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# Online Travel Update: American Airlines Softens Distribution Strategy, OTA Marketing Spend Surges

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American Airlines' decision to soften its approach on distribution with travel agents and advisors garnered most of the industry's attention this week. Otherwise, the holiday week for many was relatively quiet. Enjoy.

- **Another Quarter and Another Staggering Amount Spent on Sales and Marketing**. According to their first quarter financials, the "Big Four" online travel agents (Expedia Group, Booking Holdings, Airbnb and Trip.com Group) spent a staggering $4.08 billion in sales and marketing in the first quarter of this year (a 10% increase over the same period last year). How do these amounts compare to companies outside the online travel industry? In the first quarter, the Big Four outspent their industry counterparts by a factor of 4 - when measured as a percentage of overall revenue (9.2% vs. 37%).
- **A Few More Carrots Than Sticks: American Airlines' About Face**. Facing cuts in its financial forecasts, American Airlines announced this past week that it was moderating its historically aggressive NDC rollout. According to American CEO, Robert Isom, the airline's financial misses were due, in part, to its misguided sales and distribution strategy. Going forward, American will seek to incentivize agencies' and advisors' use of its NDC platform as opposed to penalizing those who don't. As part of its newly announced change, American is reversing one of the most controversial aspects of its NDC campaign, the withholding of American Advantage loyalty benefits on bookings made through non preferred NDC advisors.
- **Travel Technology Association Holds Its First Policy & Innovation Showcase**. Members of the Travel Technology Association held its first Policy & Innovation Showcase this past week for members of Congress and the media. Companies presenting and/or hosting this event included Sabre, Airbnb, Tripadvisor, Expedia, Booking Holdings, Amadeus, Travelport and Chase Travel Group. Issues currently on the Association's agenda include the reform of the Communications Decency Act (Section 230), the American Privacy Rights Act and ancillary fee transparency. According to comments by Association CEO Laura Chadwick, all travel companies are becoming technology companies.

**Online travel giants "step on the gas" for marketing spend in Q1**

*May 30, 2024 via Phocus Wire*

Expedia Group, Booking Holdings, Airbnb and Trip.com Group spent a combined $4.08 billion on sales and marketing in the first quarter, building on 2023's record year.

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**American Airlines Changes Course on AAdvantage and NDC Implementation**

*May 29, 2024 via Travel Pulse*

Amid news of cuts to its revenue and profit forecast and its stock tumbling in value, American Airlines has indicated that it will reverse course on its controversial New Distribution Capability (NDC) plans and some AAdvantage requirements.

**A win for travel advisors: American Airlines scraps controversial NDC strategy**

*May 29, 2024 via Travel Weekly*

American Airlines is reversing course on its controversial distribution strategy. Speaking Wednesday at the Bernstein Strategic Decisions Conference, American Airlines CEO Robert Isom said that going forward the airline must do more to enhance and promote NDC modern retailing instead of removing content from the GDSs that many corporate and leisure travel agencies rely upon.

**Booking Holdings CEO Glenn Fogel Was the Highest-Paid Travel Boss in the S&P 500**

*May 28, 2024 via Skift Travel News*

CEO pay versus performance. See who were the highest paid travel bosses and how they scored on total returns for their shareholders. Dennis Schaal Share Glenn Fogel, the CEO of both Booking Holdings and its flagship brand, Booking.com, was the highest-paid travel CEO among the bosses of S&P ...

**Travel Tech hosts D.C. showcase, maintains ancillary fee ruling criticism**

*May 23, 2024 via Phocus Wire*

Overlooking the U.S. Capitol, the Travel Technology Association held its first Policy & Innovation Showcase with Airbnb, Sabre, Booking Holdings and more.

*Posted in Online Travel Update*

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