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Lodgify Report: Budget Travelers Shape the 2023 Holiday Season

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Introduction

Whether or not Santa Claus is comin' to town, hoards of travelers are as they make their way to holiday celebrations. With the winter holidays only weeks away, everyone has their eyes set on joyful reunions and yuletide fires.

Fortunately, we have the perfect gift to help vacation rental hosts prepare for this bustling season: **a report on all the booking trends they can expect to see**.

For the purpose of this report, we've analyzed all **U.S. bookings in 2021, 2022, and 2023 that have an arrival date between the Friday before Christmas Eve and January 2nd** (see our methodology section for specific date ranges). We'll be focusing only on bookings made **up to one month before this observation period** to ensure any comparisons are as relevant and accurate as possible.

In addition to the data itself, we'll provide actionable insights and strategic recommendations to help hosts **maximize bookings and enhance their guest experience**.

So, grab some hot chocolate and let's dive in to the trends, patterns, and strategies that will define holiday hosting success in 2023. Whether you're a seasoned host or are just embarking on your vacation rental venture, this report aims to be your guide for the 2023 holiday season.

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Summary

- Dreams of affordable holiday trips might just come true this year. **Average daily rates (ADR) for holiday bookings have decreased by 2%** since 2022.
- Going direct is even more affordable for guests in 2023, with a **5.9% year-over-year drop in ADR for direct bookings**.
- Guests aren't afraid to book early. **63% of bookings are being made at least two months before the holiday period**. The booking window is increasing across all the most popular listing channels.
- No one's getting snowed in this year (they're just not staying long enough to!). **Average length of stay (ALOS) is down by 9.5% since 2022**. And trip length is getting shorter regardless of how far in advance travelers book.
- All hosts want for Christmas are direct bookings—and for longer stays, they're getting them. **55% of holiday reservations made for 8+ days have come through direct** booking channels.

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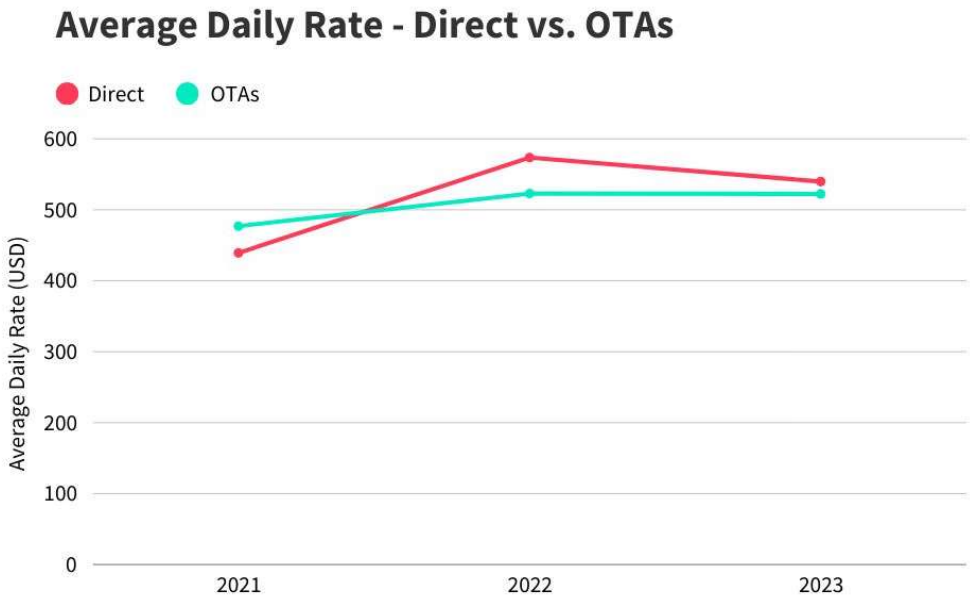
Snow is falling (and ADR!)

In the festive landscape of this year's holiday season, the short-term rental market has taken a slightly unexpected turn.

While the past few years have witnessed a consistent rise in average daily rates (ADR), this year, we're unwrapping a **2% decrease from last year**, with **direct bookings being 5.9% cheaper than in 2022**.



