

Duff on Hospitality Law

OTA & Travel Distribution Update - Sweden challenges "narrow" parity; Direct bookings remain stagnant; Short-term rentals boost Expedia's latest earnings

By Greg Duff on 8.3.18 | Posted in OTA Update

This week's Update features a variety of stories, including a story on an unique approach to loyalty. Enjoy.

Sweden Challenges "Narrow" Parity

("Swedish competition court orders Booking.com to change contractual restrictions," MLex, July 20, 2018)

You can add Sweden to the handful of European countries (e.g., Italy, France and Germany) not convinced that Booking.com's proposed rate parity panacea (a/k/a "narrow parity") solves all competition ills. We hope to have more information about this recent Swedish court decision in the weeks ahead.

Direct Bookings Remain Stagnant

("Hotel Direct Bookings Remain Flat Despite Big Marketing Push," Skift Travel News, July 25, 2018)

According to a report released last week by J.D. Power and Associates, the percentage of travelers booking direct (versus other indirect channels, including OTAs) has remained flat over the previous 4 years. J.D. Power and Associates' findings, which form part of its annual North American Hotel Guest Satisfaction Survey, contradict a report released a year earlier by Kalibri Labs, which identified a marked shift away from OTA channels to direct channels. According to J.D. Power and Associates, travelers who continue to use OTAs cite favorable pricing as a primary reason for continued use of the third party channels. Perhaps hoteliers' efforts to provide real time price comparison functionality will help correct this widely held misconception.

Short-Term Rentals Propel Expedia's Latest Earnings

("Expedia's HomeAway Bet Is Starting to Pay Off," Skift Travel News, July 27, 2018)

Expedia's recent quarterly earnings release demonstrates the growing impact that Expedia's short-term rental platform (Homeaway) is having on Expedia's overall financial performance.

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This past quarter Expedia added 100,000 property listings to its platform, bringing the total to approximately 1.7 million. As OTAs begin to close the gap on short-term rental inventory with Airbnb, it will be interesting to see how Airbnb continues to differentiate itself. My guess. . . It won't be long before the large "accommodation platforms" – Expedia, Booking.com and Airbnb – offer the same combination of traditional hotel room and vacation rental inventories.

Other news:

Expedia's Hotel Boss on Becoming a Global Platform

Skift Travel News, July 27, 2018

We still think there's a pretty good chance that we'll see Expedia-branded hotels in the near future if not sooner. When Skift asked Cyril Ranque, president of Expedia Lodging Partner Services, how likely it would be for an online travel agency like Expedia to launch its own hotel brand or soft brand in the near future, Ranque said, "Honestly, you can never say never." His comment reflects the ever-changing dynamics between hotel brands, hotel owners, and the online travel agencies — a complex relationship that continues to evolve in the wake of the direct booking wars, and the emergence of new distribution disruptors such as Google, Airbnb, and Amazon.

Walk a Few Miles and Earn Points: New Location-Based Loyalty Program Launches

Skift Travel News, July 24, 2018

A new loyalty program from a handful of Silicon Valley veterans aims to use your phone's location-based data patterns to deliver reward points. Called Miles, the new loyalty program awards points for a user's full spectrum of travel modes, from walking to riding a bicycle to public transit to driving to flying on an airplane.