

Duff on Hospitality Law

OTA & Travel Distribution Update: Global distribution systems become latest EU target; Booking.com & Agoda under Korean anti-competitive scrutiny; Ctrip joins Tencent in an IPO

By Greg Duff on 12.7.18 | Posted in OTA Update

Following last week's holiday break, we are once again sharing each week what we feel are the most noteworthy stories in the distribution, loyalty program and (occasionally) short-term rental fields/industries. We hope you enjoy.

Global Distribution Systems Become Latest EU Target

("European Commission Is Probing Travel Distribution Systems for Anticompetitive Practices," Skift Travel News, November 25, 2018)

While we routinely feature stories detailing competition authorities' pursuits of the major online distributors, it is rare for those same authorities to announce an investigation or enforcement effort directed against the legacy global distribution systems. This past holiday week, however, the European Commission announced investigations of both Amadeus and Sabre over their possibly anti-competitive contracts with airlines and travel agents. According to the Commission's announcement, it was looking into whether the GDS's "full content" contract clauses illegally prohibited airlines and travel agents from distributing and/or sourcing tickets through alternative channels. Those familiar with the issue will recall the number of lawsuits in recent years between airlines and the GDSs over airlines' desire to distribute inventory through alternative channels.

Booking.com and Agoda Under Korean Anti-Competitive Scrutiny

("Booking.com, Agoda hit by KFTC corrective orders over online refund policies," MLex, November 22, 2018) (subscription required)

Last week, the Korean anti-trust watchdog, Korean Fair Trade Commission (KFTC), announced that it had slapped corrective orders on the two distributors over their refusal to amend their no-refund consumer contract clauses. Booking.com and Agoda were apparently the only two online travel agents that chose not to heed the KFTC's previous directive to amend the allegedly "unfair" contract clauses, which led to the corrective orders.

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Ctrip Joins Tencent in an IPO

("Ctrip and Tencent Team Up for IPO to Back Emerging Chinese Travel Brand," Skift Travel News, November 27, 2018)

Tencent, owner of China's WeChat mobile messaging platform, and Ctrip announced last week that they had joined forces to execute an initial public offering for their jointly owned Tongcheng-Elong in Hong Kong, which raised \$160 million in net proceeds. Proceeds from the offering are expected to be used by Ctrip to expand its product offerings, increase marketing, improve technology and pursue additional acquisitions and partnerships.

Other news:

Bidroom Raises \$17 Million for Its Hotel Booking Platform: Travel Startup Funding This Week

Skift Travel News, November 30, 2018

This week travel startups announced more than \$218 million in funding. Bidroom, a hotel booking platform, said it had raised \$17 million (€15 million) in a Series A round of fundraising.