

# Free vs. Paid Listings: *How Hotels Can Optimize Google Hotel Finder*

*By Frances Wang, Jeff Larson, and Christopher  
Anderson*

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## QUICK TAKE

**T**his experiment shows exactly when Google Hotel Finder’s free organic link is enough and when paying for sponsored placement delivers real returns for hotels. Paid visibility meaningfully increases total demand, shifts more bookings into the direct channel, and boosts revenue when availability is high and impressions are low. But when the hotel is already getting strong exposure or inventory is tight, paid ads produce little incremental benefit. The result: a clear, evidence-based playbook for when to activate and pause paid participation on Google Hotel Finder.

## THE STRATEGIC STAKES OF PARTICIPATING IN GOOGLE HOTEL FINDER

Google Hotel Finder (GHF)—commonly known as Google Hotel Ads—has become the dominant hotel search platform, generating more than 65% of all hotel booking revenue that originates from search engines, solidifying Google’s position as a key player in the hotel booking industry. As GHF captures a larger share of traveler intent, hotels face two strategic decisions:

1. whether to participate in GHF at all, and
2. whether—and under what conditions—to pay for a sponsored placement rather than relying solely on the free organic link.

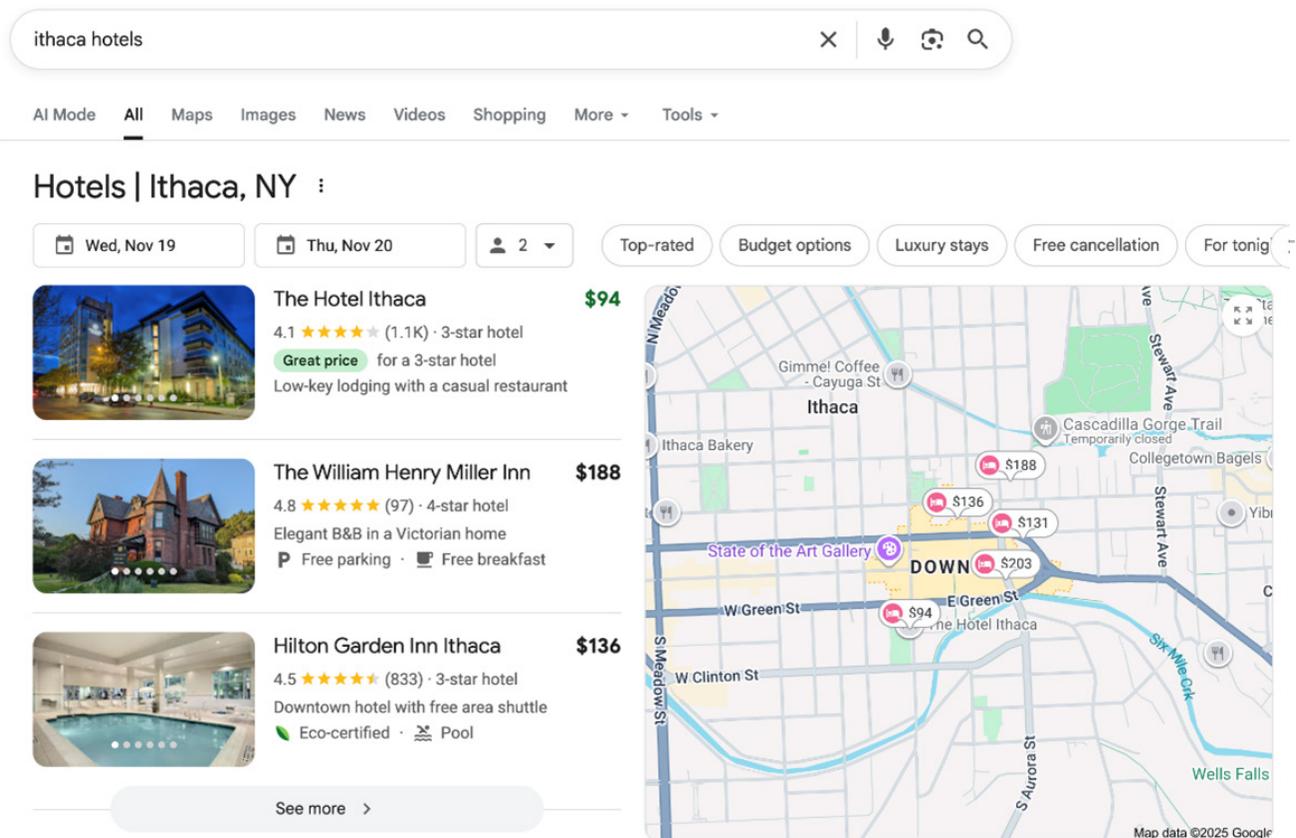
The research summarized in this brief pinpoints when Google’s free, organic link is enough, and when paying for sponsored placement is worthwhile.

