

Price competi- tion between hotel-booking portals

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DANISH COMPETITION AND CONSUMER AUTHORITY

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The Danish Competition and Consumer Authority (DCCA) has made a random survey of the prices offered on the three large reservation platforms, booking.com, hotels.com and hrs.com.

The survey shows that the narrow parity clause implemented in the agreements between the reservation platforms and the hotels, including hotels in Denmark, about a year ago seems to have had an effect.

The implementation of the narrow parity clause caused the DCCA to stop further investigations and to join the standstill period agreed between the European Commission and the national competition authorities.

Instead it was decided to make a random survey to see if the changed parity clause has had any effect at all. During a period of two months, the DCCA has carried out the survey through daily netscraping from the sites of the three platforms, collecting prices of a specific type of room at 12 different hotels.

The result of this netscraping survey shows that four hotels charge the same price on all three platforms, two hotels have almost the same price, but the remaining 6 hotels have different prices on one or more platforms during most of the period.

The rooms and hotels covered by the survey were chosen from the following criteria:

- » A representative segment of Danish hotels, meaning that the hotels are a mix of large, medium sized and small hotels, and a mix of hotels located in the metropolitan area and the provinces.
- » Totally comparable rooms (e.g. standard double room with breakfast and free cancellation).
- » The chosen and comparable rooms at the 12 hotels appear on all three platforms (booking.com, hotels.com and hrs.com).

Data have been collected once a day, searching the price of a one-night stay from June 29 to June 30 for two adults at the chosen rooms.

Table 1.1 **Observations**

| Hotel | Number of days (observations) | Number of days with identical prices on all three platforms | Number of days with price variance on one platform | Number of days with unique prices on all three platforms |
|---------------------|-------------------------------|---|--|--|
| Hotel 1, Copenhagen | 61 | 1 | 59 | 1 |
| Hotel 2, Aarhus | 61 | - | 53 | 8 |
| Hotel 3, Copenhagen | 61 | 61 | - | - |
| Hotel 4, Aalborg | 24 | - | - | 24 |
| Hotel 5, Copenhagen | 61 | 51 | 9 | 1 |
| Hotel 6, Aalborg | 61 | 5 | - | 56 |
| Hotel 7, Copenhagen | 61 | 61 | - | - |

| | | | | |
|-------------------------|----|----|----|----|
| Hotel 8, Aarhus | 61 | - | 60 | 1 |
| Hotel 9, Aalborg | 61 | 61 | - | - |
| Hotel 10, Odense | 61 | - | - | 61 |
| Hotel 11, South Jutland | 61 | - | 61 | - |
| Hotel 12, North Zealand | 61 | - | - | 61 |

Source: Danish Competition and Consumer Authority

The price variance for two hotels is negligible and ought to be grouped with the four hotels having identical prices on the three platforms. As for the remaining six hotels the prices vary between DKR 16 and DKR 346, cf. table 1.2.

Table 1.2 Prices

| Hotel | Average room price (all portals and over time) | Average deviation from maximum to minimum in DKR | Average deviation from maximum to minimum in percentage |
|-------------------------|---|--|---|
| Hotel 1, Copenhagen | 1.295,1 | 0,10 | 0,01% |
| Hotel 2, Aarhus | 898,1 | 0,20 | 0,02 % |
| Hotel 3, Copenhagen | 1.977,7 | - | 0,00 % |
| Hotel 4, Aalborg | 1.908,4 | 129,36 | 7,22 % |
| Hotel 5, Copenhagen | 1.366,3 | 16,39 | 1,15 % |
| Hotel 6, Aalborg | 1.400,4 | 151,02 | 11,48 % |
| Hotel 7, Copenhagen | 1.242,5 | - | 0,00 % |
| Hotel 8, Aarhus | 1.228,5 | 100,00 | 8,37 % |
| Hotel 9, Aalborg | 1.225,0 | - | 0,00 % |
| Hotel 10, Odense | 1.117,6 | 151,56 | 14,93 % |
| Hotel 11, South Jutland | 1.386,9 | 186,21 | 15,97 % |
| Hotel 12, North Zealand | 1.237,3 | 346,38 | 33,23 % |

Source: Danish Competition and Consumer Authority

In the opinion of the DCCA, the result of the survey indicates that the commitments offered and implemented by the reservation platforms have actually worked, as the broad parity clause, which was earlier used in the contracts between reservation platforms and hotels, would have prevented any price variation on the platforms.

The DCCA intends to continue having focus on this market and on the future effects of the narrow parity clause.