Duff on Hospitality Law

Online Travel Update: OTAs' Loyalty Ambitions Continue to Evolve

By Greg Duff on 1.13.23 | Posted in Online Travel Update

Our weekly Online Travel Update for the week ending January 13, 2023, is below. This week's Update features an interesting update on OTAs' current loyalty programs and future ambitions and the recent (somewhat concerning) comments of Booking.com's CFO regarding Booking.com's ambitious plans for its payment platform. Enjoy

- **OTAs' Loyalty Ambitions Continue to Evolve**. *PhocusWire* featured this past week an interesting story on the evolving loyalty ambitions of the major distribution platforms – Expedia, Booking.com, Hopper and Airbnb (interesting to note that Agoda/Priceline, Trip.com or other large platforms did not make the cut). Highlights from the article include (1) Expedia's upcoming rollout of its new combined loyalty program, One Key, which will reward members with both upfront immediate discounts as well as loyalty program accruals that can be used for future bookings (including VRBO), (2) the anticipated cooperation among Booking.com's existing loyalty program (Genius), its Rewards & Wallet program and its new payments platform to provide members both upfront discounts (up to 20% now and maybe larger in the future) and loyalty program accruals and (3) Hooper's and Airbnb's alternative approach to building brand loyalty via gamification (Hopper) and alternative service programs (Airbnb's Aircover) without a traditional membership program.
- **The Future of Booking.com's Payments Platform?** The recent comments of Booking Holdings' CFO, David Goulden, which were featured last week in Dennis Schaal's weekly Online Travel Briefing for *Skift*, sent minor tremors through the hotel industry. In his comments, Goulden blamed the slowing growth of Booking.com (in the years leading up to the pandemic) on its over reliance on the agency model (i.e., hotel collect model). Now, with Booking.com's rollout of its payments platform (and its new merchant role), things may be changing at Booking.com. According to Gould, the payments platform will allow Booking.com to better merchandise its products and services through various newly available "levers." More specifically, with regard to hotel rates, Gould noted that "we [Booking.com] relied entirely upon what we got from our property partners to give us great rate because its still primarily what we do, but we couldn't participate in those more targeting pricing promotional activities, and now we can." What should suppliers anticipate for 2023? Rate discounts? Instant credits or rebates? Armed with recent

(favorable) changes and clarifications in EU competition law, Booking.com is well poised to take advantage of any or all of these opportunities.

Have a great week everyone.

Trip.com Group sees surge in mainland China travel bookings boosted by Lunar New Year demand
January 13, 2023 via Markets Insider
SINGAPORE Jan. 13, 2023 /PRNewswire/ -- Trip.com Group, the leading global travel service provider, has seen mainland Chinese demand for travel continue to surge in the run-up to the Lunar New Year holiday season. This comes after the decision last month by mainland China to officially abolish all quarantine restrictions ...

Tracking the loyalty strategies of online travel giants
January 12, 2023 via PhocusWire
Building loyalty in travel has been a hair-puller for the industry since the early days of the internet. Travel being an infrequent activity combined with consumers' high price sensitivity, further amplified by the OTAs' self-inflicted harm of focusing their communications mostly on low prices, seemed to be insurmountable hurdles to ...

Fliggy adds tours and activities via Globaltix partnership
January 12, 2023 via PhocusWire
Fliggy, the online travel platform owned by Alibaba, has formed a partnership with tours and activities distribution specialist GlobalTix. The deal integrates GlobalTix's marketplace of experiences, including attractions and tours across 40 countries into Fliggy. Through the partnership, Chinese travelers will be able to research and book tours and activities ...

DER Touristik in advanced talks to take over rival FTI - Handelsblatt
January 12, 2023 via Reuters
BERLIN, Jan 12 (Reuters) - Germany's tour operator DER Touristik, a unit of retail group REWE, is in advanced negotiations regarding a takeover of Munich-based rival FTI, daily Handelsblatt reported on Thursday citing people familiar with the transaction. A precondition for the deal would be a massive cut of FTI's ...

Booking Holdings Business Model Was Slowing Things Down Pre-Covid
January 11, 2023 via Skift Travel News
Skift Take Payments, flights and short-term rentals are paying off so far for Booking as part of its connected trip strategy. That's true even if there are doubts about travelers wanting to book their entire trip on one platform. Dennis Schaal Dennis' Online Travel Briefing Editor's Note: Every Wednesday, Executive ...