

Duff on Hospitality Law

## **OTA & Travel Distribution Update - Gripes with restrictions on using trademarks as keyword search terms; Airlines' introduction of metasearch-like price comparison tools; Traveliko's subscription model for hotels; Hyatt's global reach**

By Greg Duff on 6.1.18 | Posted in OTA Update

This week's OTA & Travel Distribution Update for the week ending May 25 is below. This week's Update features a variety of stories, including one of our first (of many more likely to come) on the changing world of airline distribution. Enjoy.

### **Keyword Restrictions – Part V: Why All the Gripping?**

*("Keyword Restrictions - Part V: Restrictions on Using Trademarks as Keyword Search Terms: Why All The Gripping?," GSB Client Alert, May 25, 2018)*

Today's Update features the fifth installment of our six-part series critiquing recent articles (and litigation) challenging hoteliers' keyword practices. Having identified in last week's installment the many pro-competitive / pro-consumer effects of allowing hoteliers to limit OTAs' use of hoteliers' trademarks, Don now questions the reasons behind the many "gripes" (his word, not mine) about these practices.

### **Airlines Introducing Metasearch-like Price Comparison Tools to Proprietary Booking Sites**

*("Airlines Test Adding Metasearch to Their Websites," May 21, 2018)*

While we don't often feature stories on the airline industry, last week's story from Skift caught my attention. In moves taken directly from the hotel industry, airlines, Icelandair and El Al, have begun displaying to users the rates and availability of flights of their competitors. This recent introduction to some – Skift and myself included – demonstrates that airline distribution is beginning to look a lot like hotel distribution (which one day soon may mean that "travel" distribution becomes seamless). With airlines historically quite sensitive about the use of their flight information, however, it will be interesting to see how they respond to the increasing use of these comparison tools. More to come I'm sure...

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#### **Commission Model, Net Rate Model and Now, the Subscription Model**

*("Zero commission hotel booking portal charges subscription instead," eTurbo News, May 21, 2018)*

While I had heard rumors that this type model was being tested (including by a few of our clients), I hadn't seen many details about the new model until now. In an attempt to give hoteliers an alternative to the high-commissions (or mandatory discounts) of traditional OTAs, a new platform, Traveliko, is beginning to offer hoteliers the opportunity to list their properties on a subscription basis. If Traveliko enjoys any measurable success with this approach, it won't be long before we start seeing the same approach being offered by the larger, global distributors.

#### **Hyatt Extends Global Reach**

*("Ctrip teams with Hyatt to open its first flagship store," GlobeNewswire - Advertising News, May 18, 2018)*

Congrats to everyone at Hyatt for reaching this important milestone.

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Other news:

#### **Introducing the Ctrip customer-centricity playbook for global supremacy**

*Tnooz News Feed, May 24, 2018*

Ctrip's first quarter 2018 financials contain some impressive triple-digit growth figures, while chairman James Liang used the prepared remarks part of the earnings call to explain how Ctrip's customer-centric approach is geared towards creating "not only the best travel service provider in China, but the best in the world."

#### **The OTAs Attempt at Discrediting the Value of the Hotel's Direct Channel**

*Hotel News Resource, May 11, 2018*

Background: Earlier this week, the European Technology and Travel Services Association (ETTSA) released a report called 'Hotel Distribution Costs,' examining the costs associated with direct and indirect distribution channels for hotels, together with the impact of channel shift. ETTSA is an organization "representing and promoting the interests of global distribution systems (GDSs) and travel distributors (read: OTAs), towards the industry, policy-makers, opinion formers, consumer groups and all other relevant European stakeholders." The report, prepared by a consultancy called Infrata, concluded that hotels that attempt to boost direct bookings at the expense of agencies and OTAs risk having lower occupancy rates with "no measurable" savings on costs, and suggested the main reason for hoteliers to push direct sales is to "reduce transparency for consumers."