Duff on Hospitality Law

Online Travel Update: Amazon expands India travel offerings; Sabre loses Expedia's North America business; flights drive most of Booking Holdings' quarterly success

By Greg Duff on 11.12.21 | Posted in Online Travel Update

Last week was earnings week for many of the public online travel companies, and we've included stories summarizing those releases for several of the largest – Expedia Group, Airbnb, Booking Holdings and Sabre. We've also included copies of the transcripts of last week's earnings calls for both Expedia and Booking. Enjoy.

Amazon Expands India Travel Offerings
("Amazon to Offer Travel in India via MakeMy Trip," November 3, 2021 via Phocus Wire)
Last week, Indian online travel agent, MakeMyTrip, and Amazon announced a new partnership through which MakeMyTrip's travel services will be made available to customers in India through the online retailer's website and mobile application. Customers purchasing travel services on the Amazon platforms will also be able to pay for their purchases via Amazon Pay. According to the press release, the travel services will be available for booking in the next few months. Readers of our Update will know that this isn't Amazon's first foray into travel services – virtual tours in September 2020 and domestic air tickets and bus passes in India in May and December 2019.

Changes Ahead at Sabre
("Sabre Loses a Chunk of Expedia's North America Business," November 2, 2021 via Skift Travel News) (subscription may be required)
While Sabre posted modest financial improvements in last week's earnings report (revenues up by 58 percent and losses reduced to $241 million), the loss of Expedia Group and its airline bookings garnered much of the attention. According to reports, Sabre was one of three GDS platforms that Expedia had used historically to source air content. In last week's earning call, Sabre CEO, Sean Menke, informed investors of the change. Sabre claims that the loss will have minimal financial impact on the company's earnings (and actually improved its average booking fee to $4.59) as much of Expedia's business was low margin. Sabre Vice President of Sabre Travel Solutions, David Shirk, intimated that another GDS announcement would be soon forthcoming as Expedia pursues a somewhat unorthodox single source (single GDS) strategy.

Flights Drive Much of Booking Holdings' Quarterly Success

("Booking Holdings Sees Hotels Bouncing Back in Europe," November 3, 2021 via Skift Travel News) (subscription may be required)

Highlights from this past week's Booking Holdings' earnings release include:

- Third quarter revenue ($4.7 billion) increased approximately 77 percent over second quarter revenue.
- Third quarter net income ($769 million) was down, though the decrease was largely attributable to gains (second quarter) and losses (third quarter) in Booking Holdings' stock holdings.
- Two thirds of room night booked in the third quarter were through mobile devices, and the majority of those mobile bookings were through the companies' mobile apps.
- Alternative accommodations accounted for roughly 30 percent of Booking Holdings' third quarter room night bookings.
- Approximately one third of Booking Holdings' gross bookings in the third quarter were processed through its payment platform (compared to 22 percent in fiscal year 2020).
- Flights paid a big part of Booking Holdings' third quarter success. Flights booked through Booking Holdings' channels (largely Priceline.com and Booking.com) were 131 percent higher than the same quarter in 2019 (pre-pandemic). For Booking.com (which only began offering flights in 2019), it sees a huge opportunity in transitioning these flight customers (many of which are new to the channel) into repeat travel customers through its mobile application, loyalty program, etc. Can packages (and package room rates) be far behind?

Other news:

Airbnb Q3 Revenue Tops $2.2 Billion in Record Quarter

November 4, 2021 via Phocus Wire

For the third quarter of 2021, Airbnb also reported its most profitable quarter ever with net income reaching $834 million.

On the Beach Says Ryanair 'Wants to Eliminate' Online Travel Agents

November 4, 2021 via Travel Weekly (UK) – News

News On the Beach has accused Ryanair of a "concerted smear campaign of false allegations" and breaching the Competition Act, claiming the carrier "wants to eliminate" online travel agents (OTAs) "as a source of competition."

Expedia Group Nearly Matches 2019 Profit Levels in Q3 2021

November 4, 2021 via Phocus Wire

In what may be one of the clearest signs yet that the travel industry is emerging from the dark days of the COVID-19 pandemic, Expedia Group is reporting figures for net income and adjusted EBITDA for the third quarter of this year that nearly match the figures from the same quarter in 2019 – when the industry was untouched by coronavirus.

Cendyn, Pegasus Merge to Help Hoteliers Boost Direct Bookings

November 2, 2021 via Phocus Wire

Two hospitality technology companies are merging in a bid to offer a more comprehensive, integrated solution for hotels looking to drive direct bookings and optimize the guest experience.

Hawaiian Airlines to Levy GDS Surcharge

November 1, 2021 via Travel Weekly

On April 1, Hawaiian Airlines plans to begin levying a surcharge on U.S. bookings made via legacy GDS technology, a move that will make it the first U.S. carrier to impose a GDS surcharge.