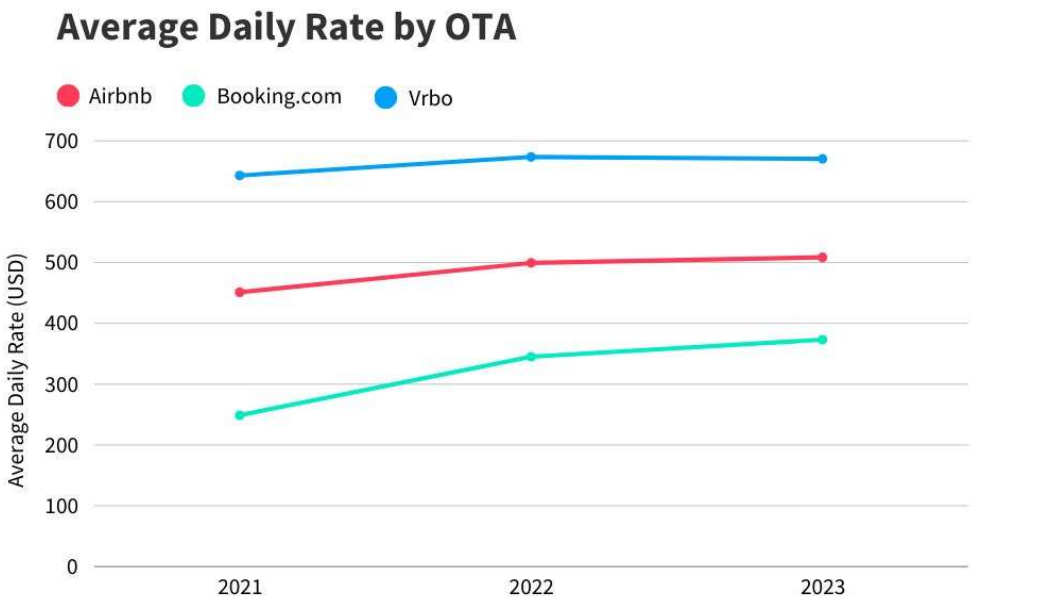
📣 Consider using a dynamic pricing tool to ensure your rates are always competitive—no tedious manual adjustments necessary!

The plot thickens when we look at OTAs.

Airbnb, Booking.com, and Vrbo have all seen an increase in ADR for holiday season bookings each year since 2021. However, it does appear that ADR is beginning to level out, increasing at a lower rate in 2023.

For example, **Airbnb's ADR shot up by 10.7% from 2021 to 2022.** However, this year, we're only seeing a **2% jump year-over-year.** Similarly, ADR on Booking.com increased by a whopping **39% year-over-year from 2021 to 2022** but only by **8% from 2022 to 2023**.

Meanwhile, changes in Vrbo's ADR are a lot less dramatic. It increased by **5% from 2021 to 2022**, while this year it remains **almost identical to last year**, adding a dash of unpredictability to the holiday saga.



Why are the holidays cheaper? Or are they?

Well, it depends on how you look at it. As anticipated, the surge in demand and a subsequent increase in supply for short-term rentals has caused a slight reduction in ADR across all bookings. It's likely that many hosts have responded to the increased supply by lowering their rates in order to stay competitive and stand out in a crowded market.

However, ADR has increased when it comes to holiday bookings through Airbnb and Booking.com. One of the main factors could be that **daily rates for apartments have risen by 7.5% from last year**, a listing category that typically does very well on both booking platforms.

Meanwhile, we're seeing a **5% decrease from 2022 to 2023 in cost for houses and villas**, Vrbo's largest category. This may be responsible for the cheaper bookings we're seeing there.

When it comes to direct bookings, hosts could be lowering the ADR on their own websites in an attempt to maximize their booking revenue. With many booking platforms charging commissions of 15-20%, encouraging guests to book direct this holiday season could help both hosts and guests **avoid having to pay substantial third-party fees**.

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So, Christmas has come early! What can I do to keep up?

No, we don't mean you need to get the tree up already, but you should **update the rates and availability on your direct booking website and your external listing sites** to make sure you can accept holiday bookings now.

You can **use dynamic pricing tools to ensure your rates are optimized and competitive** for the season ahead, and implement exclusive discounts and personalized perks to offer your guests a more unique and tailored experience.

If you manage a house or villa and are concerned about falling ADR on Vrbo, you should **focus on your unique selling point**, emphasizing why your property is special and perfect for the holidays.

