

Duff on Hospitality Law

OTA & Travel Distribution Update - Online travel agency startup Kiwi taking on industry giants; Ctrip ventures into hotel management business; Shiji is another name you should know

By Greg Duff on 10.26.18 | Posted in OTA Update

Booking Holdings, Expedia Group and...Kiwi?

("Online Travel Agency Kiwi Has a Plan to Fight the Giants," Skift Travel News, October 18, 2018)

Conventional wisdom says that start-ups in the online travel agent space will never make it far because of the absolute dominance of established platforms, Booking Holdings, Expedia Group, etc. Kiwi, a Czech Republic based startup, may be proving otherwise. Through a combination of superior guest service, currency arbitrage, diverse demand generators, powerful partnerships and just plain luck, Kiwi is making a name for itself. This past year alone (2017) it processed airline bookings with a gross value of over \$925 million. This year it expects to earn over \$200 million in revenue. Whether Kiwi can continue its luck streak remains to be seen, but Kiwi is definitely a name to remember.

Ctrip Ventures into the Hotel Management Business

("Ctrip ventures into hotel management with Rezen Hotels Group," Tnooz News Feed, October 15, 2018)

For some time now industry analysts have speculated as to if or when the major online travel agents might expand into more traditional hotel ownership, operation or branding. Until now, it has been entirely speculation (putting aside, of course, Airbnb's venture "Niddo"). This past week put an end to the speculation with Ctrip's announced launch of Rezen Hotels Group. This newly announced high-end hotel management brand seeks to combine traditional hotel operations with big data analytics available through Ctrip. With its announced launch of Rezen, Ctrip also announced a strategic alliance between Rezen and Shanghai JinMao Hotel Management through which the parties hope to launch 30-branded hotels (6000 rooms) over the next 3 years. As of now, Rezen operates 3 properties with 65 more hotels in the pipeline or under negotiation. It may be time to take another hard look at Ctrip and the role it currently plays in your distribution strategy – Ctrip is no longer just another distribution channel, but now a growing (and well healed) competitor.

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Shiji Is Another Name You Should Know

("How Alibaba-Backed Shiji Is Expanding Its Tech Sales to Hotels Outside of China," Skift Travel News, October 16, 2018)

While you may not be familiar with Shiji, I'm sure you are familiar with the names StayNTouch, Concept Software Systems, SnapShot, Kalibri Labs or possibly Leonardo – all of which have either been acquired by, or received investments from, Shiji. This Alibaba-backed (\$486 million) Chinese hospitality technology company is now making huge inroads in the hospitality technology industry outside China. Today, 47,000 hotel properties outside China use Shiji Group products and services, and more than 100,000 properties outside China connect to Shiji's inventory distribution system. Through calendar year 2018, analysts expect Shiji to generate \$481 million in revenue, which is second only to Oracle in technology sales. With its broad "platform" approach to hospitality systems, Shiji (and its many companies) is a name to know.

Other news:

Radisson Hotel Group partners with Ctrip to drive growth in China and abroad

Financial Buzz, October 18, 2018

Building on an already-successful relationship, Ctrip.com International, Ltd. (Nasdaq: CTRP) is proud to announce a strategic global partnership agreement with Radisson Hotel Group. This collaboration brings together the largest online travel company in the Asia Pacific region and one of the largest hotel groups in the world.