

Duff on Hospitality Law

OTA & Travel Distribution Update - Jan. 27th, 2017

By Greg Duff on 2.10.17 | Posted in OTA Update

This week's OTA & Travel Distribution Update for the week ending January 27, 2017 is below. Not a lot of news to report this week; surprisingly little came out of this past week's Americas Lodging Investment Summit (ALIS) in Los Angeles.

- **Rumor Has It [SHORT-TERM RENTALS].** "Sources" reported this past week that short-term rental giant, Airbnb, finally turned a profit during 2016 and expects to remain profitable throughout 2017. According to the report, Airbnb grew 80% this past year and still holds on its balance sheet nearly all of the \$3+ billion it raised from investors. Will 2017 finally be the year when Airbnb goes public?
- **Increased Advertising Squeezing OTAs? [OTA].** Google's continued impressive revenue growth (+24% in 4Q2016) has suggested to some that OTAs (and other online advertisers generally) could face a challenging economic future. According to a report issued last week by Skift, absent improved returns on their advertising or other possible operating efficiencies, large OTAs' massive advertising investments likely outpace revenue growth and could lead to reduced margins. Additional details about this possible phenomenon are expected to be available when the largest OTAs release their 2016 fourth quarter earnings reports in February (Expedia – February 8, Priceline – February 15).

Airbnb turns a profit for the first time

Airbnb, the most highly valued graduate of Mountain View's Y Combinator accelerator, has turned a profit for the first time, with a source saying this week that it became profitable in the second half of 2016 and is expected to stay that way through the next year. CNET reports that

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Biz Journal - Bankruptcy News on Jan 27, 2017

Google Earnings Show Booking Sites Face Ongoing Advertising Headwinds

Google continues to churn out strong revenue growth numbers despite its massive size. There was little direct mention of travel on Google's earnings call, but a few metrics give us insights into likely online travel agency earnings season and the broader online travel ecosystem. -

Jared Wein

Skift Travel News on Jan 27, 2017