## HOW GHF STRUCTURES BOOKING OPTIONS

When consumers search for a hotel on Google, GHF typically displays prominently at the top of the results page (Figure 1).

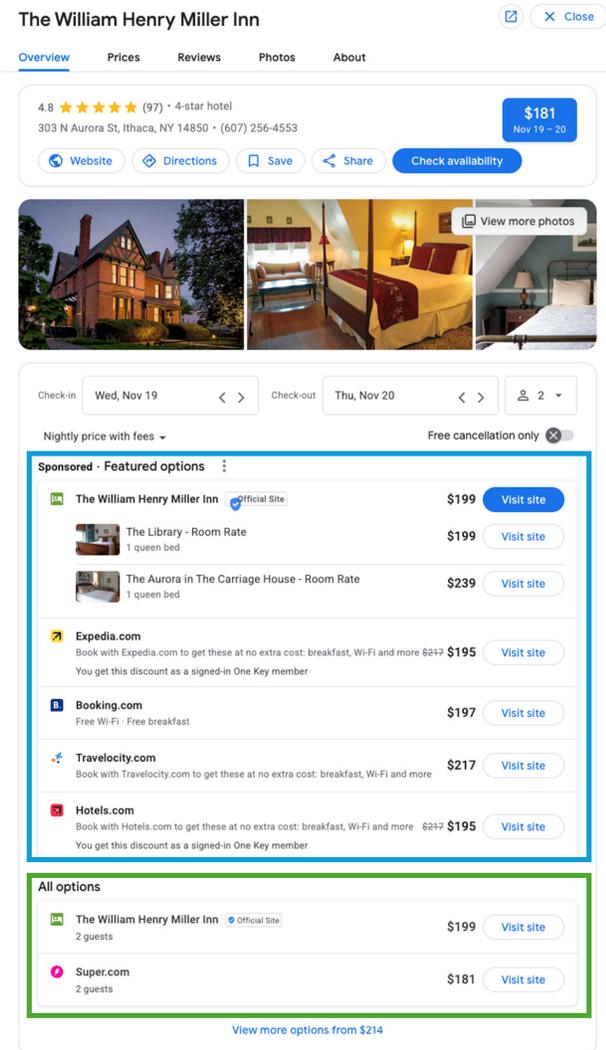
Each hotel’s GHF detail page presents booking choices in two vertically stacked areas. Sponsored listings (paid ads), which typically include OTA booking links, appear first and occupy the most prominent position. Directly beneath them is the organic “All options” section, where the hotel’s free direct booking link appears (Figure 2). For hotels, this listing hierarchy determines

Figure 1. Google Hotel Finder display for “ithaca hotels”



whether demand flows to their own website or is intercepted by OTAs, making it critical to understand how free and paid placements influence both traffic and revenue.

**Figure 2. GHF display of “Sponsored” options (outlined in blue) and “All options” (outlined in green)**



## EXPERIMENTAL DESIGN

To quantify the true impact of GHF participation, the authors conducted a 16-week switchback field experiment (April 25–August 15, 2022) with 26 independent

boutique hotels, each with fewer than 30 rooms. Every week, each hotel rotated among three treatment states:

- **OFF:** No direct booking link shown on GHF
- **ON:** Free direct booking link shown in the organic section
- **PAID:** Free and paid direct booking links displayed simultaneously

Randomizing treatment by hotel and week yields causal estimates that incorporate on-site conversions and cross-channel bookings.

A key operational nuance is that GHF advertising is triggered by the shopping date, not the stay date. When a hotel turns on paid ads, those ads display for all future stay dates, even nights when the property has minimal inventory left. To ensure the analysis matched real-world hotel constraints, the authors developed a Future Availability (FA) metric, a forward-looking measure of how many rooms are actually bookable across the dates a shopper might select. FA allowed the researchers to distinguish meaningful incremental demand from noise generated by advertising rooms that, in practice, weren't truly available.

