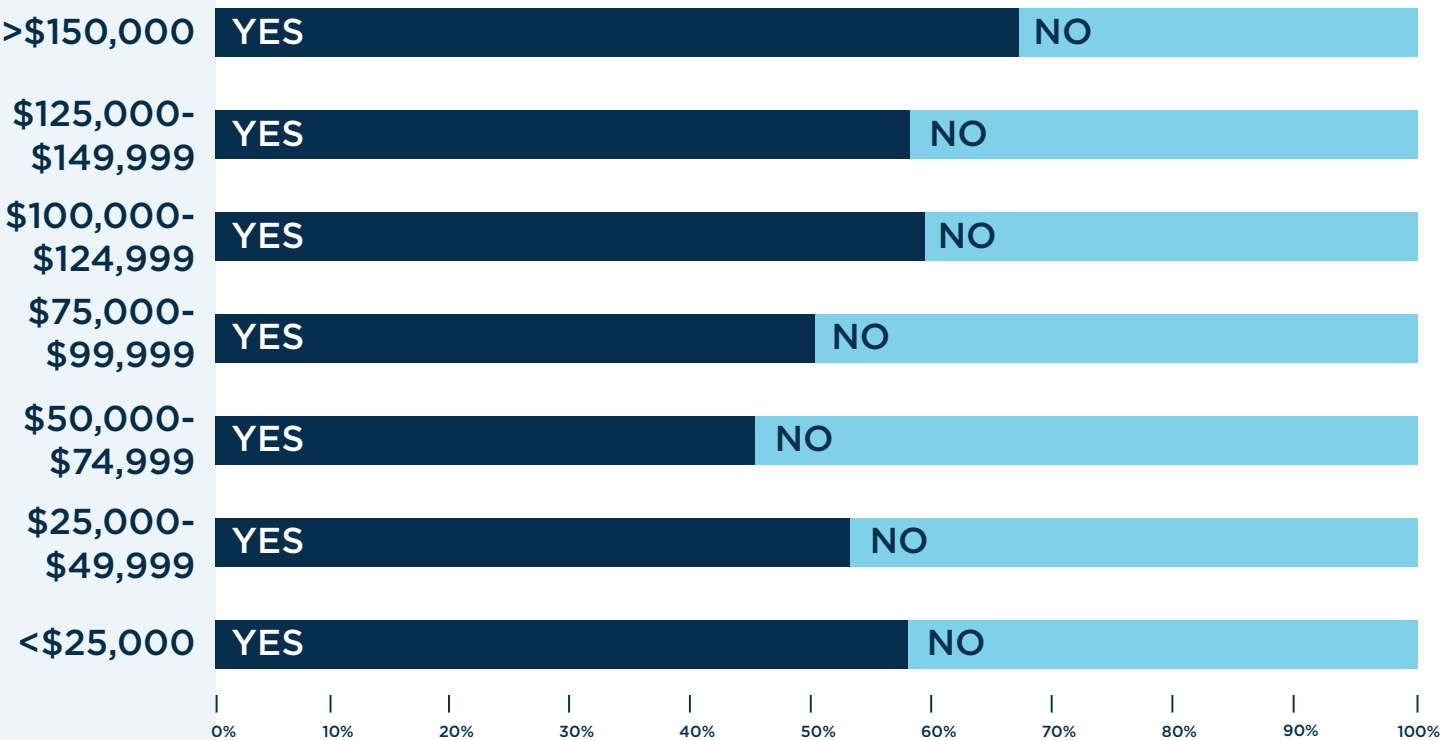
Traveler Familiarity with *Alternate Payment* Methods

68% of consumers said that they are familiar with buy now pay later platforms like Affirm or Sezzle to make payments over time. Of those who were familiar, **54% have used a buy now pay later** service for any type of purchase

