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Duff on Hospitality Law

OTA & Travel Distribution Update – Distribution 101: Merchant model vs. agency model; Big five dominate Chinese online hotel market; Rate parity isn't what it used to be

09.07.18

This week's Update features a variety of stories.

Distribution 101: Merchant Model vs.

Agency Model

("Allegation raises issue of how Expedia charges appear on statements," The Washington Post – Business News,

August 31, 2018)

Irrespective of your political persuasions, the Washington Post's recent story regarding the unexpected role played by Expedia in exposing U.S. Representative Duncan Hunter's and his wife, Margaret's, alleged misuse of campaign funds will make the distribution junky in all of us smile. As the story explains, whether Expedia is acting as a merchant or agent for each of the airline tickets or hotel stays booked through the platform determines whether Expedia or the ultimate supplier or destination is disclosed on payment card statements. For anyone still confused by these two models and their significance, the story provides a surprisingly good high-level overview of distribution and the two primary business models used by the majority of online booking engines.

Big Five Dominate Chinese Online Hotel Market

("China's Big 5 hotel platforms have 96% of the market," Tnooz News Feed, August 30, 2018)

In the same way that online hotel bookings in North America have become increasingly dominated by a few select players (think, Booking Holdings and Expedia), the Chinese online hotel booking industry is experiencing a similar concentration. According to a report released last week by Chinese data mining

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company, Trustdata, 96.4% of Chinese online hotel bookings in the second quarter were made through Ctrip, Meituan, Qunar, Tongcheng-eLong and Fliggy. These same five platforms experienced the fastest growth during the second quarter, which was driven by both younger users and users in second and third tier cities. Of the five platforms, Meituan is the market leader (both orders and room nights) and on a room nights basis, exceeded the volume of Ctrip, Qunar an Tongcheng-eLong combined.

Rate Parity Isn't What It Used To Be

("Distribution mishmash: how the beast of rate parity is evolving," Tnooz News Feed, August, 28, 2018)

For most of you, gone are the days of differentiating and managing rates by distribution channel category (e.g., GDS, OTA, etc.). As the lines between channels continue to blur (and the providers of those channels continue to consolidate), the need to ensure rate parity across all available channels is more important than ever. Rates, terms and conditions offered through one particular distribution channel now (whether contractually permitted or not) appear everywhere. As I am sure many of you have experienced yourselves, the increasingly difficult task of maintaining rate integrity by channel has become an all-consuming challenge.

Other news:

Hotel Loyalty Programs for Meetings: How They Compare

Meetings.net, August 31, 2018

With much attention on hotels' consumer-facing reward programs right now, it seems like a good time to revisit the meeting reward programs the major hotel chains have developed. Here's how they break down.

Airbnb sues New York City to block user data bill over privacy

Advertising Age, August 24, 2018

Airbnb is suing New York City over a recently passed law that allows the collection of Airbnb hosts' data, claiming the ordinance violates users' constitutional rights. The company is hoping to avoid millions in losses when the law, designed to police short-term home rentals, takes effect this winter. The New York City legislation, which passed with a 45-0 vote, would require Airbnb to share the names and addresses of its hosts with the city's Office of Special Enforcement.

Posted in OTA Update

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