

Duff on Hospitality Law

Online Travel Update: 2020 Year in Review

By Greg Duff on 1.8.21 | Posted in Online Travel Update

Happy New Year. Our inaugural 2021 Online Travel Update is below. In addition to sharing a new story about Expedia Group, we are once again providing a roundup of some of the major developments and trends that impacted the online travel industry in 2020, including how hotels and other industry members have responded and adapted in the face of the COVID-19 pandemic. Enjoy.

Largest OTAs Withdraw Forecasts for 2020 | March 2020

("Expedia Withdraws Full-Year Forecast Amid Coronavirus Spread," Bloomberg Quint - Stories on Mar 13, 2020)

On Friday, Expedia Group joined its cross-pond rival Booking Holdings in withdrawing its full-year earnings forecast. At the same time, Expedia updated its first quarter guidance stating that the negative impact of the coronavirus outbreak on its adjusted EBITDA would exceed the previously predicted \$30-\$40 million. Expedia's rival, Booking Holdings, withdrew its two-week old full-year earnings forecast on Monday.

Need A Place to Work During the Day? Try Your Local Vacant Hotel | April 2020

("Hotel rooms as workspaces? It's happening," Phocus Wire on Apr 3, 2020)

In the weeks and months prior to the COVID-19 outbreak, we featured a number of stories detailing hotels' efforts to leverage largely vacant public space within the hotels as co-working space (e.g. WeWork) and offer otherwise vacant hotels rooms to travelers seeking to book a room for less than the traditional 24-hour period (e.g. DayUse.com). Now with social distancing and quarantines putting a temporary stop to co-working and leaving hotel guest rooms largely vacant, hotels are combining their workplace and day-use efforts to offering their largely vacant hotel rooms as individual day workspaces. For those who are unable to work at home, a quiet hotel room with breakfast, fresh coffee and even possibly, a craft cocktail to end the day, even if only for a few hours, presents an interesting option. We've seen this phenomenon firsthand here in Seattle with rooms being used by both individuals seeking a quiet workspace and local companies seeking to establish regular workspaces for employees who are otherwise unable to work at home. Even short-term rental players like Sonder are now exploring this day-use alternative. As hotels continue to explore creative uses for their vacant facilities and dormant workforces, it will be interesting to watch which of these new uses become part of the permanent hospitality landscape following the COVID-19 pandemic.

Genting Announces New Health and Safety Protocols | April 2020

(“Genting implementing new health protocols for cruise ships,” Travel Weekly on Apr 8, 2020)

You may be wondering why we are featuring a story on a cruise company’s recently announced changes to its health protocols this week. The announcement caught our attention for a few reasons. First, the cruise industry has been one of the travel industry’s segments hardest hit by the coronavirus pandemic (if not economically, definitely on the PR front as COVID-19 has been added to the growing list of health-related concerns associated with cruising). Second, Genting is the parent company of several well-known cruise companies (Crystal Cruises), including two notable cruise companies that serve primarily Asian travelers (Dream Cruises and Star Cruises). Third, and most importantly, Genting is the first travel company we’ve seen to seize in such a public manner the opportunity (yes, opportunity) presented by the pandemic – specifically, to establish best-in-class standards and practices to keep guests safe and healthy. As the world rebounds from the pandemic, health and safety (at least for the foreseeable future) will be first and foremost on many travelers’ minds. By adopting these new standards, Genting is not only seeking to differentiate itself on this new basis, but is also encouraging other industry participants to make similar critical improvements. Implementing such a plan will not be easy – the legal issues alone associated with these changes (and implementing these changes successfully) will warrant great consideration – but we applaud the effort and will be watching how other industry suppliers respond.

Does the Loss of Talent Spell Trouble for the Travel Industry? | June 2020

(“Hospitality’s Devastating Loss of Talent Should Be Your Gain, Jun 22, 2020 via Skift Travel News)(subscription may be required)

While we don’t often include opinion pieces in our weekly Update, one article this past week caught my attention. The article, which begins with a detailed description of the many amazing professionals in the hospitality industry who have lost their jobs in the past weeks and months, encourages those outside the industry to consider hiring them. Having spent nearly 25 of my 26 years in legal practice working for clients in the hospitality industry, I can personally attest to the incredibly bright, talented, personable and, most importantly, passionate employees in the industry – at every level. Many of these employees live and breathe hospitality every day. Who wouldn’t want to hire them? Here’s my concern...Should industries outside hospitality take the author’s advice and begin hiring away these incredible people, what does that then mean for hospitality? Think about it. If the 2,100 employees recently terminated by Hilton all move to industries outside hospitality, what does that mean for Hilton? Travel will return. When it does, who is going to be there to give the shirts off their backs to the millions of people who travel each year?

Travel Marketers Beware: Apple’s Updated Privacy Practices May Be A Marketer’s Nightmare | September 2020

(“How Apple’s New Privacy Effort Will Impact Travel Marketing, Sep 3, 2020 via Skift Travel News) (subscription may be required)

While Apple announced late last week that it was likely postponing until early next year

previously announced changes to its privacy practices, the proposed changes nevertheless warrant attention by hoteliers and OTAs alike. The changes, which are part of Apple's campaign to provide users greater transparency and control over their data, require application developers to secure users' affirmative consent ("opt-in") before tracking their online practices. The changes further require developers to clearly disclose what data they will be collecting and with whom they will be sharing the data. Should iOS users decide against allowing applications to track their online behavior, hoteliers and OTAs (both of whom maintain branded applications and rely heavily on online marketing firms to place targeted ads in third-party applications) may soon have to find new (or even old) methods of reaching their guests.