USE OF BUY NOW PAY LATER BY AGE



USE OF BUY NOW PAY LATER BY INCOME

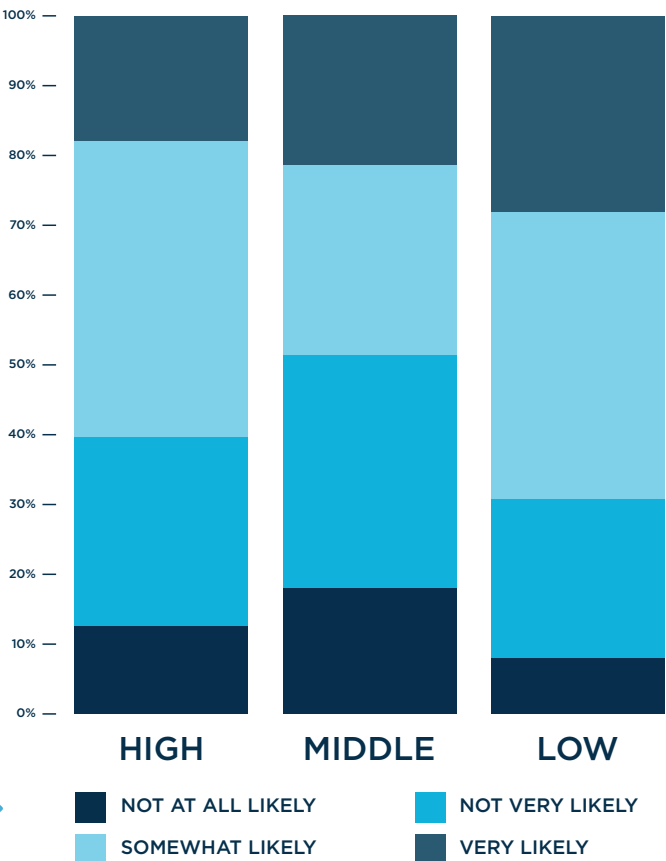


What *payment methods* influence consumers' decision to book a particular hotel?

- 1. Traditional **credit card payment**: 74%
- 2. Buy now pay later services: 45%
- 3. Digital payment services (PayPal, Zelle): 42%
- 4. Debit card payment: 42%
- 5. Mobile wallets (Apple/ Google pay): 34%

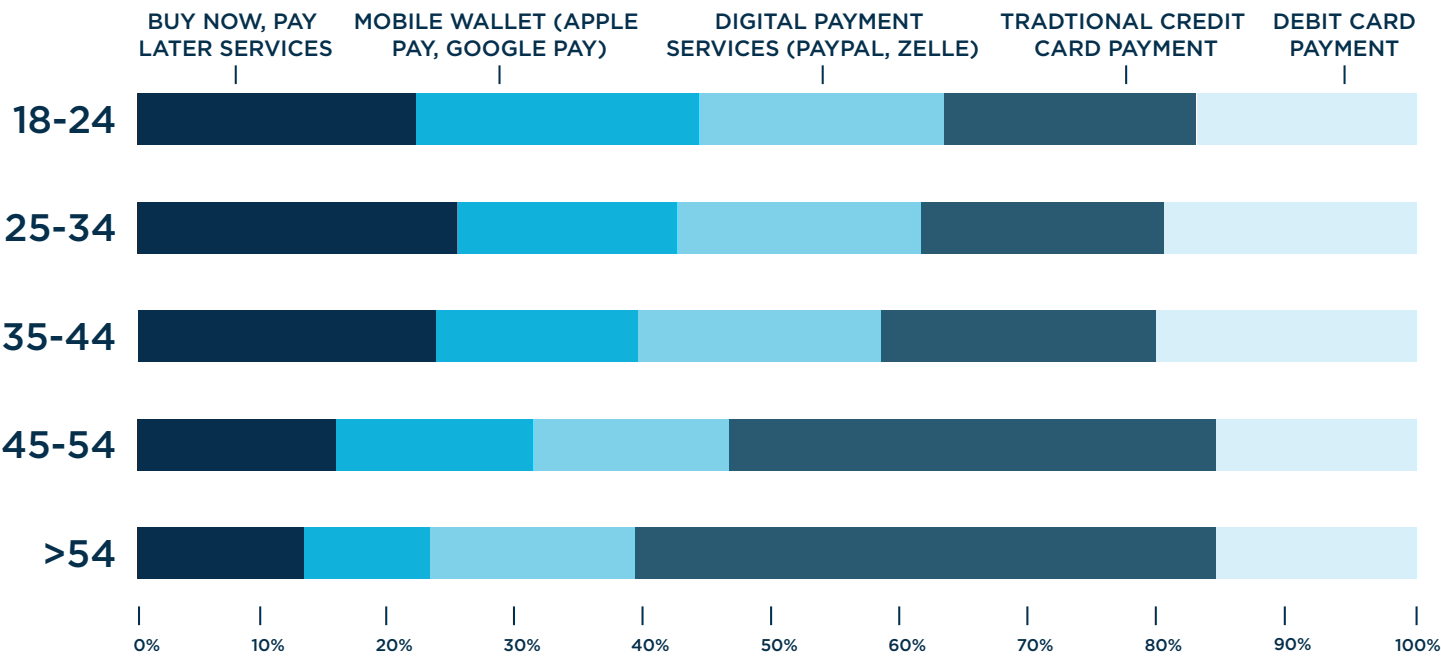
Payment methods are impacted by income level and *lower-income travelers are more likely to be influenced by alternate payment methods*. This is particularly true for lower-income travelers utilizing pay-over-time systems like Affirm and others.