By understanding what your target guest is looking for, you can make appropriate modifications and investments, as well as the necessary changes to your listing, to make sure they find you.

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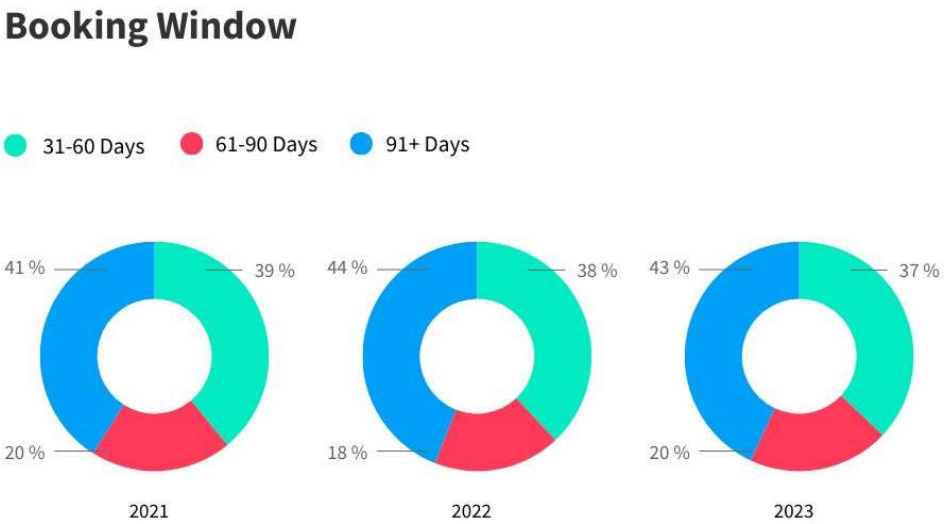
'Tis the season to book in advance

Travelers are breaking out their advent calendars early to **plan their holiday trips well ahead of time**.

Of course, this report focuses solely on bookings made up to one month before the holiday season and can't analyze last-minute reservations. But still, we're seeing that **63% of these bookings are being made at least two months** in advance of the holiday period this year. And **43% of bookings are made at least three months in advance**.

This is consistent with data from both 2021 and 2022, when 61% and 62% of bookings, respectively, were made at least two months in advance. 41% of bookings were made over three months in advance in 2021, and that percentage grew to 44% in 2022.



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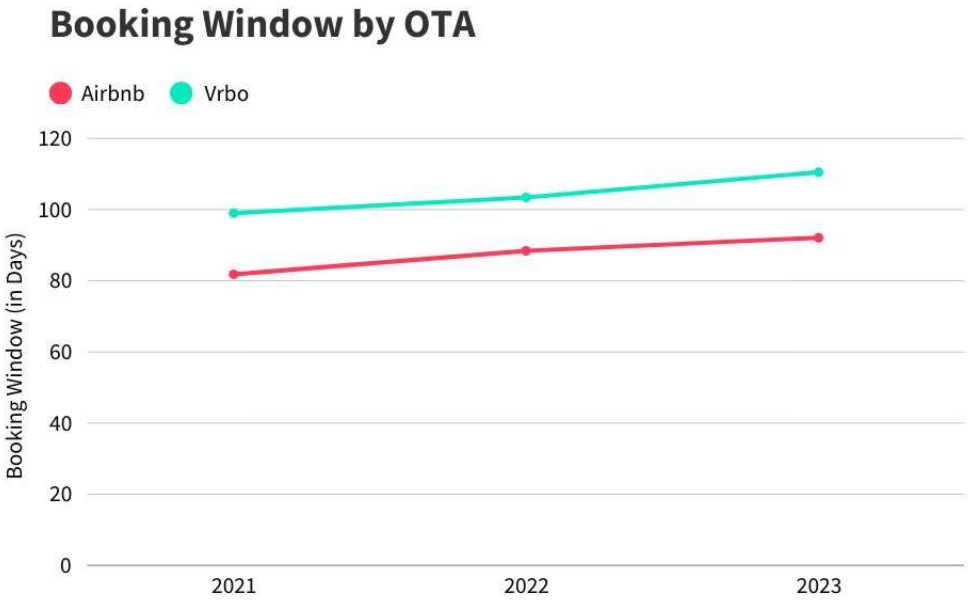
Things get more interesting when we look at specific OTAs.

