

Duff on Hospitality Law

## **OTA & Travel Distribution Update: Short-term rental platform cancellation policies scrutinized; Trip.com projects decreases in Q1 revenue; Indian OTAs struggle with traveler cancellations**

By Greg Duff on 3.27.20 | Posted in OTA Update

What a week it has been. For those of you working around the clock to retain some semblance of your business and the travel industry together, we stand alongside you. Each day that passes brings with it a wave of new cancellations, news of mass furloughs or layoffs and, most recently, property closures. If we can help any of you deal with this onslaught, please let us know. We are trying to devise creative ways to support all of our clients through this incredibly tough period.

Through all of this, we will continue to share those stories that we believe may provide direction as you continue to move forward. If there are topics of particular interest that you think we should include, we would love hear from you.

### **Short-Term Rental Platform Cancellation Policies Scrutinized**

*("Short-Term Rental Firms Face Backlash Over Sharply Different Coronavirus Cancellation Policies," Skift, Mar 20, 2020)*

Unlike traditional lodging operators that have almost uniformly taken a "pro guest" perspective by relaxing their existing cancellation policies, short-term rental platforms are responding to the pandemic on a less than uniform basis. Given the difficult (and unprecedented) situation that these platforms find themselves in, there are no easy answers. Those platforms "favoring" guests and their interests by allowing them to cancel and receive a full refund include Airbnb and TripAdvisor. Airbnb's recently announced policy is available [here](#). Platforms "favoring" rental owners and hosts by deferring the cancellation question to rental owners and management companies include Expedia (VRBO) and [Booking.com](#). VRBO's policy is available [here](#). Final comment: It is interesting to note that those platforms deferring the cancellation issue to owner and management companies have been quite aggressive in relaxing unilaterally their cancellation policies and extending generous refund opportunities to traditional lodging guests, including guests who have booked advanced purchase, non-cancelable rates.

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### Trip.com Suffering, But May See Signs for Optimism

*("Too Early to Check In to China's Travel Giant," Wall Street Journal - Markets News on Mar 19, 2020)*

Like most everyone else in the travel industry, [Trip.com](#) (f/k/a Ctrip) is expecting a tough year. This past week, [Trip.com](#) estimated that its revenues this quarter will be 45-50 percent lower than last year. Even with this recent bad news, [Trip.com](#) is faring better than several of its large OTA competitors. Year to date, [Trip.com](#)'s share price is down 36 percent, while share prices for Expedia and TripAdvisor are down 58 percent and 52 percent, respectively. On the good news front, [Trip.com](#), also reported that it is starting to see signs for optimism, including possible upticks in future business bookings. Let's hope this trend continues and provides a realistic glimpse of what we might expect to happen globally in the months to come.

### Indian OTAs Struggling to Keep Up

*("Online travel platforms, airlines reach out amid flight cancellations," Business Standard Companies & Industries on Mar 17, 2020)*

Travelers seeking to cancel travel booked through [makemytrip.com](#) or [yata.com](#) are beginning to take their concerns to social media. Travelers' complaints include not receiving refunds (or rebooking opportunities) for canceled airline and hotel bookings, getting charged cancellation fees when the hotel or airline has waived fees, etc. Spokesmen for both platforms have tried responding to the complaints and offering solutions, but they also acknowledge the evolving nature of travel bans and other advisories makes things difficult. This serves as yet another example of a platform trying to strike the difficult balance between its two primary customer bases – travel suppliers versus travelers. The question is: Which group will have the longer-term memory when the world begins to return to normal?

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Other news:

### Tripadvisor: Withdraws Full-Year 2020 Financial Outlook as a Result of Increased Impacts from the COVID-19 Outbreak

*4 Traders News on Mar 18, 2020*

Last Wednesday, TripAdvisor, Inc. announced that it is withdrawing its 2020 outlook provided in its Shareholder Letter on February 12, 2020, and discussed on its fourth quarter 2019 earnings call on February 13, 2020, due to increased impacts of the COVID-19 outbreak and the uncertainty it has created on global trends.

### Airbnb Asks Congress to Help Out Its Hosts

*Business Insider on Mar 17, 2020*

Airbnb is asking Congress to put in place measures that would help the small businesses and entrepreneurs that list accommodations on its site as part of the body's broader coronavirus relief efforts.

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**What Nervous Travel Startup Investors and Founders Should Watch for Next**

*Skift Travel News on Mar 17, 2020*

From short-term rentals to tours and activities to corporate travel, here are pockets of the travel tech startup sector to follow closely in the weeks ahead. The coronavirus pandemic is impacting the entire travel industry, but the effect on individual travel startups will vary.