## RESULTS: WHAT HAPPENS WHEN HOTELS PAY FOR PLACEMENT

*Paid visibility reshapes traffic patterns but increases overall demand*

The first set of findings (Table 1) compares click-through and conversion rates across the ON and PAID states. When a hotel appears only in the organic section, its direct booking link achieves a 3.77% click-through rate (CTR) and a 2.99% conversion rate (CVR). Once a sponsored link is added, organic CTR falls sharply to 1.09%, and organic CVR drops modestly to 2.69%. This confirms that paid links draw attention away from the organic placement.

However, the sponsored link itself captures a substantial share of searcher attention, generating a 5.90% CTR and a 2.19% CVR. Netting these effects together shows

that paid participation yields roughly an **84% increase in total traffic** and an estimated **41% lift in bookings**, despite cannibalizing some free traffic. Paid links broaden the hotel’s reach on the platform, even when some of that reach reflects lower-intent consumers clicking on the topmost result.

*Free participation yields modest gains; paid participation yields meaningful ones*

Examining hotel-side transaction data, which captures bookings across all channels, reinforces these conclusions. After adjusting for availability, the ON condition yields only a slight increase in bookings over OFF: 21.68 vs. 19.52 per week. In contrast, PAID produces an estimated 25.04 bookings, a significantly larger jump. Nightly volume follows the same pattern (Table 2).

This discrepancy between ON and PAID conditions indicates that the impact of paid visibility extends beyond clicks observed in Google Analytics. The researchers describe this as a “billboard effect” native to the platform:

searchers exposed to paid listings become more likely to book later, sometimes through OTAs or other channels that do not register as Google-attributed conversions.

*Direct bookings remain strong even under PAID conditions*

Although paid ads slightly reduce the share of bookings going direct, the absolute number of direct bookings still rises because total demand increases. For every incremental booking generated under the PAID condition, roughly four out of five occur on the hotel’s direct channel. The remaining demand lands with OTAs, and even after commissions, these bookings are additive because paid exposure typically raises contribution when rooms are available.

**WHEN PAID ADS MAKE FINANCIAL SENSE**

Paid ads are not uniformly beneficial. Because GHF ads trigger on shopping date, a hotel can easily overinvest, paying for clicks that surface inventory it cannot mon-

**Table 1. CTR and CVR of Free and Paid Listings**

Treatment	Organic Section		Sponsored Section	
	CTR	CVR	CTR	CVR
ON	3.77%	2.99%	N/A	
PAID	1.09%	2.69%	5.90%	2.19%

**Table 2. Estimated Bookings and Nights Booked by Treatment**

Treatment	Estimated Bookings	Estimated Nights
OFF	19.52	42.40
ON	21.68	47.20
PAID	25.04	54.88

etize. The revenue analysis blends CPC costs, CTR and CVR patterns, channel-mix effects, booking volume, and capacity constraints to determine when paid ads yield incremental profit.

The research identifies a clear threshold dynamic:

- **Paid ads are optimal when impressions are low and availability is high.** Under these circumstances, additional exposure translates directly into incremental bookings that the hotel can accommodate.
- **Paid ads lose value as impressions rise and capacity tightens.** At high impression volume, incremental paid clicks no longer convert into incremental revenue because the hotel is already close to full, and newly generated demand cannot be realized.

Graphically, the experiment’s revenue modeling shows a distinct region in which sponsored placement outperforms free placement—and a region where the reverse is true. The optimal use of paid ads resembles a respon-

