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OTA & Travel Distribution Update: Expedia abandons rate parity in Australia; Sabre and Farelogix terminate merger agreement; European travel associations urge legislators for use of vouchers over refunds due to liquidity crisis

By Greg Duff on 5.4.20 | Posted in OTA Update

This week's Update features a number of updates on previous stories, including our recent story on Expedia's apparent abandonment of indirect and direct channel rate parity provisions in Australia. Enjoy.

Expedia Abandons Rate Parity in Australia
("Expedia's scrapping of all MFNs followed Australian official's public smackdown of platforms," May, 2020 via MLEX Insight)
For those of you with properties in Australia still operating under Expedia's narrow version of rate parity adopted in 2016, I have good news. As we reported two weeks ago, Expedia has in fact agreed – without a request from, or consultation with, the Australia Competition & Consumer Commission (ACCC) – to remove all rate parity provisions from its contracts with Australian hotel suppliers. Although the change did come at the request of the ACCC, it's clear that pressure from the ACCC beginning back in 2018 may have been behind Expedia's decision. With the change, Expedia is no longer the subject of the ACCC's ongoing investigation into travel platforms' use of the often controversial provisions. As noted in our initial story, Booking.com however remains the subject of ACCC's investigation.

Sabre Finally Throws in the Towel
("Sabre, Farelogix terminate their merger agreement," May, 2020 via MLEX Insight)
Readers of our weekly Updates are well aware of the ongoing saga involving Sabre's controversial purchase of airline distribution startup, Farelogix. With the U.S. federal district court agreeing ultimately with Sabre and allowing the purchase to go forward, we thought the story had come to a close, but then the UK's Competition and Market Authority (CMA) stepped in. Two weeks ago, the CMA put a stop to the merger citing competition concerns. With this announcement, Sabre and Farelogix announced last Friday that they were terminating the

merger agreement. Something tells me that this may not be the last time we include a story about Farelogix or its disruptive "direct connect" distribution technology.

European Travel Associations Urge Use of Vouchers Over Refunds

("Ectaa urges EU-wide action on travel refunds," May, 2020 via Travel Weekly (UK) – News)
In an effort to improve the liquidity of European travel intermediaries and other industry members, several European industry associations, including EU Travel Tech (representing OTAs and other travel technology providers), are urging legislators to amend existing EU regulations to permit the issuance of travel vouchers instead of cash payments for canceled travel. Cancelation policies have no doubt been added to the growing list of topics that will take on new significance in the post-COVID-19 travel distribution world.

TripAdvisor Makes Difficult Workforce Reductions

("Tripadvisor lays off 25% of workforce," Apr, 2020 via travelweekly.com)
On the heels of announced austerity measures by Expedia, Booking.com, Kayak and OpenTable over the past few days and weeks, TripAdvisor is the latest distribution platform to announce company-wide efforts to survive the pandemic. On Thursday, CEO Steve Kaufer announced that roughly 25 percent (900) of the platform's employees had been laid off (on top of countless other employees previously furloughed), and that most remaining salaried employees had been put on reduced schedules with a temporary reduction (20 percent) in salary.

Investors Still Show Interest in Travel Industry Startups

("Travel Startups Still Managed to Raise $1.4 Billion During One Turbulent Quarter," Apr 30, 2020 via Skift Travel News)
Ever hear of Turo? Familiar with Gtriip? These companies are just two of the 57 travel startups to close investment rounds in the challenging first quarter of 2020. While more than half of the $1.4 billion in private equity investments went to Oyo Hotels and Homes ($807 million), a number of much smaller startups benefited from the many investments. Is it a sign of things to come for the remainder of 2020? It may be unlikely given investors' need to focus first on streamlining the operations of existing portfolio companies to preserve cash (see story above) and the practical challenges of conducting needed due diligence or negotiations remotely. That said, diversity often serves as the catalyst for never-before-seen products and services, including some familiar names in the travel industry (Airbnb). It will be interesting to look back five years from now and identify what revolutionary travel companies began in the midst of the current pandemic.

Other news:

Google Set to Take a Hit as Travel Websites Slash Online Ad Spending - CNBC

Apr 29, 2020 via Hotel News Resource

When Alphabet reports first-quarter earnings Tuesday afternoon, the coronavirus-induced crash in tourism and travel will likely weigh heavily on the results. Booking Holdings, the parent of Booking.com, Priceline and Kayak, will slash its ad spending on Google from approximately $4 billion in 2019 to between $1 billion and $2 billion this year, according to Mark Mahaney, an analyst at RBC Capital Markets.

Booking Holdings Admits to Having Critical Failures Even Before the Pandemic

Apr 25, 2020 via Skift Travel News

Booking Holdings, which calls itself the "largest, most profitable global online travel business in the world," got candid about some stubborn, multiyear failures on page 42 of its more than 100-page proxy report. Despite notching a "solid" 2019, Booking Holdings stated Friday: "Nevertheless, 2019 was not without its challenges. Booking.com continues to under-index in the United States market, we did not see the desired results from Booking.com's brand marketing efforts and, for much of the year, we were slower than desired to meet a number of our goals for increased collaboration, cooperation and integration among our brands."

Chinese Online Platforms View the Great Travel Recovery as a Drawn-Out Process

Apr 29, 2020 via Skift Travel News

By all accounts, China is coming back from the coronavirus pandemic earlier than almost anywhere else. In the intensely interconnected world of travel, where destinations crave the return of Chinese travelers, and China pins some hope on a rebound of inbound tourism, perhaps it is instructive to see how major Chinese platforms view the hoped-for travel recovery so far.

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