Duff on Hospitality Law

Online Travel Update: MCR Hotels trial runs attribute pricing; Travel Funders Network offers revenue guarantee; and Hopper raises another $175 million

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MCR Hotels Trial Runs Attribute Pricing

("One of the US's largest hotel owners is charging guests $25 to use the swimming pool and $20 to check in early - but is cutting room prices in return," August 18, 2021 via Business Insider)

In an interview with the *Wall Street Journal*, hotel owner and operator, MCR Hotels CEO, Tyler Morse, shared the company's plans to begin offering attribute pricing for 12 of its independent hotels. According to Morse, the company plans to reduce its hotels' base room rates, while at the same time charging additional fees for guests' use of certain of the hotels' amenities (e.g., pool or fitness center) or other services (e.g., early arrival). Whether MCR's plans signal the beginning of the lodging industry's long discussed transition to attribute pricing remains to be seen. With many hotels suspending traditional guest services (e.g. daily housekeeping) during the pandemic (and owners reaping the associated economic benefits), the post-pandemic return of the lodging industry may provide a unique opportunity to rethink guest room pricing. How these new practices might fit with legacy distribution systems, OTA fee structures, sales contracting practices, etc., remains to be seen.

Travel Funders Network Offers Revenue Guarantee

("Don't Call Us Oyo: Online Travel Veterans Launch Hotel Distribution Network With Distinct Model," August 17, 2021 via Skift Travel News) (subscription may be required)

Distribution veterans, Bob Diener and David Litman, launched Travel Funders Network, a new online distribution platform that offers participating hotels minimum revenue guarantees. Participating hotels pay

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no up-front fees to join the platform, but in exchange for the minimum revenue guarantee, the platform requires larger margins (i.e. larger discounts) on the dynamic net rates it receives. The platform then markets rooms on a standalone or package basis through a "unique" network of private business-to-business channels, including airline loyalty programs and associations. While Diener and Litman hope to ultimately grow the platform to 300-500 hotels (mostly 3-star hotels), only select hotels in key markets will be initially invited to join.

Hopper Raises Another $175 Million

("Hopper raises another $175M, will add 500 employees," August 17, 2021 via phocuswire.com)

Readers of our weekly Online Travel Update should be very familiar with online travel platform and fintech provider, Hopper. Beyond its mobile-only consumer booking application, Hopper is perhaps better known for its predictive analytics and suite of travel protection and fintech products (including flight and hotel price freeze, flight delay protection and fully refundable fares and rates) that it offers through its application and other third-party channels (including Capital One's travel marketplace and recently, Amadeus and its network of travel agencies, metasearch sites and other travel sellers). This latest round of financing (which now brings Hopper's total financing to $585 million) will be used to accelerate growth (including internationally) and to add much needed staffing to its customer support team. According to Co-Founder and CEO, Fred Lalonde, Hopper expects its 2021 year-over-year revenue growth to exceed 300 percent, with first quarter revenue expected to exceed its prior quarterly peak (Q1 2020) by 100 percent.

Flash Sales: Love Them or Hate Them

("Trip.com Launches Weekend Flash Deals," August 17, 2021 via Emsf-Lisboa)

Trip.com ran its flash sales in the U.K., offering UK travelers a 30 percent rebate on domestic hotel stays. The rebates are being offered in the form of "Trip Coins," which can be used for future travel booked on Trip.com. Time to check those contracts.

Other news:

Former Orbitz, Vacasa Execs Invest in Group Travel Planning Platform TrovaTrip

August 19, 2021 via phocuswire.com

Portland-based startup TrovaTrip has raised $5 million to grow its group travel planning platform. PSL Ventures led the round, with participation from Elevate Capital and Oregon Venture Fund. Barney Harford, former CEO of Orbitz Worldwide and former COO of Uber, and Eric Breon, founder of Vacasa, also participated in the financing.

Choice Hotels, InterContinental Settle Keyword Antitrust Case

August 16, 2021 via bloomberglaw.com (subscription may be required)

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Choice Hotels International Inc. and an InterContinental Hotels Group Plc affiliate have reached confidential settlements resolving antitrust litigation over their alleged role in a scheme to prop up prices by rigging online search advertising, according to federal court filings in Texas.

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