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OTA & Travel Distribution Update: Marketing investments by OTAs increase again; short-term rentals platforms' landmark data-sharing agreement with the EU; Trump Administration orders Shiji to unwind its acquisition of hotel tech firm

03.13.20 01.07.26

While this week's Update does not include stories about Coronavirus and its potentially disastrous effects on the lodging and travel industries, I'm sure it will only be a matter of time. We are already hearing stories of distributors' troubling responses to the outbreak.

Marketing Investments by OTAs Increase Again

("Expedia Group, Booking Holdings spent more than \$11B on marketing (mostly to Google) in 2019, Phocuswire on Mar 6, 2020)

For the past few years, we've reported on the staggering annual increases in marketing by the two largest OTAs - Expedia Group and Booking Holdings. This past year (2019) was no exception, although last year's \$400 million increase was almost exclusively attributable to Expedia. Combined, the two largest OTAs spent nearly \$11 billion on marketing. Booking's marketing expenses remained mostly flat (from \$4.96 billion in 2018 to \$4.97 billion in 2019), but Expedia's increased significantly (from \$5.57 billion in 2018 to \$6.03 billion in 2019). A closer examination of Booking's marketing expenses reveals that Booking's "performance marketing" (display ads) investments decreased in 2019, while its "brand marketing" efforts increased. Not surprisingly, Google was the largest recipient of the OTAs' marketing spend.

Short-Term Rental Platforms Reaching Data-Sharing Agreement

("Airbnb, Expedia and Others Agree to Landmark Data-Sharing Deal With European Union," Skift Travel News on Mar 5, 2020)

In a move that could either assist or hinder the short-term rental industry, short-term rental platforms Airbnb, Booking.com, Expedia and TripAdvisor reached a data-sharing agreement with the European Union. Proponents of the agreement believe that the sharing of data (e.g., number of booked nights and guests) will, among other things, lead to improved evidence-based decision-making by EU authorities. For those outside the industry (like hoteliers), the sharing agreement may provide the first real opportunity to truly understand the magnitude (and effects) of the short-term rental industry.

Shiji Directed to Unwind Purchase of U.S. PMS Developer

("Trump Administration Orders Shiji to Sell Hotel Tech Firm StayNTouch," Skift Travel News on Mar 6, 2020)

For some time now, we've been featuring stories about China-based Beijing Shiji Information Technology and its rapidly growing portfolio of widely used hospitality technology assets. This past Friday, the Shiji Group (Shiji's international arm) received word from the Trump Administration that it must unwind one of its more recent acquisitions - U.S.-based property management system (PMS) developer/vendor StayNTouch. According to the Trump Administration order (which provided no factual basis to support the order), the purchase of StayNTouch could "threaten to impair the national security of the United States." It is hard to imagine how a relatively small PMS vendor and the guest information it collects (which Shiji claims to have no access to) could pose such a serious threat to national security that it warranted the Trump Administration's intervention.

Other news:

UK Hospitality Reiterates Calls to Ban Rate Parity Clauses Following Which? Research

Big Hospitality (UK) - News on Mar 3, 2020

The results of a Which? Travel investigation, released on March 3rd shows that in eight out of 10 cases, UK consumers can get a better deal if they book a room directly with their hotel rather than through an OTA like Booking.com or Expedia.

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