

Duff on Hospitality Law

OTA & Travel Distribution Update: Trip.com's first-quarter earnings release garners mixed reviews; Expedia Group pledges \$275 million to the travel industry's COVID-19 recovery efforts; Hotelbeds to add health and safety filter

By Greg Duff on 6.1.20 | Posted in OTA Update

This week's Update again features more stories than usual. With so many in the lodging industry using the current downturn as an opportunity to question "business as usual," we want to be as inclusive as possible. Enjoy.

Trip.com Offers Some Good News and Some Bad News

("Trip.com Group Highlights Signs of a China Travel Rebound Despite a Sobering Outlook," May 28, 2020 via Skift Travel News)

Trip.com's recent first-quarter earnings release offered a little something for everyone. The optimists will point to the reported increases in domestic travel within China and South Korea, and the unexpected strong performance in the luxury segment. The pessimists will point to Trip.com's dismal first-quarter earnings (operating loss of \$211 million compared to an operating profit of \$123.7 million a year earlier), projected \$153-\$181 million operating losses in the second quarter and the non-existent international travel market. Despite the daunting task ahead, Trip.com CEO, Jane Jie Sun remains optimistic and expects to continue the company's focus on domestic leisure travel in the near term.

Expedia Industry Pledge – Read the Fine Print

("Expedia Group pledges \$275M to coronavirus recovery, gives lodging partners "free" marketing," May 29, 2020 via phocuswire.com)

For those of you looking forward to your upcoming cash handout from Expedia, I hate to be the bearer of bad news. This past week, the Expedia Group announced plans to "dedicate" \$275 million to the travel industry's COVID-19 recovery efforts. Of the \$275 million, the bulk of the funds (\$250 million) has been earmarked for Expedia's lodging partners. For those properties that elect to participate in the "recovery" program, Expedia will provide marketing credits for use on the Expedia platform equal to 25 percent of the fees earned by Expedia during 2019 (up to a maximum of \$100,000). The marketing credits can then be used by the property during

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a three-month period of its choice. During the same period, Expedia will reduce the property's commissions on all new bookings during the period by 10 percent. Sound good? Of course it does, but...according to Expedia Group's president of Travel Group Partners, Cyril Ranque, properties desiring to participate in the program must meet certain eligibility requirements, which include providing Expedia competitive rates and competitive fenced deals. What these requirements mean practically remain to be seen, although history has shown that OTAs' demands for "fenced" rates or deals have frequently run afoul of the rate parity requirements of other large distribution partners. Bottom line here is to review the eligibility requirements carefully.

Hotelbeds to Add Health and Safety Filter

("Hotelbeds to launch 'Safe Stay' to support industry," May 26, 2020 via TravelDailyNews International)

In an effort to provide users of its platform the ability to identify properties (and other service providers) by their guest health and safety protocols and certifications, Hotelbeds has launched the "Stay Safe" program. The program features both a searchable filter category that consolidates and displays providers' protocols and a visible "badge" in its booking engine for those providers that have provided protocol and certification details. Like other provider information it receives, Hotelbeds does not appear to conduct any independent review of a provider's protocols or certifications to confirm the claimed status.

Other news:

OTAs Search for Silver Lining - Hotel Analyst

May 28, 2020 via Hotel News Resource

OTAs Expedia and [Booking.com](#) have cut teams, and each has drawn in more than \$3 billion USD to give them enough cashflow to survive the coronavirus shutdown. The cutbacks and cash calls come as Expedia is already into a restructuring, under new leadership. But for Booking, an adjustment to the effective halving of revenues has been more painful, with substantial divisional layoffs.

Expedia Shuts a Short-Term Rental Biz It Created From Two Acquisitions

May 26th, 2020 via Skift Travel News

As part of its reorganization efforts, Expedia Group is winding down its multi-family building short-term rental business that it began with the 2018 acquisitions of Pillow and ApartmentJet, Skift has learned. Expedia Group bought the two companies for approximately \$54 million, and

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combined them, along with some staff from its Vrbo subsidiary, to create Expedia Group Multi-family solutions.

[Trump's Social Media Executive Order Poses Threat to Airbnb, Tripadvisor, Google and Yelp](#)

May 29, 2020 via Skift

While President Trump's executive order, issued on Thursday, May 28, on "preventing online censorship" is widely viewed as targeted toward social media platforms like Twitter, Facebook, Instagram and YouTube, all of which were cited in the order, it could also pose an unintended threat to online travel and user review sites that are difficult to sue because of liability protections under a federal decency law.