

Duff on Hospitality Law

## **Online Travel Update: California Tackles Hidden Fees, Hopper's Supplier Shift, and Booking.com's Advertising Strategy**

By Greg Duff on 10.18.23 | Posted in Online Travel Update

Resort fees garnered most of the industry's headlines this past week as California's governor signed legislation prohibiting hidden fees and the Federal Trade Commission finally released its proposed federal trade regulation – "Rule on Unfair or Deceptive Fees." The good news is that both laws appear to apply equally to suppliers and third party distribution platforms.

Highlights:

- **Hopper Terminates Its Supplier Contract with Booking.com.** As noted briefly in last week's Update, Hopper has indeed terminated its supplier agreement with Booking Holdings. In an effort to avoid the public fallout (including demands by several of its B2B customers) that occurred following Expedia's termination of its supplier agreement with Hopper, Hopper elected to strike first and terminate before Booking could do so. Until *Skift* broke news of the Booking contract's termination, most were unaware that Hopper had such a contract. Days following the Booking contract's termination, Hopper announced its widespread layoffs, which according to recent reports, resulted in the complete shuttering of Hopper's home rental offering and the loss of Hopper's entire B2C team in APAC. With these recent changes, Hopper's ability to secure and maintain direct supplier relationships will be critical to its long term success.
- **The True Value of Paid Search Advertising – At Least According to Booking.com.** And we thought the OTA giant was seeking to move away from paid search advertising. Think again. In testimony at the ongoing anti-trust trial against Google, Booking.com Senior Vice President and Chief Marketing Officer, Arjan Dijk, stated that the platform could not stay in business but for the traffic it receives from display advertising on the search engine. When asked about the relationship between Google and Booking.com, Dijk noted that the relationship is completely one-sided, characterizing the relationship as a benevolent dictatorship.

- **California Prohibits Hidden Fees.** As we [reported](#) a few weeks ago, California governor Gavin Newsom had options when considering how best to address so-called junk fees. Of the two options awaiting signature – one focused on the hospitality industry and the other drafted more broadly to apply to any industry that features advertised or displayed pricing - the governor chose the broader option. Effective July 1, 2024, the newly signed legislation prohibits the display of a price that does not include all mandatory fees and charges (excluding shipping charges and government imposed charges). Note that the legislation does not require that the total price be the most prominently displayed – like other standards. Under the California legislation, all advertised prices must reflect the “total” price. The legislation applies equally to suppliers and their OTA counterparts and will require “total” pricing both for hotels located in California (regardless of whom might see the listing) and for hotels located outside California whose listings will be shown to California residents.

Have a great week everyone. For those of you attending next week’s hospitality law event in Washington D.C., I hope to see you there.

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#### **Hopper’s APAC B2C team axed amid cuts of 250 jobs**

*October 13, 2023 via WIT*

In his LinkedIn post, Wang, who said this was the first layoff in his career, said, “I have had the amazing privilege of trailblazing Hopper business into APAC, where we were actively operating the Hopper App in up to six countries at peak and has won about five Hopper Cloud deals together with a bunch on the way, leading the growth velocity across Hopper’s international expansion.”

#### **Exec Says Booking.com Needs Google Search To Stay Alive**

*October 12, 2023 via Law 360*

An executive for Booking.com told a D. C. federal court Wednesday the travel site would not be able to stay in business without the traffic it gets from Google search ads, supporting the government's allegations that Google monopolizes the ...

#### **Meta, Microsoft, AWS: Big Tech Reveals Travel-Related AI Projects**

*October 12, 2023 via Skift Travel News*

As the big tech companies reveal what they've been working on in travel, it raises questions about the longevity of small companies that have been working on similar projects. The first generative AI chatbot was released almost a year ago, and there’s been a lot of talk since ...

### **Biden Continues Pressure on 'Junk Fees,' FTC Proposes New Rule**

*October 11, 2023 via Skift*

The White House has increasingly called out the travel industry for the proliferation of junk fees and now, it has a plan to get rid of the charges that travelers frequently encounter. Rashaad Jordan Share The Biden administration took another step to combat so-called junk fees. The Federal ...

### **Spotnana Connects with Southwest API for Content, Servicing Capabilities**

*October 11, 2023 via Business Travel News*

Southwest Airlines has partnered with Spotnana for a "deep integration" into its platform, making full content and servicing available via Spotnana, the companies announced. The companies expect the integration to go live by the end of this month. The integration connects Spotnana to the Southwest Partner Services API, which provides ...

### **Sabre investigation finds no security concerns from alleged ransomware attack**

*October 10, 2023 via Phocus Wire*

Despite allegations from a ransomware group that it stole sensitive personal information from Sabre, the company said it has found no evidence that customer data has been compromised.

### **What you see is what you'll pay: New law bans 'junk' fees on hotel bills, concert tickets, etc.**

*October 9, 2023 via LA Times*

Californians can soon say goodbye to so-called junk fees, those startling charges that appear in a transaction only when a customer is about to hit "purchase." You know the ones: A hotel bill that ends with a vague "resort fee." Or those concert tickets that double in price once it's ...

### **Booking chief hits out at Brussels for blocking €1.6bn Etraveli deal**

*October 7, 2023 via Financial Times*

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### **Exclusive: Hopper Terminates Booking.com Partnership in Preemptive Strike**

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*October 6, 2023 via Skift*

Hopper is in a much deeper state of hurt than it is letting on. It has a trimmed down vision to focus on direct hotel relationships after two of the biggest online travel agencies in the world departed as partners. Dennis Schaal Share Fearing another Expedia-like breakup, Hopper ...