

Duff on Hospitality Law

OTA & Travel Distribution Update: Southwest Airlines takes a contrarian approach; Booking.com begins enforcement of resort fee commissions outside the U.S.; TripAdvisor considers a formal loyalty program

on 8.16.19

This week's Update features a story on relative newcomer to third party distribution (Southwest Airlines) and includes, yet again, another update on the on-again/off-again saga of Booking.com commissions. Enjoy.

Southwest Airlines Takes a Contrarian Approach

("Southwest Airlines adds content to two GDSs," Phocuswire on Aug 7, 2019)

In an era when airlines are seeking alternatives to traditional distribution channels, renegade Southwest has again decided to take a different approach. Southwest announced last week plans to provide content and full booking capabilities to two key global distribution system providers – Amadeus and Travelport. The move, according to Southwest president, Tom Nealon, rounds out Southwest's three-legged distribution strategy for business travel – direct, Swabiz and now, GDS. The addition of traditional GDS to Southwest's distribution arsenal is expected to add \$10-\$20 million in additional revenue during the last half of 2020.

They're Back: Booking.com Begins Enforcement of Resort Fee Commissions Outside the U.S.

("Booking Holdings Makes Good on Resort-Fee Commission Charges," Skift travel News on Aug 5, 2019)

Booking Holdings spokesperson, Leslie Cafferty, confirmed last week that Booking.com is indeed beginning enforcement of its controversial commission policy, at least with hotels outside the United States. As our readers know, this contradicts earlier [statements](#) from Booking.com that it was delaying (and possibly even reconsidering) enforcement of the new policy until January 1, 2020. We encourage anyone faced with these new commissions to take a hard look at the language in its contract and consider whether the commission is permissible. As we all know, there are many ways in which to effectively address the sometimes legitimate concerns of consumers regarding resort fees – beginning with the manner (both timing and

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substance) in which resort fees (or other additional charges) are disclosed. Allowing revenue maximizing distributors to unilaterally impose commissions on these fees – all under the guise of protecting consumers - is not the answer.

TripAdvisor Considers Loyalty

("TripAdvisor Looks to Counter Google by Considering Loyalty Initiatives for First Time," Skift Travel News on Aug 8, 2019)

In an effort to counter Google's increasing forays into travel, TripAdvisor CEO, Steve Kaufer, noted last week during TripAdvisor's quarterly earnings call that it was considering alternative approaches to membership, including the possible establishment of a formal loyalty program. While Kaufer (like other distributors) called for greater scrutiny of Google's practices, Kaufer also noted that membership and loyalty could help alleviate the effects of Google's practices.

Other news:

Despegar Uses Installment Payments to Prod Demand

Skift Travel News on Aug 8, 2019

Despegar has been using consumer financing as a crowbar to build its travel agency sales in Latin America, where many shoppers are reluctant to make big purchases online. A majority of its transactions are now done via monthly installment payments.

Culture Trip finally unveils its online travel agency, promises to cover the full funnel

Phocus Wire on Aug 6, 2019

The company claims it has spent a lot of time understanding customer needs and is not just "replicating a bog standard OTA."