

Hotel booking market sees little market entry and price differentiation, EU study says

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By [Lewis Crofts](#)

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Revealing a study into the sector (see [here](#)), it said differences in prices and availability for hotel rooms had decreased across booking platforms.

The commission was tight-lipped on the consequences of today's findings, saying only they would be taking into account for the "ongoing monitoring and enforcement work in the hotel accommodation distribution sector."

The study comes after years of scrutiny by competition authorities and legislators across Europe. They pursued concerns that companies such as HRS, Booking.com and Expedia were using contractual clauses with hotels to dampen competition.

The flurry of interventions highlighted shortcomings in regulatory cooperation as different countries arrived at different solutions to the perceived problem. In the wake of that, the commission tried to improve cooperation mechanisms and also ordered a study into how competition has developed.

The conclusions reveal a stable market in terms of players and commission rates. But there are practices by both online travel agents (OTA) and hotels that appear to have caught the eye of regulators.

"The level of room price and room availability differentiation applied by hotels both between different OTAs and between the hotels' own websites and OTAs appears to have decreased," the commission said.

"It appears that some OTAs use commercial measures, such as improved/reduced visibility on the OTA website, to incentivize hotels to give them the best room prices and conditions."

Yet, while there are differences across Europe and via different sales channels, the commission said: "There appear to be no significant differences in the conditions of OTA competition."

In their investigations, most antitrust authorities focused their attention on removing very broad pricing clauses that created an industry-wide price floor and harmed competition. Yet, they allowed narrower "best price" clauses that ensured online travel agents weren't just exploited as search engines without converting any business.

Some countries introduced their own laws banning all kinds of price-parity clauses. Today, the commission said such prohibitions introduced in Austria and Belgium "do not appear to have led to material changes in hotel distribution practices, relative to the other member states covered by the study."

While antitrust enforcement mushroomed in the hotel booking sector in the last decade, the commission seems to be pointing to new regulatory avenues to indicate where future changes may come.

It noted that the new Digital Markets Act, due to come into force later this year, stop large platforms from "using wide or narrow retail parity clauses or equivalent commercial measures."

For such prohibitions to apply, the commission first would have to designate a provider as a gatekeeper and this process will only start six months after the new law comes into force.

Booking.com has said during negotiations on the DMA that it would not qualify as a gatekeeper, either under the legislation's criteria and as a matter of principle.

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