

# OTA & Travel Distribution Update: TripAdvisor to abandon its vacation rental business; large OTAs withdraw their full-year earnings forecast for 2020

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With all that has occurred in these past few weeks involving coronavirus (and its devastating effects on the travel industry and those within it), I had questioned whether I should suspend our weekly Updates until things have settled. After some consideration, I believe that there is probably no better time to provide this important information to our readers as they inevitably re-evaluate (and then re-evaluate again) their near-term and long-term plans for this new altered reality. I hope in some small way that our continued Updates are informative and helpful. If I can do things better or different, please let me know.

Finally, a quick personal note...As many of you know, over the past several years, I have served as Managing Partner at Garvey Schubert Barer and, then following our merger with Foster Pepper, as Co-Managing Partner here at Foster Garvey. I am excited to announce that as of the end of this month, I will be transferring my firm management responsibilities to new, infinitely more qualified leadership and returning to full-time practice (and again leading the hospitality practice.) With this transition, I look forward to re-engaging with many of you and spending more time working on the issues most important to the hospitality industry. For those of you questioning the timing of this transition (like...couldn't I have made this transition during an industry upturn?), I've become somewhat accustomed to jumping in with both feet at less than optimum times. You may not recall, but I started this hospitality practice back in February of 2001, which also proved to be a challenging year for the launch. Onwards and upwards.

Be safe everyone and take care of those who matter most.

## TripAdvisor to Abandon the Vacation Rental Business

*("Tripadvisor Is Trying to Sell Its Vacation Rental Businesses," Skift Travel News on Mar 13, 2020)*

As pressures mount at TripAdvisor (possibly due to the coronavirus pandemic and competition like Google, etc.), TripAdvisor has apparently decided to sell its vacation rental

assets. For the past month, TripAdvisor has been working with bankers to solicit interest from potential buyers. Although TripAdvisor does not report the results of its vacation rental business separately, the business is believed to have contributed little to TripAdvisor's overall revenue. Depending on the buyer, the assets purchased might include some or all of the following: FlipKey, VacationHomeRentals, Holiday Lettings, Housetrip (U.K.) and Niumba (Spain). Although the list of potential purchasers is unknown (particularly now, given recent events), some question the value of the assets, particularly given TripAdvisor's labor-intensive business model of entering into individual agreements with property owners as opposed to multi-property agreements with rental management companies.

#### **Largest OTAs Withdraw Forecasts for 2020**

*("Expedia Withdraws Full-Year Forecast Amid Coronavirus Spread," Bloomberg Quint – Stories on Mar 13, 2020)*

Last Friday, Expedia Group joined its cross-pond rival Booking Holdings in withdrawing its full-year earnings forecast. At the same time, Expedia updated its first-quarter guidance stating that the negative impact of the coronavirus outbreak on its adjusted EBITDA would exceed the previously predicted \$30 – \$40 million. Expedia's rival, Booking Holdings, withdrew its two-week old full-year earnings forecast last Monday.

Other news:

#### **OpenTravel Alliance and International Inbound Travel Association Announce Strategic Partnership**

*Hospitality Net – Latest Industry News on Mar 13, 2020*

The OpenTravel Alliance, the not-for profit responsible for developing and maintaining interoperability for disparate systems in all verticals of the travel industry, and the International Inbound Travel Association (IITA), the national nonprofit trade association representing the United States' international inbound travel industry, have announced a strategic partnership, made public at IITA's recent 2020 Summit in St. Petersburg, FL.

#### **Hostelworld to Expand Beyond Hostels**

*Hotel Management News – All Content on Mar 6, 2020*

Hostelworld Group said that it would expand beyond hostels and into experiences, as it reported adjusted EBITDA down 9 percent for the full year to €20.5m.

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