

The Growing Reach of Predatory OTAs

10.11.26

Good Sunday evening from Seattle . . . Our weekly Online Travel Update for the week ending Friday, October 9, 2026, is below. This week's Update features a number of important updates around algorithmic pricing and surveillance pricing and new allegations of deceptive advertising. Enjoy.

FTC Exploring Possible Claims Against Booking Holdings. News of an FTC investigation into and possible claims against Booking Holdings spread quickly during the latter half of last week. According to a *Reuters* report, the investigation is centered around Priceline's redistribution of rates and inventory to certain websites that then use that inventory to mislead travelers into believing that they are booking direct with the hotels themselves. The FTC has yet to issue any official statement about the investigation other than confirming the fact of the investigation. Interestingly, Booking Holdings included the following note regarding the FTC investigation in its August 4 10-Q filing:

In July 2026, the Federal Trade Commission (the "FTC") staff informed Priceline that they intend to recommend that the FTC files a complaint against Priceline and a business-to-business affiliate partner of Priceline asserting unfair or deceptive business practices related to disclosures, fees, customer support, and billing practices. Priceline does not agree with the FTC's position and remains in discussions to resolve the matter. As a result of this investigation and possible litigation, Priceline could agree to commitments to change its business practices and the Company may be subject to damages or penalties, any of which could harm the Company's business, results of operations, and reputation.

While news of the FTC's interest in certain lower funnel websites is not surprising, news of the FTC's interest in the source of rates and inventory for such websites is. Who else might be in the FTC's sights? Expedia? Hotelbeds? How might this investigation affect hoteliers' efforts to require the major platforms to take responsibility for their distribution partners? With an administration in Washington, D.C. desperate to register a win, I wouldn't be surprised to see additional platforms and websites brought into the ongoing investigation. Stay tuned.

New Report Details Extent of Misleading Website Practices. In the unlikely event that the FTC needs further evidence of the misleading practices of troublesome lower funnel travel sites, Operto has something to share. In its new [Predatory OTAs 2026 Report](#), Operto suggests that AI is only making matters worse for hotels. According to Operto, it identified 1.1 million predatory online advertisements targeting hotel-branded searches. Nearly half of those advertisements came from one website - yes, you guessed it, GuestReservations.com.

Expedia Facing New Potential Class Action Over Rate Parity and Pricing Practices. We've seen similar claims in the past, but typically we see them brought in the EU against Expedia's largest competitor,

Booking.com. Now comes a new potential consumer class action alleging that Expedia's rate parity requirements and pricing algorithms that punish hotels for offering lower rates on competing websites resulted in artificially higher rates for consumers (and violated federal anti-trust law in the process). My two cents . . . Hoteliers shouldn't start adjusting their pricing practices with the expectation that rate parity will soon be found to violate federal anti-trust law.

Is McDonald's Suit the Sign of Things to Come? Absent leadership at the federal level on the issue of algorithmic pricing (and surveillance pricing as well), including a possible decision by the U.S. Supreme Court, the short answer is yes. For hoteliers, they should expect a convoluted patchwork of state legislation on the topics (as they do now with privacy and data security) with claims by state attorneys general or private claimants.

Have a great week.

1.1 Million Hotel-Branded Ads Linked to 'Predatory OTAs' in a Single Month

October 9, 2026 via PhocusWire

The run of bad press for artificial intelligence (AI) continues, and this time it's the turn of "predatory" online travel agencies (OTAs). These are the websites that look like a legitimate hotel website but are far from the real deal. They hijack a hotel's name, misleading people into thinking they are booking directly.

Hotel Guest Argues Info Exchange Fight Fits Digital Era

October 8, 2026 via Law360

The give-to-get nature of a software service allowing luxury hotels to access competitors' occupancy data only upon contributing their own should be enough to plausibly outline an age-old illegal information exchange in the more modern digital era, a hotel guest told the Seventh Circuit.

Retailers Brace for Surveillance Pricing Bills, Lawsuits to Rise

October 8, 2026 via Bloomberg Law

Surveillance pricing, the use of consumer data to set prices by retailers, grocers and others, will see more legal challenges and legislation as the practice promises to remain a hot-button issue next year, retail industry professionals predicted Thursday.

Vrbo Faces Blowback on Rising Commissions, Plans to Ease Rate Parity Rule

October 7, 2026 via Skift

From a competition perspective, Vrbo is catching up to Booking.com and Airbnb in pushing the fee burden onto hosts. Eliminating or greatly reducing guest fees has great optics, but travelers will end up paying for them in the form of higher rates.

Priceline to Face FTC Action Over Deceptive Hotel Ads, Sources Say

October 7, 2026 via Reuters

The US Federal Trade Commission is gearing up to take action against Priceline.com owner Booking Holdings over online ads that appear to direct consumers to a hotel's site but send them to a third-party site where they are often charged extra, two sources familiar with the matter told Reuters.

[Expedia Hit With Antitrust Suit Over Hotel Pricing Restrictions](#)

October 5, 2026 via Law360

Expedia broke federal antitrust law by barring listed hotels from selling rooms at lower rates through their own booking channels and using algorithms to punish them for offering reduced prices on competing travel agency websites, consumers claimed in a proposed class action filed in Washington federal court Friday.

[McDonald's Accused of Using AI to Hike Menu Prices](#)

October 5, 2026 via Law360

A potential class action filed in Illinois federal court Friday accuses McDonald's of flouting federal and state antitrust laws by using artificial intelligence to coordinate prices among independently owned restaurants, causing customers to overpay and average menu prices to rise by roughly 40% in a five-year period. To view the complaint, click [here](#).

[Hilton Isn't 'Blocking' New AI Agents. But They Can't Always Get In](#)

October 2, 2026 via Skift

Hilton's CEO says he wants to make booking through AI agents easy. For now, Meta's Muse struggles to pull a price from hotel group sites, and OTAs may remain an easier door.

[Hopper's Co-Founder and B2B Boss Left The Company](#)

October 2, 2026 via Skift

One source said Dakota Smith had a lot of credibility in the B2B space, Hopper's most important division.

Posted in [Online Travel Update](#)

Authored by

[Greg Duff](#)

[Principal|Seattle](#)

[206.816.1470](tel:206.816.1470) greg.duff@foster.com