

Duff on Hospitality Law

OTA & Travel Distribution Update: Regulation of large online platforms is coming to Japan; And you thought net rates were dead; Choice Hotels' inventory available on Google's Book

By Greg Duff on 11.15.18 | Posted in OTA Update

Regulation of Large Online Platforms is Coming to Japan

("Online platforms may face stricter rules, enforcement in Japan, panel says," MLex, November 5, 2018) (subscription required)

Following up on a story (and prediction) included in last week's Update, it appears that Japan (through a panel of experts operating under the direction of the Japanese Ministry of Economy, Japanese Ministry of Trade and Industry and Japan Fair Trade Commission) is definitely heading toward more aggressive review and likely regulation of large online platforms operating within Japan. The 15-member panel has been working since July and expects to begin interviews next month with representatives of the online platforms as well as the domestic businesses that deal with them. The results of the panel's efforts will serve as the basis for establishing key principles for regulating the platforms (which may then take the form of amendments to existing laws and regulations or new ones). Additional detail about the panel's work and the direction it is headed should be available toward the end of the year.

And You Thought Net Rates Were Dead

("Booking Holdings Makes Major Pivot Toward Merchant Hotel Bookings," Hospitality Net - Latest Industry News, November 6, 2018)

One of the more interesting things to come out of Booking Holdings' most recent quarterly report was the staggering growth in its merchant / net rate bookings (particularly for a company that built its biggest brand (Booking.com) entirely on the back of the agency model). Growth (on a percentage basis) in merchant model bookings for the 3rd quarter was 54 times that of agency bookings. This surprising growth in merchant model bookings (which produces both higher commissions for Booking Holdings and improves cash flow) was the result of both Booking Holdings' growing Asian business (largely through its Agoda brand) and its rollout of its new global payment system that allows greater payment flexibility, including advance payment by travelers at the time of booking.

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Google in the News, Again

("Choice Hotels Launches Book On Google," PR Newswire News Releases, November 7, 2018)

Following up on a story from last week's Update, Choice Hotels announced plans this past week to make its hotels' inventory available on Google's Book on Google platform. According to the announcement, users with established Google credentials will be able to complete their online hotel booking with only a few clicks. Once initial booking information is collected and remitted by Google, bookings made on the platform are then managed entirely by Choice Hotels – delivery of the booking confirmation, managing changes to the booking prior to arrival, etc. It will be interesting to see how travelers respond to this latest "direct" booking effort and whether Choice will be able to secure reasonable placement for its hotels on Google's increasingly competitive web landscape.

Other news:

TripAdvisor's Experiences and Restaurants Businesses Outpace Vacation Rentals

Skift Travel News, November 7, 2018

TripAdvisor's so-called non-hotels business is no longer a three-legged stool. In fact, the company is prioritizing growth in experiences and restaurants over expanding its alternative accommodations business. If you are an online travel company running a lodging business, you probably have to offer home and apartment rentals to supplement your hotel offerings, but TripAdvisor's rentals business is dragging down the results of its otherwise fast-growing non-hotel segment. In other words, TripAdvisor's experiences business where it sells tours and activities, as well as its restaurants reservations business, are showing strength, but its rentals business notched declining revenue in the third quarter.

Hyatt Is Altering Its Loyalty Program to Battle Abuse

Skift Travel News, November 6, 2018

As travel loyalty programs have evolved over the last half dozen years, the option to book award rooms or flights with a combination of points and miles has become increasingly common. The upside: Adding more flexibility to a loyalty program makes it easier for anyone to use the service. As Hyatt learned late last month, however, the downside is that "cash + points" transactions can also be ripe for abuse.