

Duff on Hospitality Law

OTA & Travel Distribution Update - Trivago's strikethrough pricing practices subject to AU scrutiny; Denmark opens investigation into hotel booking market; Amazon and the travel industry; Costco's thriving travel business

By Greg Duff on 3.15.18 | Posted in OTA Update

This week's OTA & Travel Distribution Update is below and is full of interesting stories. Enjoy.

[Trivago's Strikethrough Pricing Subject to AU Scrutiny \[METASEARCH\]](#)

("Trivago flags Australian regulatory concerns over 'strike-through' pricing," MLex, March 7, 2018) (subscription required)

Trivago's most recent SEC filing included an interesting note regarding its strikethrough pricing practices. According to the filing, the Australian Competition & Consumer Commission (ACCC) has requested documentation from Trivago regarding its practices. Although Trivago's filing provides little detail about the investigation (and the ACCC has refused to comment), the ACCC's actions raise some interesting questions about the widely used practice – one that has been subject to industry concern in the past. Whether the ACCC limits its investigation to Trivago or expands it to include other price comparison websites or distribution platforms will be interesting to watch.

Denmark Opens Investigation Into Hotel Booking Market

("Denmark orders probe into hotel-booking market," MLex, March 9, 2018) (subscription required)

Although very little is known at this point about the objective or scope of the investigation, we do know that Denmark is the latest European country to announce an investigation by its competition authority into the practices of "large" booking platforms and the effects of those practices on smaller, independent hotels. More information to come.

Travel Industry Is Too Lucrative for Amazon to Ignore Much Longer?

("Amazon Should Compete With Booking And Expedia, Morgan Stanley Says," Benzinga.com, March 9, 2018)

Analysts at Morgan Stanley who follow Amazon.com are urging Amazon.com to reconsider the

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travel industry. Yes, we've all been down this road before (remember Amazon "Destinations"), but Morgan Stanley argues that the lessons learned by Amazon in other industries (e.g. grocery) should make Amazon's second foray into travel far more successful. According to Morgan Stanley, Amazon's incredible conversion efficiency (twice that of its would be OTA competitors) would allow it to enjoy annual profits of \$600M to \$1.5B even at reduced commission rates that would make Amazon far more compelling to potential supplier partners. I've maintained for years that Amazon will become a significant player in the travel industry (even through the dark "Destinations" days) and now I have numbers to back me up. Stay tuned.

And in Other Seattle News: Costco's Travel Business Continues to Grow

("People are obsessed with booking their vacations through Costco — and now there are even more benefits," Business Insider UK, March 9, 2018)

During an earning's call last week, Costco CFO, Richard Galanti, detailed the many virtues of the discount retailer's growing travel business – including, most notably, its positive effects on Costco's much improved most recently released quarterly numbers. According to Galanti, Costco is able to enjoy high margins in travel because of its low administrative costs and strong commissions (no surprise). As for Costco members, the combination of highly curated travel partners, discounted pricing and cash back or gift cards for certain travel purchases produce a valuable travel proposition. Users of the Costco website (like the author of the attached article) also extol the website's many benefits – navigability, product selection, product flexibility and most of all, pricing and terms / condition transparency. There may be something to learn from this discount retailer's successes.

Other news:

Fired OpenTable Employee Booked Hundreds of Fake Reservations Through Rival Service

Gizmodo - News, March 7, 2018

A "rogue" OpenTable employee booked more than 300 fake reservations in Chicago restaurants, the online reservation service recently said, leaving 45 Chicago food spots with dozens of empty seats for dinner. The bizarre tactic was apparently a smear campaign meant to make a rival reservations app, Reserve, look bad.

Has Google Made the Lowest Hotel Rates Harder to Find?

Skift Travel News, March 9, 2018

It has become harder to find the online travel agencies with the lowest prices in Google's metasearch. The apparent change this week implicitly favors travel giants, which can afford to dominate ad auctions for online search.

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