For example, the **booking window has increased for both Airbnb and Vrbo, the most popular OTAs in the U.S., since 2021:**

- Airbnb by 12.6%
- Vrbo by 11.6%



Remember to optimize your listings across all your listing channels as early as possible to take advantage of advance bookings!

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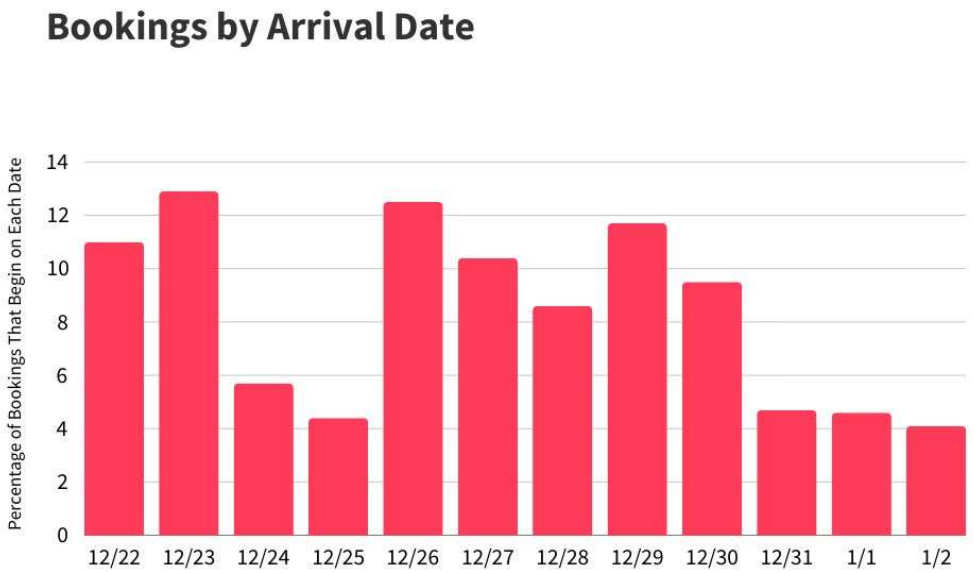
So, when are people booking for?

This year, it's not the *night* before Christmas that stands out, but the *Saturday* before: **Saturday, December 23 is the most popular day for arrivals** this year, with nearly 13% of existing bookings beginning on this day.

Christmas Eve falls on a Sunday this year, and travelers are simply eager to begin their festivities a day early. So much so, in fact, that over 47% of bookings beginning on the 23rd were made 91+ days in advance to snag the date!



What's spurring advance bookings?

Average daily rates are down, so why are people booking so far ahead of time?

A couple of factors could be at play here.

On the one hand, budget travelers will always try to **get the best deal possible**. Less money spent on accommodations leaves more leftover for gifts and a delicious holiday spread.

But we also wonder—could revenge travel be playing a role?

People are still eager to travel as much as possible to make up for Covid trip cancellations. In fact, **49% of Americans planned to travel more in 2023** according to a study for Forbes conducted early this year.

So, it could be that travelers are simply eager to sort out the logistics of their holiday trips as they make their annual travel plans.

Don't get left behind

The popular opinion that the Christmas season doesn't begin until the day after Thanksgiving doesn't hold in this case. Hosts absolutely need to plan ahead to capture these advanced bookings.

That means **optimizing your listings early—and often**.

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The most wonderful time of the year is getting...shorter

Like Frosty, guests are hurrying on their way this holiday season.

We're seeing a **9.5% decrease in average length of stay (ALOS)** since 2022. While trips averaged 6.51 days last year, they now come in at just under six days (5.89).

