

Duff on Hospitality Law

OTA & Travel Distribution Update – Ctrip’s earnings slip following regulatory intervention; Booking.com continues its evolution; Airbnb embraces its distribution channel aspirations

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This week's abbreviated OTA & Travel Distribution Update is below and features stories on the biggest distribution players - Ctrip, Booking.com, and yes, Airbnb. Enjoy.

Ctrip's Earnings Slip Following Regulatory Intervention (and that certain daycare video)

(“China’s Ctrip Blames Scandal, Business Curbs for Sales Shortfall,” Bloomberg News, March 15, 2018)

Shares in Ctrip.com International Ltd. fell last week following release of the company's forecast of 9-11% sales growth instead of the 16% forecasted by analysts. Ctrip's reported fourth quarter revenues also declined. According to Ctrip, the declines were the result of both (a) regulators banning Ctrip's automatic (and possibly misleading) bundling of air tickets and travel insurance (something we've written about previously) and (b) the now viral video showing daycare workers at a Ctrip employee daycare center abusing the children by, among other things, feeding the children wasabi.

Booking.com Continues Its Evolution

(“Booking Is on the Road to Becoming a Full-Service Online Travel Agency,” Skift Travel News, March 14, 2018)

Skift featured an interesting article last week on the many changes occurring on Booking.com's platform that is leading some to speculate that Booking.com is moving away from its standalone guest room heritage to becoming a full-service travel agent. Booking.com's many changes include the addition of flights, travel packages, rental cars, tours and activities, airport taxis and travel insurance. Other changes include a renewed effort to grow its small business travel program and changes to its loyalty program Genius, which as of today only requires users to claim that they are a business traveler to access special

discounted hotel rates.

Airbnb Embraces Its Distribution Channel Aspirations

("Airbnb Makes Its Battle Against Booking and Expedia Official With New Hotel Campaign," Skift Travel News, March 13, 2018)

In an open letter circulated last week, Airbnb made official its distribution aspirations. The letter, which was addressed to boutique hotel and B&B owners, made the argument that Airbnb was the better distribution choice over distribution behemoths Expedia and Booking.com. According to Airbnb, the nature of Airbnb's customers (largely millennials and international travelers), reduced commissions (3-5% vs. 15-25%) and Airbnb's practice of not requiring written contracts with each of its hosts, make Airbnb a far better option. To date, hotels constitute less than 1% of Airbnb's global listings, which provides Airbnb plenty of room for growth.

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Authored by

[Greg Duff](#)

[Principal|Seattle](#)

[206.816.1470](tel:206.816.1470) greg.duff@foster.com