

AI and the Travel Value Chain: Who Wins in the New Search Economy?

11.02.25 04.26.26

Good Sunday morning from Seattle . . . Our weekly Online Travel Update for the week ending Friday, October 31, 2025, is below. Booking Holdings garnered most of the attention this past week as it reported its third quarter earnings and updated investors on its ongoing artificial intelligence efforts. A copy of the earnings release call transcript is linked below. Enjoy.

Updates on Booking.com's Payments Business. With so much attention being paid these days to Booking.com's AI announcements, we've all lost track of Booking.com's ongoing efforts to stand up a successful payments' platform. Anyone remember "Facilitated Payments?" Payments remain a critical component of Booking.com's overall connected trip strategy and is likely one area (at least according to Booking.com) where AI platforms won't be racing to displace existing players or structures.

Is Organic Search Dead? According to Kayak's CEO, Steve Hafner, organic search is at least dying. In a recent Skift interview, Haftner shared that large language models (LLMs), including Google's AI Overviews, are to blame for rising customer acquisition costs. With Google's placement of entirely self-contained AI driven responses at the top of users' search results, organic search is becoming less relevant and forcing advertisers like Kayak to invest more in paid search. According to Haftner, anyone who has previously relied on organic links is likely to suffer the same consequences. The result? At least for Kayak, the changes resulted in a recent \$457 million accounting write down on its brand. With these important changes in search being brought about by AI (and in particular, Google's AI Overviews and AI Mode), one must ask how relevant are Google's newly proposed search boxes (see story below) other than to satisfy EU regulators?

Booking Holdings Updates Investors on AI Efforts (and Reports Quarterly Earnings). Booking Holdings released its third quarter earnings report this past week and while Booking reported a relatively strong third quarter (including some first time comments on its growing B2B business), most of the industry's attention was focused on CEO Glenn Fogel's comments on AI. A few takeaways . . .

- It remains far too early to say with any certainty that AI is the travel industry disrupter that everyone claims it is. Yes, Booking.com is enjoying great PR ("first wave") with regard to its new ChatGPT app, but what that app actually means for new customer acquisitions or direct channel growth remains unknown.
- Bookings generated through AI enabled platforms reflect higher user engagement - better conversion, fewer cancellations and high customer satisfaction. All good things.
- Booking believes that irrespective of where travelers may actually begin their search, platforms like Booking.com will continue to serve a critical (irreplaceable?) role in fulfilling and servicing the bookings

(and the many complex relationships that are required to create and pay for those bookings) that ultimately result from those searches.

- My two cents . . . Despite Glenn Fogel's seemingly dismissal of the threat posed by AI platforms, I believe Booking.com is as afraid of AI and its possible disintermediation of travel intermediaries like Booking.com as it is excited about the potential opportunities presented by AI. I also believe that the outcome here will depend more on the aspirations (and existing or future business models) of the AI platforms versus anything that Booking or other intermediaries might ever do. Walking away from billions of dollars of ad revenue (or possible revenue) generated through the intermediaries will be difficult for any platform player. Google never made that kind of leap with traditional search. Will Google (or other newcomer AI platforms) behave differently with AI?

TripAdvisor to Soon Launch Its Own ChatGPT App. How relevant will this app actually be? See discussion above.

Have a great week everyone.

Booking's Fintech Boss on the Strategic Importance of Its 'Very Profitable' Payments Biz

October 30, 2025 via Skift

Saving a basis point or two per transaction in Booking.com's payments business can turn into a windfall of millions of dollars. That's an edge that Booking.com is leveraging in ...

Kayak CEO on \$457 Million Writedown: Google Squeezed the Travel Industry Again

October 29, 2025 via Skift

Google has been downplaying free organic links for many years. In the past year, its AI Overviews and other ad formats have basically forced travel companies to spend more for traffic. Kayak isn't the only player feeling the squeeze. Booking Holdings announced Tuesday that it took a \$457 ...

Google Just Revealed More of Its Travel Ambitions

October 29, 2025 via Skift

Google is riding AI to new heights - and letting it ignite new travel ambitions. Google's AI push, which led to a record-busting third quarter for parent Alphabet, has set the table for a deeper play by applying agentic AI to categories like travel, the company said on ...

Booking Holdings Shares 'Early' Thoughts on OpenAI Apps, Reports Domestic Growth

October 28, 2025 via PhocusWire

Booking Holdings shared updates about its test program with OpenAI during its third-quarter earnings call with financial analysts. At its developer conference earlier this month, OpenAI announced ...

Booking Holdings, Inc. Q3 Earnings Call

October 28, 2025 via Booking Holdings

During its Q3 2025 earnings call, Booking Holdings reported strong performance with room nights, gross bookings, and revenue exceeding expectations. The company saw a 14% increase in gross bookings and a

13% revenue growth. AI initiatives, including the launch of AI-powered tools on platforms like Agoda and ...

Booking CEO on the ChatGPT-Hotel Risk: 'An Overblown Threat'

October 28, 2025 via Skift

Booking Holdings had a strong third quarter. CEO Glenn Fogel acknowledged these are early days for the artificial intelligence boom. Booking Holdings CEO Glenn Fogel acknowledges that hotels in the future will leverage OpenAI and its peers to capture direct bookings, just as they do today with Google, ...

Google Proposes Further Tweaks to Search Results Boxes Amid EU Antitrust Probe

October 27, 2025 via MLex

Google has proposed minor changes to how it presents search results for restaurants, flights, trains and hotels after the European Commission launched an investigation into whether it is favoring its own services over those offered by rival platforms and companies. Representatives of two trade associations have told ...

TripAdvisor Executive Says ChatGPT App Will Revolutionize Travel Planning

October 26, 2025 via Travel Weekly

Marrying rich data with travelers' personal preferences in the ChatGPT environment creates something that Rahul Todkar, Tripadvisor's head of data and AI, likens to "magic." Like other websites rich in data, Tripadvisor – which houses more than 1 billion reviews and contributions from users – has a subset of content ...

Car Rental Companies Are Winning the Digital War With OTAs

October 24, 2025 via Skift

The \$92 billion car rental sector is leveraging its high consolidation to win the digital distribution war, generating 59% of all online bookings through direct channels.

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