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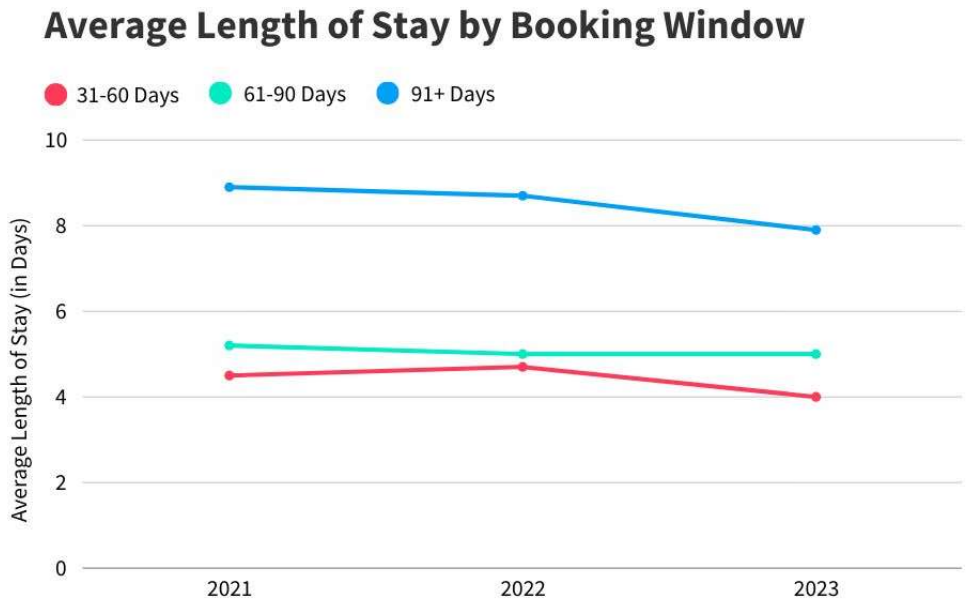
What's more, when we look at trends since 2021, **trip length is getting shorter** regardless of how far in advance travelers book.



📣 Consider offering discounted rates for extended stays to encourage longer bookings and maximize your occupancy.

Shorter stays = less holiday spirit?

So, why aren't travelers taking advantage of their advanced planning and lower rates to stay for longer this holiday season?

Rather than chalk it up to a lack of holiday spirit, it might have **something to do with inflation**. Of course, inflation is now on the decline, but it's still above pre-pandemic levels and above the Federal Reserve's target. It's fair to assume that inflation is still affecting people's travel choices.

It's also possible that people are simply **shortening their trips this holiday season in order to travel more throughout the rest of the year**.

As we explained above, nearly half of Americans planned to travel more in 2023. But that doesn't necessarily mean that they have more vacation days, and taking shorter trips might enable them to take more trips.

How to encourage longer stays

Shorter stays obviously aren't ideal for hosts looking to reduce guest turnover and maximize occupancy.

Thankfully, you have **plenty of options to encourage longer stays**, such as:

- Implementing minimum length-of-stay restrictions
- Offering special rates for longer trips
- Ensuring your property has ideal amenities for longer stays, such as kitchenware or a work-from-home setup
- Listing your property on channels that promote extended stays

But there's one more way to promote longer bookings, which brings us to our last major takeaway.

📣 **Be careful not to set your minimums too high, or guests planning shorter trips may end up looking elsewhere!**

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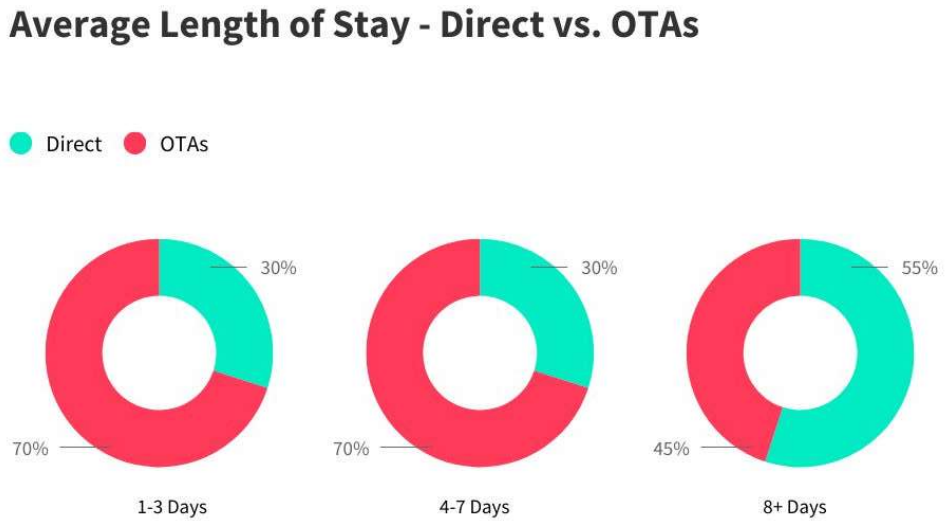
Travelers continue to book directly for longer trips

Some final good news for hosts: **55% of holiday reservations made for 8+ days have come through direct booking channels**. This is in keeping with what we saw this summer, when 56% of bookings of this length came from direct.

