

Duff on Hospitality Law

OTA & Travel Distribution Update - June 2nd, 2017

By Greg Duff on 6.9.17 | Posted in OTA Update

This week's client OTA & Travel Distribution Update for the week ending June 2, 2017 is below. A short update this week...

- **Expedia Defends (Again) Billboard Effect [OTA].** In the latest salvo regarding the existence of the so-called "billboard effect," Expedia's Melissa Maher shared last week the results of what Melissa claims is the latest in a string of studies to show that the billboard effect is real. This latest report authored by Cornell's, Chris Anderson, contradicts a report sponsored, in part, by AHLA and released in 2015, which claimed that the billboard effect was largely dead. While this latest report acknowledges that the effect may be less significant, the report relies heavily on the underlying study's central finding that 65% of travelers who book directly with a major hotel brand visited one or more OTA sites prior to booking. Further, over 30% of direct bookers began their hotel search with an OTA. A complete copy of the study is available in the linked article below.

[Latest Thoughts on the Billboard Effect](#)

Tnooz, June 1, 2017

Consumer engagement trends continue to evolve, in turn changing how travelers interact with online resources during the path to purchase. For hoteliers, this has made it difficult to determine which sales and marketing efforts lead to demand.

- **Add Japan to List of Countries Prohibiting Rate Parity? [OTA/PARITY].** Japan's Fair Trade Commission (JFTC) announced last week that it was dropping its anti-trust investigation into Amazon Japan in response to Amazon's commitment to remove price and selection parity clauses from its supplier contracts. These clauses, which prohibit suppliers from offering lower prices on competing retailer platforms and sometimes require suppliers to provide Amazon the same or better selection of merchandise, are similar to the rate and availability parity provisions found in most large OTA agreements. Although the JFTC stopped short of extending its rationale to parity or MFN provisions found in the lodging industry, the concerns that led to JFTC's investigation and the ultimate resolution of the investigation have similar application. With a little assistance

from Japanese hoteliers (or their relevant associations), the JFTC may be primed to demand concessions similar to those offered by Amazon Japan from large OTAs operating in Japan.

Amazon Japan's Removal of MFN Clauses Ends JFTC Antitrust Probe

MLex Market Insight, Jun 1, 2017

Japan's competition watchdog announced that it will drop its antitrust investigation of Amazon Japan after the company vowed to strip price and selection parity clauses out of its contracts with third-party vendors.