Hoteliers should carefully consider their payment options at checkout based on the booking demographic of their ideal guests. It should also be noted that age has a larger impact on payment method preference and all hotels should consider a variety of options to create a conversion with minimal friction points.



BOOKING INFLUENCE BY INCOME GROUP

PAYMENT METHOD PREFERENCE BY AGE GROUP



How important is a free cancellation policy when choosing a hotel?

- 52% of consumers said that a free cancellation policy is **extremely important**
- 28% important
- 18% somewhat important
- 2% not important

The data is very clear from this study, as well as several others, that today's traveler expects a free cancellation policy and hoteliers who have one will see an increase in conversion rate.

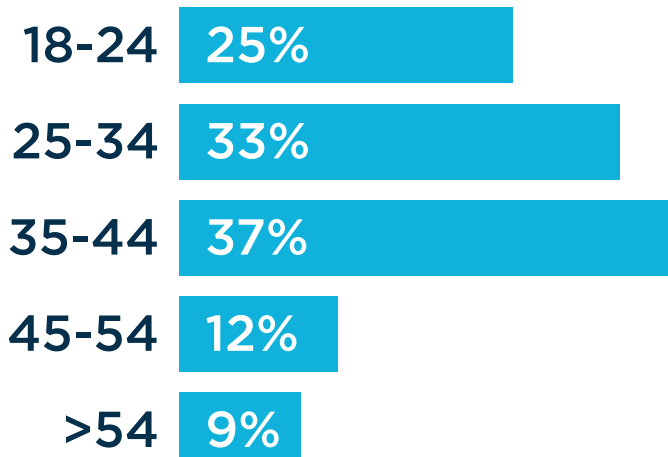
CANCEL



Have you *abandoned a hotel booking* due to lack of your preferred payment method?

Overall, **21% of consumers have ever abandoned a hotel booking** due to a lack of their preferred payment method.

This doesn't accurately represent the direction the hotel booking process is moving in the future. To do this we segmented the data by age and found anywhere between $\frac{1}{3}$ and $\frac{1}{4}$ of all potential bookings may be lost due to a lack of preferred payment methods among those under 45 years of age. The older traveler is significantly more likely to book under the traditional credit card or debit card payment methods.



