Foster Garvey

Duff on Hospitality Law

OTA & Travel Distribution Update: Booking.com amends its commission policies; Ctrip continues its incredible growth

05.31.19 01.07.26

Booking.com Amends Its Commission Policies

("Booking to Charge Commission on Resort Fees in Major Shakeup for Hotel Revenue," Skift Travel News, May 20, 2019)

Although it was a relatively quiet week in the distribution world (at least in terms of the number of noteworthy stories), this first story garnered a lot of attention and deservedly so. We had heard rumblings over the past few weeks that Booking.com was notifying hotels of its plans to charge commissions on hotels' resort fees and other guest charges (e.g., Wi-Fi charges) irrespective of whether Booking.com or the hotels collect the charges. These rumblings became a reality as the many usual outlets began featuring articles detailing Booking.com's plans. According to these reports, US hoteliers should see the additional commission charges beginning in June. Hoteliers need to review their contracts carefully to determine whether this unprecedented move is contractually permitted.

Ctrip Continues Its Incredible Growth

("Ctrip sales jump 21% in Q1 to more than $1B," PhocusWire on May 23, 2019)

Ctrip's numbers continue to impress. In the first quarter of 2019, Ctrip's revenues grew by 21% (to $1.2 billion) and income from operations grew 50% (to $132 million). Over a third of Ctrip's revenue was attributable to international business. Total transportation ticketing outpaced hotel bookings ($500 million vs. $450 million), but the growth rate in hotel bookings was greater (21% vs. 16%).

Posted in OTA Update

Authored by

Greg Duff

Principal|Seattle

206.816.1470 greg.duff@foster.com