Of course, travelers continue to use OTAs to book shorter trips. 70% of bookings for one to seven days have been made through OTAs this year.

Nevertheless, the fact that travelers continue to seek out direct booking channels to book longer trips represents a **significant revenue opportunity for hosts**.

📣 Only listing on online travel agencies? Invest in direct booking channels to capture longer bookings and secure extra revenue.



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Who wants to pay more?

Third-party fees and commissions aren't on anyone's Christmas list this year. **Guests likely turn to direct channels for longer trips to avoid these extra expenses**, which can really rack up the longer the trip.

Travelers may also prefer direct booking channels for longer stays in order to **communicate more directly with owners**. The longer the trip, the more important it is to have an easy point of contact whom you can trust.

Invest in direct channels to boost longer stays

You can't tap into the full revenue potential of longer stays if you don't have a direct booking website. **Now is the time to build a site for your business** or, if you already have one, **optimize it for maximum impact**.

That means you need:

- A listing description and photos that highlight your property's unique selling points
- A powerful booking engine so you can accept instant bookings
- Positive reviews to inspire trust in your property and services
- Solid SEO to increase your visibility

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Takeaways

This year, guests are **booking in advance and taking shorter, budget-friendly trips**.

The positive side? They can enjoy **fantastic savings with direct bookings** thanks to the lowered ADR. This drop in rates opens up more affordable choices for guests, making it even more enticing to opt for direct bookings and secure an excellent deal.

And there's a bright side for hosts, too.

Optimizing your listings early can help you **capture advance bookings and potentially fill your reservation calendar earlier than ever**. What's more, investing in direct channels with a direct booking website will help you **book longer stays (and secure that extra revenue)**.

Not a bad Christmas present, right?

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Methodology

We've analyzed more than **32,000 U.S. bookings** within Lodgify's internal data, including direct and OTA bookings. Our analysis focused on bookings **made up to one month in advance of the Christmas and New Year's holiday in 2021, 2022, and 2023**. For the sake of this report, we've defined this period as lasting from the Friday before Christmas Eve through January 2nd. Specific date ranges for each year are as follows:

- December 24, 2021 - January 2, 2022
- December 23, 2022 - January 2, 2023
- December 22, 2023 - January 2, 2024

For statistical purposes, we've filtered out outliers that would have impacted the final results.

Ready to increase your bookings?

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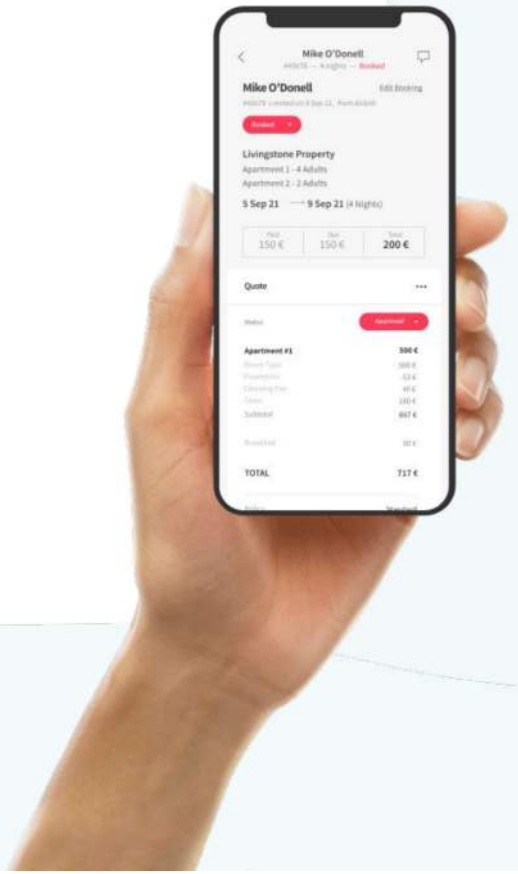
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