DOJ Pursues Antitrust Claims Against Google | October 2020

("U.S. Antitrust Lawsuit Faults Google for Abusing Monopoly Power — What It Could Mean in Travel," October 20, 2020 via Skift Travel News) (subscription may be required)

We couldn't not include at least one story (or in this case, three) on the recent filing of antitrust claims by the U.S. Department of Justice against Google and the online travel industry's initial response to these claims. Also included in this week's Update is [Expedia's response](#) to the filing as told only to our own Seattle-based Geekwire.

Is "Fintech" the Key to the Online Travel Recovery? | November 2020

("Despegar Believes Financial Tech Will Hasten an Online Travel Recovery in Latin America," November 12, 2020 via Skift Travel News) (subscription may be required)

Speaking of online payments...Last week, Latin American distributor, Despegar, announced it had closed its acquisition of a majority interest in financial technology (aka "fintech") provider, Koin. Koin, like other similar online financial technology companies ([Uplift](#) and [Affirm](#)), provides consumers the opportunity to book and buy travel now, but pay in installments over time. According to Despegar, which has been offering the service to users for approximately a year, this new payment method will not only assist in getting people to travel again post pandemic, but will also shift current offline bookers of travel (approximately 60 percent of Latin travelers prior to the pandemic) to move their practices online. From what we've seen over the past few months, Despegar is not alone in its belief that fintech will play a critical role in the travel industry rebound post pandemic. We've worked with several clients to add these consumer financing options to their online payment method toolkit.

Hotels Caught in the Middle | November 2020

(Booking Holdings boss talks pressure on hotels and the private accommodation trend, November 20, 2020 via Phocus Wire)

In presentations last week at the RBC Global Technology, Media and Telecommunication Conference and PhocusWright Conference, Booking Holdings' President and CEO, Glenn Fogel, described the predicament that hotels may soon find themselves in as the COVID-19 pandemic begins to loosen its grip on travel. With the return of business travel assuredly lagging behind the return of leisure travel, hoteliers will be more focused than ever on attracting leisure travelers. At the same time, however, lodging alternatives (i.e., short-term or vacation rentals) continue to gain favor with leisure travelers and have made incredible inroads

on nearly all traditional distribution channels. Fogel reported that private accommodations represented 40 percent of new bookings on Booking's platforms during Q2 and 33 percent during Q3. According to Fogel, the increasing dilution of the accommodations market (and the resulting pressure on demand starved lodging suppliers), will bode well for third-party distributors like Booking.com in the post-pandemic period.

Airbnb IPO: It's All About Distribution, Stupid | November 2020

*(Airbnb Considers OTAs as Biggest Competitors, Not Hotels, November 18, 2020 via Skift)
(subscription may be required)*

In two separate stories last week, industry chroniclers *Skift* and *Phocuswire* reminded readers that while Airbnb may have revolutionized (and made mainstream) the short-term rental industry, Airbnb's IPO prospectus makes clear that Airbnb is first and foremost, a powerful global distribution platform. A few key points:

- 63 percent of Airbnb's 2019 revenue came from listings outside the United States (more than rival Expedia).
- Airbnb's brand recognition has allowed it to largely avoid costly middlemen (e.g., metasearch sites) and focus on direct bookings.
- Airbnb's guest retention rates appear higher than its distribution competitors, even without a costly loyalty program.
- Perhaps most telling, when listing its leading competitors in its prospectus, Airbnb doesn't begin with traditional lodging providers, but instead identifies online travel agents, search engines and metasearch sites.

Expedia Retrenches While Its Competitors Expand | December 2020

(Expedia scales back strategy on activities, December 21, 2020 via Phocus Wire)

Last week, Expedia announced plans to shutter its brick and mortar activities and attractions desks (Expedia Local Expert) in Hawaii and Orlando. The announcement follows a string of similar announcements by Expedia involving the closure or divestiture of other non-core business (e.g., Expedia Group Multifamily Solutions and SilverRail). The announcement provides further evidence of Expedia's execution against previously announced plans to re-focus on its critical core businesses. While Expedia and other platforms (including Airbnb) have used the pandemic as an opportunity to re-focus and re-trench, others such as Booking Holdings are using the pandemic as an opportunity to press forward on plans to expand and diversify their businesses (and in some instances, into the same areas now being abandoned by Expedia). Which strategy is right? Who's to say, but it should make for an interesting 2021 as these companies begin preparations for the anticipated return of leisure, business and ultimately, group travel in 2021.

Other news:

Video: Peter Kern On How COVID Gave Expedia Group “Courage”

December 29, 2020 via Phocus Wire

Speaking at his first Phocuswright Conference since assuming leadership of Expedia Group, CEO Peter Kern discussed the company's multi-brand strategy, Google and more. Kern says he sees the events of this year as “just a conflation of all kinds of issues that you couldn’t predict all happening at once.” In some ways, Kern says the COVID-19 crisis actually gave Expedia Group “courage” to address **structural issues** within the company and rebuild its core foundation technically.

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