We asked respondents to rank each of the following factors in terms of importance when choosing a hotel:

Top factors of importance when choosing a hotel: Consumers rated each factor 1-5 (5 being the most important) results are top 2 box reporting.

1. Location: **89%**
2. Price: **82%**
3. Reviews and Ratings: **68%**
4. Hotel Amenities: **58%**
5. Payment options: **47%**



Splitting Booking Costs Among Travelers

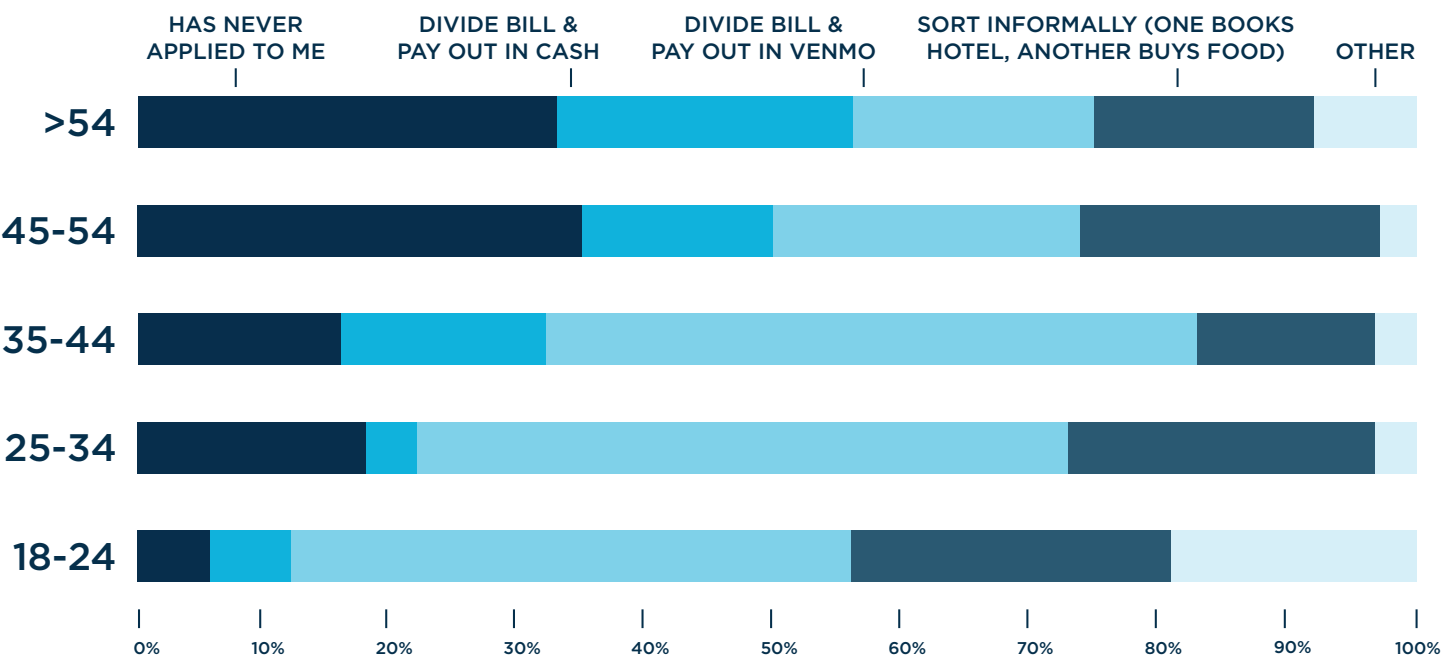
When traveling with a group of friends or multiple families, what would be your preferred method for handling/splitting payments?

- **33% divide the bill** and pay each other with Venmo (or other cashless options)
- 26% have not dealt with this before
- 19% sort it out informally (One buys a hotel, another gets dinner, etc.)
- 17% divide the bill and pay each other with cash

What is the importance in the ability to split payments across multiple parties through a hotel? (e.g. traveling with a large group, multiple families, etc.)

