Duff on Hospitality Law

OTA & Travel Distribution Update: Air France-KLM and Delta take vastly different approaches to airline distribution; false advertising claims against Expedia is ready for trial

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Pandemic, protests and riots and now wildfires. To say 2020 has been a challenging year is an understatement.

As I anticipated, with summer now officially behind us, things have again picked up in the distribution world. This week's Update features two stories on airline distribution, which as most of my readers know by now, I find instructive as to what we might soon see in the accommodations world, particularly as both industry segments consider plans for a post-pandemic world. Enjoy.

As One Airline Steps Forward Another Retrenches

("Air France-KLM and Amadeus Sign Landmark Distribution Deal, Sep 10, 2020 via Skift Travel News; "Delta pauses NDC development, "doubles down" on existing distribution strategy, Sep 10, 2020 via Phocus Wire) (subscription may be required for Skift Travel News)

By now, most everyone is familiar with new distribution capability (NDC) and its potentially disruptive effect on traditional airline distribution. Over the years, we've featured dozens of articles about the technology and the bitter battles that have been waged between carriers and their traditional global distribution system (GDS) partners over adoption of the technology. This past week saw announcements by two major airlines detailing the drastically different directions each was taking with regard to the future of airline distribution.

On the one hand (progressive approach), Air France-KLM and Amadeus announced that they had reached agreement on terms for making the airline's tickets (and associated rich content) available to travel agents through Amadeus using NDC. Agents using the new technology will be charged a small transaction fee

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(smaller than the surcharge currently being charged by the airline for agents using traditional GDS systems) and will be required to enter agreements with both Air France-KLM and Amadeus. Costs to upgrade to the new technology will be shared by the airline, Amadeus and the agencies. The agreement assures Amadeus that agencies who use the system will receive the same content that others might receive through other intermediaries or platforms. In stark contrast to the Air-France KLM announcement, this past week, Delta announced its decision to pivot away from NDC and to concentrate on its existing (legacy) distribution systems. According to Delta, the decision to double down on its existing platforms is reflective of the large amount of resources necessary to make the transition to NDC as well as the likely disruption associated with the transition. It will be interesting to watch the effects of these markedly different approaches in the months and years ahead. Stay tuned.

False Advertising Claims Against Expedia Ready for Trial

("False Advertising Claims Against Expedia Headed to Trial, Sep 9, 2020 via Courthouse News)

For some time now, we've been monitoring litigation brought by owners of the Buckeye Tree Lodge and Sequoia Village Inn alleging that Expedia had purposefully targeted travelers seeking accommodations at the hotels (which were unrepresented on Expedia's platform) with deceptive advertising - by, among other things, identifying the two unrepresented hotels as being booked - in an effort to redirect those travelers to properties that Expedia did represent (and for which Expedia could collect its margin or commission). Last year, the federal district court judge hearing the case granted class action status to hotel owners nationally seeking to put a stop to Expedia's allegedly misleading practices. Following summary judgment motions by both sides to the case, the false advertising claims against Expedia (largely centered around the no-vacancy messages) are ready to proceed to trial, with pre-trial conferences scheduled in early October. More to come.

Other news:

Airbnb Rallies Hosts Against Pending Chicago Ban on Single-Night Stays

Sep 9, 2020 via Skift Travel News (subscription may be required)

If you are in Airbnb's virtual bunker trying to set up an initial public offering, consider what it must be like coping with almost-daily headlines about house parties gone wild or regulatory setbacks that interfere with a more positive story. A case in point on the regulatory front is Chicago, where the city council is slated to vote Wednesday on an ordinance that would ban single-night stays in short-term rentals.

Travel giant Booking.com Will Close Seattle-area Office and Slash 235 Jobs

Sep 10, 2020 via GeekWire

Online travel website Booking.com is closing its Bellevue, Washington, office. A Worker Adjustment and Retraining Notification from the Washington Employment Security Department filed Thursday said that the layoffs will begin September 12, with 235 workers let go.

Vacation Rentals Bouncing Back More Strongly Than Hotels

Sep 8, 2020 via travelweekly.com

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Vacation rentals are well outpacing hotels on the pandemic recovery front as COVID-era travelers seek out accommodations better equipped for longer leisure stays and social isolation. “It’s no surprise that hotels have fallen further and haven’t recovered as fast,” said Robin Rossmann, Managing Director at STR, during a late-July webinar.

Posted in OTA Update

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