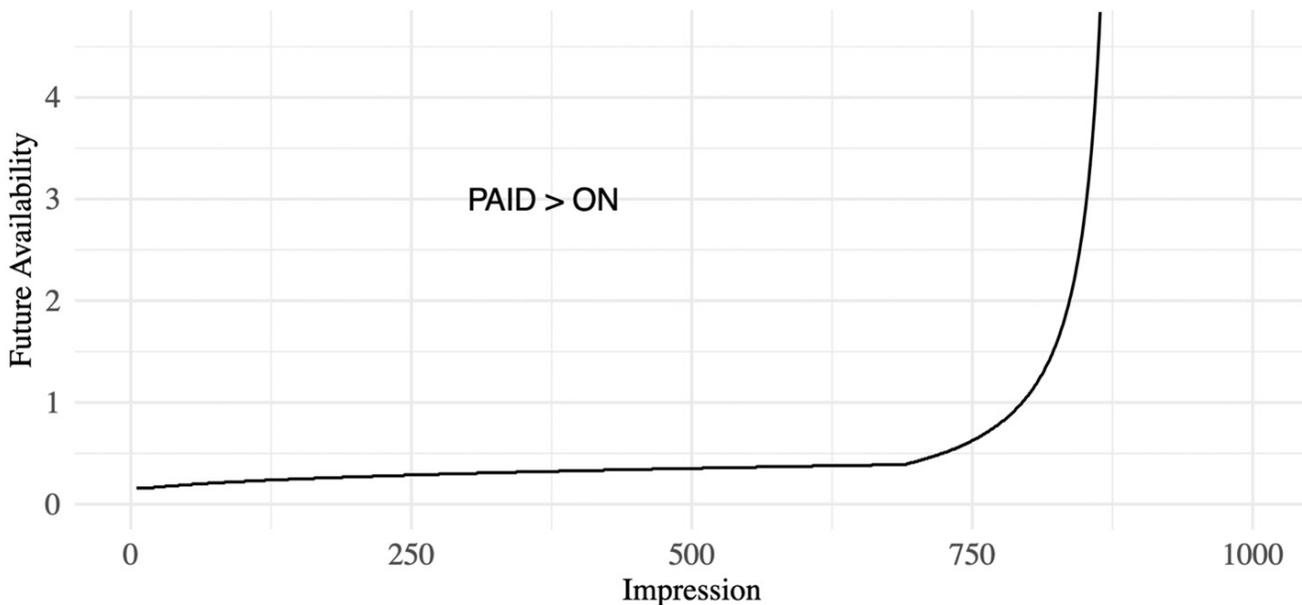
sive switch, activated during soft periods and deactivated as exposure or occupancy strengthens (Figure 3).

## ADDITIONAL INSIGHTS FOR TARGETING AND TIMING

Even without granular bid modifiers in GHF (which currently cannot target stay date, party size, or length of stay), the experiment highlights meaningful behavioral patterns:

- Longer stays and multi-room reservations are more likely to book direct, meaning paid visibility is particularly valuable when attracting this type of demand.
- Weekend stays are more OTA-prone, suggesting that paid activation during non-weekend demand periods may yield better margins.
- OTA advertising is consistently present on GHF; paid participation helps hotels counteract OTA visibility and reclaim direct demand.

Figure 3. PAID versus ON optimal use



Although the platform does not yet offer precise targeting tools, these patterns provide a tactical roadmap for operators deciding when to activate or pause paid placement.

## SCOPE AND LIMITATIONS

The study focuses on independent boutique hotels and may not fully generalize to large chains with established brand strength and greater baseline exposure. Additionally, OTA-side attribution was unavailable, so some channel-level effects cannot be observed directly.

Finally, the experiment did not manipulate ad position within the sponsored area, which could influence some performance outcomes. Despite these limitations, the switchback design and integrated hotel-side analysis provide robust insights into how search advertising interacts with real-world availability and guest purchasing behavior.

## THE BOTTOM LINE

The evidence is unambiguous on one point: every hotel should participate in GHF's free direct listing. It improves visibility, strengthens the direct channel, and costs nothing beyond connectivity. The decision to pay for sponsored placement is more nuanced. Paid links generate substantial incremental demand, but only when future availability is sufficient and search impressions are low enough that the hotel is not already capturing most accessible demand. The most effective strategy is therefore dynamic.

**Hotels should adopt a responsive paid-participation model, activating sponsored links during periods of lower exposure and ample availability, and reverting to free placement during high-demand or high-exposure periods when incremental paid clicks are unlikely to convert into additional revenue.**

Framed this way, Google Hotel Finder becomes a controllable revenue tool, one that, when managed strategically, can shift volume into the direct channel, counteract OTA dominance, and improve contribution margins across a range of demand conditions.

## REFERENCE

Wang, F., Larson, J., & Anderson, C. K. (2025). Free, Paid, or Pass: Revenue Optimization via Product Search Advertising. *Cornell Hospitality Quarterly*, 66(4), 490–509. ■

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