

Duff on Hospitality Law

## **Online Travel Update: South Korean regulators re-examine OTA practices; cruise bookings move online; Fairfly plans to offer hotel solution**

By Greg Duff on 11.5.21 | Posted in Online Travel Update

Our cruise industry friends make an appearance in this week's Update, one of their first appearances in some time. Enjoy.

### **South Korean Regulators Re-Examine OTA Practices**

*("Online hotel booking sites to come under heightened scrutiny from South Korean regulator," October 28, 2021 via MLEX Insight) (subscription may be required)*

By now, readers are well aware of South Korea's previous investigation into the major online travel agencies (OTAs)' contracting practices (specifically, rate parity requirements) and the resulting "corrections" announced by OTAs (Booking.com, Agoda, Expedia and Hotels.com) earlier this year. These corrections mirror the compromises reached in several other countries where OTAs agreed to remove availability and indirect channel rate parity, but retained direct channel parity requirements (e.g., hoteliers must continue to provide OTAs with rates equal to or better than the rates on the hoteliers' own websites). With the travel industry expected to rebound quickly in Korea as the threat of COVID subsides, the Korea Fair Trade Commission (KFTC) announced last week plans to re-examine the OTAs' current contracting practices and their effect on the market. Separately, the KFTC announced that an investigation into OTAs' advertising practices, specifically whether OTAs provide adequate notice regarding display advertising's effects on sort order, was already underway.

### **Cruise Moves Online**

*("Online cruise bookings leave many travel advisors behind," October 27, 2021 via PhocusWire)*

For years I've asked our cruise industry clients why the industry was slow to move more of their bookings online (relying instead on traditional offline distribution channels). While the answers varied, the most common response I received was that the complexity of cruise offerings (e.g., hundreds of cabin types, rates, etc.) made it difficult for most travelers to book online. Times may be changing. In a recorded video to travel advisors, Royal Caribbean Group CEO, Richard Fain, reported that while demand for the company's cruise offerings was rebounding, the revival was coming largely through online channels. Is this simply because of

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travelers' reaction to moving their other purchases online during COVID? A reflection of the massive layoffs that occurred at travel agents and advisors? For an industry that has relied so heavily through the years on travel agents and advisors, this will be an interesting trend to watch.

### **Fairfly to Offer Hotel Solution**

*("FairFly to Debut Hotel Solution," October 25, 2021 via Business Travel News)*

Last week, re-shopping platform, [Fairfly](#), announced that it would be launching a hotel re-shopping platform in early 2022. The platform will allow Fairfly clients to reshop (e.g., automated cancellation of current bookings and rebooking at lower available rates) their hotel bookings through the platform's use of multi-channel data and artificial intelligence. Hotel rate benchmarking and other tools will also be made available to clients. Fairfly's announcement comes at a time where other similar fintech-backed travel products and services (i.e. [Hopper's](#) airfare and room rate freezes) are garnering much of the industries' attention.

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Other news:

### **Marriott to Adopt a Dynamic Pricing System for Bonvoy Loyalty Program**

*October 26, 2021 via TravelWeekly*

Starting early next year, Marriott will move to dynamic pricing for its Bonvoy rewards redemption rates, the company announced. Dynamic pricing – setting flexible prices for products or services based on market demands – has been used to boost profits for a range of industries from sporting-event tickets to rideshare services.

### **Trivago and China's Huawei Partner for Smartphone Company's Paid Search**

*October 26, 2021 via Skift Travel News (subscription may be required)*

The Trivago-Huawei deal is one of several that Trivago is piloting where it provides backend services to business partners. These could develop one day into a material revenue stream for the German company.