- **37% of consumers said that this was somewhat important** to them
- 27% important
- 25% not important
- 11% extremely important

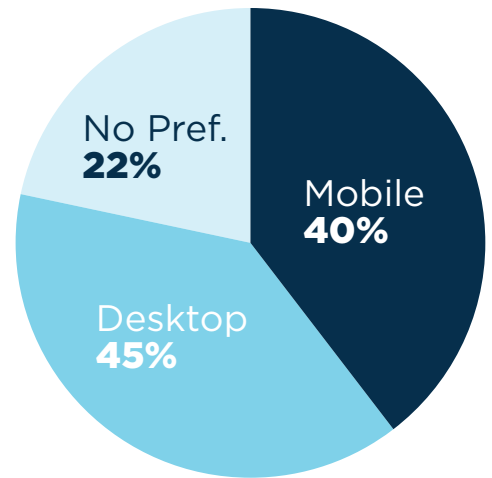
PREFERRED METHOD FOR SPLITTING PAYMENTS BY AGE



Understanding *Booking Engine Behavior*

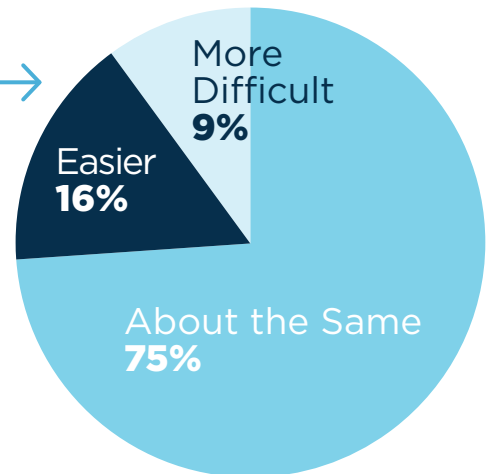
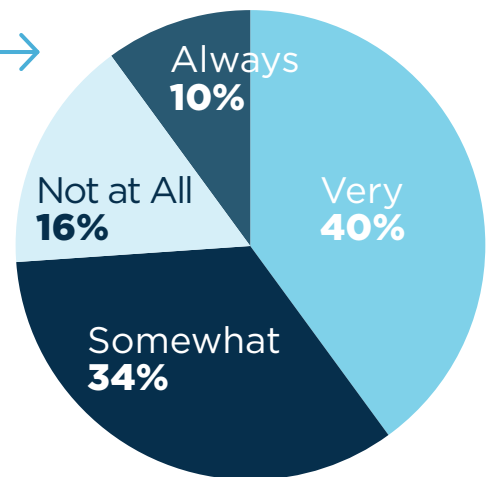
Do you prefer booking and managing your hotel reservations (including payments) via *mobile device* or *desktop computer*? →

40% of consumers prefer to book, manage and pay for their hotel reservations on a mobile device. 39% prefer desktop, and 22% have no preference.



How comfortable are you making purchases for larger experiences (e.g., vacations) *on your mobile device* compared to your desktop computer? →

How would you rate the ease of booking hotels online *compared to purchasing other products* online? →





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This data is *very positive* for hoteliers and indicates great strides have been made in the past years improving the booking process.

This is not to say there is not more work to be done to improve the booking experience. Typically hoteliers experience between 65-80% traffic from mobile devices. However mobile devices only represent between 50-65% of revenue. This shows that while booking experience is improving, more work on the mobile experience is needed.

Things for hotels to consider in terms of payment options:

- It's always good to have a date by which a room can be canceled with no penalty.
- Free cancellations are very helpful when plans can change at the last minute and would help retain customers.
- More acceptance of Paypal, Venmo, Zelle and other platforms.
- It would be great if travelers could split the fees among several people, similar to a meal at a restaurant.
- Provide split payment method for friends that arrived together
- The more digital payment options that are available the better since that seems to be the way things are going. Three respondent suggested hotels begin accepting crypto payments.

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