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Duff on Hospitality Law

Online Travel Update: Online Booking Platforms Expedia Group and Booking Holdings Release Q1 Earnings Report; and Groups Are Latest Target for Alternative Accommodations

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With earnings season upon us, it was difficult to limit this week's Update to just 12 stories. For those of you seeking a deeper dive into the latest on online booking platforms, Expedia Group and Booking Holdings I encourage you to take a look at the Expedia Group and Booking Holdings call transcripts. Enjoy.

Expedia Updates

("Expedia Unveils New Strategy," May 6, 2022 via Hotel Business)

("Expedia Group Revenue Jumps 81 Percent as Travel Recovery Continues," May 2, 2022 via Phocus Wire)

("Expedia Group Revamps Marketplace, Tech Platform as Part of New Strategy," May 4, 2022 via Phocus Wire)

Last week not only saw the release of Expedia's first quarter earnings report, but also the hosting of Expedia's annual partner conference - this year titled Explore. Here are my key takeaways from this past quarter's earnings release and reported Explore highlights:

- While Expedia's quarterly financial performance still lagged behind 2019, recent months (starting with February) have exceeded same month comparisons to 2019.

- Traveler demand is returning stronger than ever, despite the emergence of COVID variants, the war in Ukraine, inflation, etc. In CEO Peter Kern's words, the recovery "seems too strong to be held down." Demand is also starting to return across multiple segments, including CBD business and business travel.

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- VRBO continues to enjoy unprecedented success, performing now at levels above 2019. Supply constraints remain a concern, particularly in key markets.

- Expedia's B2B business (most notably, Optimized Distribution) continues to gain traction (particularly with the recent enrollment of IHG) and is now a major focal point for Expedia's future growth. Expect increased interest in enrolling supplier partners of all sizes in Expedia's B2B program.

- When discussing Expedia's latest quarterly marketing investments, Peter referred repeatedly to efforts now focused on developing longer term relationships with its travelers and the "lifetime value" of such travelers. According to Peter, "the industry has been very transactionally focused and we haven't been great historically at measuring lifetime value…" Sound familiar? Sounds like Peter may have stolen a page or two from hoteliers' song books on the real value of direct channel bookings (and their associated investments) versus the "transactional" bookings often sourced through third party online channels.

- At last week's Explore event, Expedia launched its new technology platform, Expedia Group Open World. This new platform will allow partners of all shapes and sizes to contribute products, services and content to the overall traveler experience. Expedia also revealed its new reimagined marketplace, which, among other things, will now rank individual hotels (which ranking then affects display and sort order) by a new guest experience score - which takes into consideration guest reviews, customer service interactions, etc. And in a nod to Hopper and its incredible success these past few years, Expedia is also launching a price predictive tool that will allow users to track historical and anticipated future rate changes for both air (today) and hotel rooms (later this year).

Booking Updates

("Booking Holdings Reports Quarterly Record for Gross Bookings of $27 Billion," May 4, 2022 via Phocus Wire)

Luckily, Booking Holdings didn't also hold its major partner conference last week. Here are my takeaways from last week's earnings release:

- Booking Holdings saw a record $27 billion in gross bookings in the first quarter. Room night production continues to lag 2019 levels, but Booking is quickly closing that gap. In April, Booking (like Expedia) saw room night production actually exceed same month comparisons to 2019.

- Booking continues to make progress on its "Connected Trip" vision, including continue growth in mobile app usage (40 percent of total room nights now booked on the mobile app), continued diversification of its product offerings (alternative accommodations accounted for 31 percent of room nights in the first quarter, with a big push to grow this vertical in North America planned for this year), continued growth in its air offerings and continued roll out of its payment platform. Interestingly, Booking didn't show a lot of

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progress on adoption of its payment platform, with only 34 percent of Booking.com bookings processed on the new platform (adoption rates of the new platform have slowed as reported 2021 3Q and 4Q numbers were approximately 30 percent).

Groups Are Latest Target for Alternative Accommodations
("Skift Future of Lodging Forum Preview: Marriott Homes & Villas to Target Meetings and Retreats," May 5, 2022 via Skift) (subscription may be required)

When asked about the future of group travel, I have for some time now been pointing to alternative accommodations and the increasingly sophisticated companies that manage and distribute these accommodations. As we continue to evolve to a workforce that wishes to spend less and less time in a traditional office environment, the need for frequent small group meetings or conferences will continue to grow as will the need for unique accommodations to support them. As I have been saying for some time now, alternative accommodations might be uniquely situated for this new group phenomenon. Marriott apparently agrees.

Other news:

Sensible Weather Warms Up With $12 Million Round, Plots Expansion of Travel Guarantee Tools
May 4, 2022 via Phocus Wire
Climate technology startup Sensible Weather has secured another sizeable investment of $12 million, just five months after an earlier round. The Series A is being led by Infinity Ventures, with participation from Certares Ventures and previous backers Wonder Ventures and Group1001.

Tripadvisor Names Media Exec Matt Goldberg as CEO Beginning July 1
May 4, 2022 via Phocus Wire
Matt Goldberg, a veteran media executive who served as CEO of Lonely Planet from 2009 to 2013, will become CEO of Tripadvisor beginning July 1, succeeding co-founder Steve Kaufer who announced in November he would step down.

One in Five Airbnb Stays Over 28 Days, Revenue Hits $1.5 Billion for Q1 2022
May 3, 2022 via Phocus Wire
Airbnb revenue has hit $1.5 billion for the January-March period for the first time in the company's history. The U.S.-based home-sharing and alternative accommodation giant saw revenue increase by 70 percent year-over-year - 80 percent higher than the corresponding quarter in 2019 ($839 million), before its listing on the public markets.

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Airbnb's Next Big Change: Search

May 3, 2022 via Skift (subscription may be required)

Airbnb announced a big earnings quarter on Tuesday and as part of that, also hinted at a big change coming in its product next week: a complete redesign of how people search on its service.

New Hotel Booking Platform Lets Guests Offset Carbon Emissions at Checkout

May 2, 2022 via Phocus Wire

Wayaj – one of PhocusWire's Hot 25 Startups for 2021 - has launched a new hotel booking engine called Alight.travel that lets travelers book sustainable hotels and calculate and offset their carbon emissions at checkout.

Google Enhances Trip-Planning Tools as Travel Searches Boom

May 2, 2022 via Phocus Wire

Google is launching new features to help consumers plan a trip - or just begin to dream about one - as searches for travel-related queries are tracking above pre-pandemic levels.

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