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OTA & Travel Distribution Update: Japanese regulators’ recent investigation into rate parity; Google Maps’ hotel search functionality improves; spike in hotels’ cancellations rates impacted by OTAs’ generous cancellation policies

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This week's Update features a story on an issue - OTA cancellations - that we've been hearing a lot about recently. Enjoy.

Further Details Emerge on Japanese Regulators' Investigation into Rate Parity

(“Comment: Booking.com, Expedia and Rakuten in Japanese regulator’s sights over price-parity requirements,” MLex Insight, April 22, 2019) (subscription required)

In a follow up to a story we featured a few weeks ago, this past week more details (and speculation) emerged about the recent raids by the Japan Fair Trade Commission (JFTC) of Expedia, Booking.com and Rakutan. According to reports, the Japanese investigation is likely to focus on both broad parity (indirect and direct channel parity) and so-called "narrow" parity (direct channel parity only), which was widely used by Expedia and Booking.com as a compromise to satisfy EU regulators' concerns regarding the OTAs' rate parity practices several years ago. Japanese regulators have allegedly questioned whether the "narrow" parity compromise truly solves the anti-competitive effects of rate parity. If the results of the JFTC's investigation into Amazon and its pricing parity practices from several years ago offers any indication as to how this newest investigation might turn out, hoteliers may soon find themselves free of rate parity (indirect and direct) throughout Japan. More to come . . .

Google Maps' Hotel Search Functionality Improves

("Google Maps Adds More Hotel Search Filters," Skift Travel News, April 24, 2019)

Google updates never seem to end… In this episode of "Google Conquers the Online Travel Industry," we bring you a story of improving hotel search functionality on the exceedingly handsome and multi-talented application, Google Maps. Users of the application can now apply filters to search for hotels offering (among other things) Wi-Fi, a gym or pet-friendly policies. These latest updates add to the already robust set of tools that can be used to search and book hotels, events, activities, restaurants and on some versions, airline tickets on the mapping application.

OTAs' Generous Cancellation Policies Cause Hotels' Cancellation Rates to Soar

("Hotel cancelation rate at 40% as online travel agencies push free change policy," Phocus Wire, April 23, 2019)

In a comprehensive report released last week by Accor-owned D-Edge, the technology group reported the results of its recent study into the performance of 200 online channels for close to 700 properties in Europe. Among the report's many findings, the report details the continuing escalation of cancellation rates for bookings - Booking Holdings (50%) and Expedia (26.1%) – in 2018. Both statistics reflect a 6% increase over the cancellation rates in 2014. In contrast, cancellations in 2018 for direct bookings were the lowest of all reported channels at 18.2%. According to the report, the increased cancellations are the direct result of OTAs' generous cancellation policies, which allow users to repeatedly cancel and rebook stays without penalty whenever there is a price drop.

Other news:

Marriott and Southwest Airlines Top Annual Loyalty Awards

Skift Travel News, April 26, 2019

Marriott and Southwest Airlines on Thursday night once again took top honors at the annual Freddie Awards, recognizing the top travel industry loyalty programs. A few new players, including Hyatt and IHG, were able to sneak onto the podium, too. The rankings are compiled from millions of votes across business travelers in the industry. The ceremony for the awards, named for eccentric airline mogul Freddie Laker, was held at the C.R. Smith Museum in Fort Worth, Texas.

Potential bidders circle Thomas Cook as it hires turnaround specialist

The Guardian – Airline Industry, April 21, 2019

Thomas Cook, Britain's oldest package holiday operator, could be split up in a takeover that may lead to its high street stores and package deals being bought by a Chinese conglomerate. The company, which is struggling with a fall in demand for package holidays and fierce online competition, is being circled by potential bidders after a string of profits warnings and an 80% drop in its share price over the past year. Fosun, a Chinese company and the largest Thomas Cook shareholder, is among a number of groups to have expressed interested in buying all or part of the business. The expressions of interest in Thomas Cook's tours business, which was first reported by Sky News, came after the company put its airline up for sale.

Posted in OTA Update

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