

# The AI Questions Hospitality Can No Longer Ignore

10.04.26

Good afternoon from Seattle . . . Our weekly Online Travel Update for the week ending Friday, October 2, 2026, is below. My attention this week is squarely on AI. Having recently returned from two days of AI presentations and discussions at the annual Destination AI Conference, I am persuaded of the potentially disruptive effects of this technology on the industry's traditional sales and distribution models (and participants' roles in each model). Over the next weeks and months, models will be re-drawn or disappear entirely and new models will appear. It is an exciting time to be in distribution. Enjoy.

**Algorithmic Pricing Case Against Atlantic City Casinos to Continue.** One of the many cases I discussed this past week at Destination AI was the class action against Atlantic City casinos over their alleged price-fixing. Not surprising, the 3rd Circuit U.S. Court of Appeals has rejected the casinos' arguments to reconsider the Court's recent re-instatement of the case. With a split in the U.S. Courts of Appeal (3rd vs. 9th), the question now is whether the U.S. Supreme Court might weigh in and to what extent will the FTC and DOJ continue to assert its perspective.

**Commission Increases Garner Headlines, But Don't Overlook the Fine Print.** Expedia's short term rental platform, VRBO, announced plans this past week to move hosts and managers to a flat 12% commission structure starting in October. While news of the commission change made headlines, other changes to the form VRBO listing agreement caught my attention. With the commission change, Expedia also introduced a new rate parity provision (nothing new to hoteliers, of course) and made important changes to several of the agreement's standard provisions and definitions to broaden Expedia's AI opportunities. I suspect these changes are a sign of things to come as OTAs and other distribution platforms and channels seek to contractually broaden permissions around future AI (including agentic AI) usage. Hoteliers beware.

**Legal Accountability for AI.** With news of recent hacks (and other potentially harmful behavior) by some of the largest well-respected AI platforms, questions around legal responsibility and accountability for AI and its many forms are now seemingly everywhere, including in several of the presentations at last week's Destination AI Conference. AI agents only compound these questions. Until U.S. federal legislators step in to fill this growing void, if ever, industry participants (and the users they touch) will have to look to largely unproven common law theories, aging federal law, the patchwork of rapidly evolving state legislation and regulators in the EU and other foreign jurisdictions. Much more to come on this important topic.

**Agents, Agents and More Agents.** Instinct, Muse and Now Dots. Needless to say, but AI agents and their role in travel featured heavily in many of last week's stories and in many of the Destination AI

presentations. Hilton CIO Michael Leidinger got the Destination AI Conference rolling with his predictions that AI agents would ultimately lead to more direct bookings for Hilton and other lodging suppliers (and fewer bookings through OTAs). Add to Leidinger's predictions the comments by Instinct's founder, Noah Shinn, that more than 50% of transactions on his platform are for travel (I recognize the sample set may be a bit skewed), and you start to question how travelers in the months (or even weeks) ahead will become inspired, search, explore or, ultimately, book. More to come.

Have a great week everyone.

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### [Atlantic City Hotel Operators Fail to Get Rehearing on Appeal of US Antitrust Case](#)

October 2, 2026 via MLex

Atlantic City hotel operators MGM Resorts, Caesars Entertainment and others failed to convince a US appeals court to rehear an antitrust case accusing them of using algorithms provided by Cendyn to raise and fix prices for rooms after the court reversed dismissal in July.

### ['The P&L Doesn't Lie': Hotels See More AI Costs Than Bottom-Line Gains](#)

October 1, 2026 via Skift

Hotel companies know what artificial intelligence is costing them. They're less sure what it's earning them. That gap was a recurring theme Wednesday at the Destination AI event in Washington, where executives described a shift from deploying AI tools to proving they pay.

### [Vrbo to Double Commissions as It Plays Catch-Up to Airbnb](#)

September 29, 2026 via Skift

Vrbo, the Expedia Group vacation rental brand, said Tuesday it is transitioning hosts and property managers to a flat 12% fee starting October 29.

### [Hilton Tech Exec Says AI Agents Put OTAs 'Under Real Threat'](#)

September 29, 2026 via Skift

Hilton's top technology executive thinks AI assistants are doing what years of ad campaigns couldn't: loosening online travel agencies' hold on hotel shoppers.

### [Booking Holdings-Backed Lola Unveils Membership Model for AI Travel and Experiences Assistant](#)

September 29, 2026 via PhocusWire

Kayak co-founders Steve Hafner and Paul English have revealed new details about Lola, the Booking Holdings-backed artificial intelligence (AI) assistant they are building for travel, dining, events and other experiences.

### [Introducing Dots](#)

September 29, 2026 via OpenAI

Dots are remarkably capable, always-on agents built to handle everything. They're a whole new way to work with AI-one that gets to know what matters to you, is always working on your behalf, and takes important work off your plate so you get more of your time and attention back.

#### [Autonomous AI Hacks Raise Thorny Questions of Legal Accountability](#)

September 29, 2026 via Insurance Journal

The Justice Department has a long history of investigating and prosecuting hackers who break into a private company's network. But what happens when the hackers aren't human?

#### [Instinct Founder Said More Than 50% of Transactions on the Platform are Travel-Related](#)

September 29, 2026 via TechCrunch

Almost every AI tool's demo shows a user sparring with the assistant to book travel, as it seems to be the most frequent use case.

#### [When AI Becomes the Travel Agent - How Hotels Get Chosen](#)

September 29, 2026 via Skift

AI is changing how travelers discover and choose hotels. Instead of searching across multiple sites, travelers can increasingly ask AI to find properties that match specific needs, from amenities and location to room types and cancellation policies.

#### [FTC Chair Suggests AI Developers Should be Liable for Conduct of Agents](#)

September 25, 2026 via Reuters

US Federal Trade Commission Chairman Andrew Ferguson said on Friday he would resist describing AI agents as autonomous actors that "break loose" with "wills and desires of their own," suggesting the developers who instruct agents would be the ones liable for harm.

#### [Expedia to Offer Hotel Bookings Through Meta's Muse AI Agent](#)

September 24, 2026 via PhocusWire

Expedia is enabling travelers to book hotels through Muse, the personal artificial intelligence (AI) assistant unveiled by Meta earlier this month.

#### [Sponsored Listings Are Spreading Across Online Travel - Just as AI Agents Threaten to Ignore Them](#)

September 22, 2026 via Skift

Expedia's Vrbo recently launched sponsored listings, which lets a vacation rental pay to rank higher in search results. Airbnb sees it as a billion dollar opportunity. And all of this is taking place just as AI agents are poised to disrupt these paid placements.

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