

Duff on Hospitality Law

OTA & Travel Distribution Update: Trivago and Airbnb announce austerity measures; Despegar reconsiders acquisition of travel agency Best Day; vacation rental platforms face scrutiny by the U.K.'s Competition and Markets Authority

By Greg Duff on 5.11.20 | Posted in OTA Update

This week's Update features a number of stories detailing the disastrous effects of COVID-19 on some well-known distributors. No one is immune from this current downturn.

You Can Now Add Trivago and Airbnb to the Austerity List

("Trivago Looks to Reorganize With 'Significant' Job Cuts," May 4, 2020 via Skift, "Airbnb lays off 25% of staff, cuts back investment in hotels, transportation," May 5th, 2020 via phocuswire.com)

Last week, we featured a [story](#) detailing the measures being implemented by TripAdvisor to ride out COVID-19. Last week, both Expedia Group's [Trivago](#) and [Airbnb](#) announced their own versions of austerity measures. In addition to its 25 percent workforce reduction, Airbnb announced the temporary curtailment of Airbnb's transportation business and a reduction in investment in its hotels and luxury categories. What this might mean for hotels currently on Airbnb's platform (HotelTonight or otherwise) or Airbnb's ambitions of becoming a full-service travel platform remains murky.

Despegar May Cancel Planned Acquisition of Best Day

("Despegar May Drop Its Acquisition of Mexican Travel Agency Best Day as Crisis Takes Toll," May 4, 2020 via Skift Travel News)

Latin America's largest distributor, [Despegar](#), has suffered more than just furloughs and reduced investments at the hands of COVID-19. Despegar CFO, Alberto Lopez Gaffney, noted in last week's earnings call that the distributor had suffered a 95 percent drop in gross bookings (YOY) during the month of March and as a result was re-considering its previously

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announced acquisition of Mexico distributor, Best Day.

Vacation Rentals Face CMA Scrutiny

("Holiday-let companies under CMA review over Covid-19 refund policies," May 4, 2020 via MLEX Insight)

Never willing to let a complaint go to waste, last week, the U.K.'s Competition and Markets Authority (CMA) announced plans to investigate the refund policies of U.K. vacation rental platforms during the COVID-19 pandemic. The announcement comes after the regulator received hundreds of complaints detailing the cancellation and refund practices of the platforms. According to the CMA, four out of five contracts it reviewed contained language allowing only the accommodation provider to cancel a booking when the provider was unable to provide the contracted accommodation (but silent as to the consumer's rights under the same circumstances), which, according to the CMA, may violate the U.K.'s consumer protection laws. In a separate announcement, the CMA made clear its expectations on what U.K.'s consumer protection laws generally required with regard to cancellations and refunds; consumers should receive full cash refunds (and not vouchers for future events or stays) whenever the subject business cancels the contract without providing goods or services or is otherwise unable to provide the goods or services; or the consumer cancels the contract or is otherwise prevented from receiving the contracted goods or services.

Other news:

[Are the Views of the CEOs of Tripadvisor and Booking Holdings Sage or Stale for Travel Post-Pandemic?](#)

May 8, 2020 via Skift Travel News

After listening to the Tripadvisor and Booking Holdings first quarter earnings calls over the past few hours, it's striking that despite the world-changing disruption of the coronavirus pandemic, how the CEOs of these two major travel businesses similarly argue that the underlying dynamics of the travel industry will largely remain intact when travel snaps back.

[Booking Holdings Sees First Signs of Changing Traveler Behavior Brought on by Pandemic](#)

May 7, 2020 via Skift Travel News

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Will it be hotels or alternative accommodations that bounce back first? Booking Holdings officials said they see a shift toward alternative accommodations when travelers are booking stays at least two months in advance. But this trend won't necessarily stick over the long term.

[Coronavirus Might Hobble Sabre's Travel Tech Ambitions for Months](#)

May 8, 2020 via Skift Travel News

Recent stay-at-home orders have gutted the travel industry, which drives a majority of the revenue for technology company [Sabre](#). The Southlake, Texas-based company's software-processing revenue comes from helping travel companies sell and market products, process transactions, and manage operations. The coronavirus pandemic prompted a grisly decline in Sabre's net airline bookings, which declined by 23 percent in February and by 111 percent in March, due to cancellations overtaking new bookings.

[Farelogix Pushes Seat Distancing Tech for Airlines After the Sabre Merger Collapses](#)

May 4, 2020 via Skift

Slammed by the coronavirus pandemic and facing a bruising legal battle in the United Kingdom and the United States, on Friday, Sabre dropped plans to take control of airline software vendor [Farelogix](#), saving approximately \$300 million in much-needed cash after deal-related costs. But the death of the deal may leave Farelogix in a vulnerable position.