



Market study on the distribution of hotel accommodation in the EU COMP/2020/OP/002

Final Report

Prepared by



Competition

EUROPEAN COMMISSION

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**Market study on the distribution of
hotel accommodation in the EU
COMP/2020/OP/002**

Final report

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Luxembourg: Publications Office of the European Union, 2022

Catalogue number: KD-07-22-783-EN-N

ISBN: 978-92-76-56974-9

DOI: 10.2763/264575

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Abstract

This study provides the European Commission (Directorate-General for Competition) with up-to-date facts on the sale and marketing of hotel accommodation in the EU, including on changes that have occurred in the period 2017-2021 and the impact of national laws prohibiting the use of parity clauses by hotel booking platforms. The study covers the sales and marketing practices of independent hotels, hotel chains, Online Travel Agents ('OTAs') and metasearch/price comparison websites ('PCWs') in six EU Member States¹.

Based on information gathered from stakeholders and a review of relevant literature, the study addresses four research questions. First, the study presents the key features of hotel distribution practices, focusing on indicators such as the relative size and costs of sales channels; the commercial relationships between OTAs, PCWs and hotels; offer differentiation between sales channels, and OTA commission rates. Second, the study provides an analysis of differences in distribution practices between the study countries, as well as possible reasons for these. Third, the study analyses changes that have occurred in the period since the European Competition Network carried out a monitoring exercise in the hotel sector in 2016. Fourth, the study examines the impact of laws adopted by Austria and Belgium prohibiting the use of OTA parity clauses.

Finally, in view of the exceptional context in which the study has been conducted, it also addresses the impact of the Covid-19 pandemic on hotel distribution arrangements.

¹ Austria, Belgium, Cyprus, Poland, Spain and Sweden

Résumé

Cette étude fournit à la Commission européenne (Direction générale de la concurrence) un bilan factuel des pratiques de commercialisation des hébergements hôteliers dans l'UE, y compris les changements intervenus au cours de la période 2017-2021 et l'impact des lois nationales interdisant l'utilisation de clauses de parité par les plateformes de réservation hôtelière. L'étude porte sur les pratiques de commercialisation des hôtels indépendants, des chaînes hôtelières, des agences de voyages en ligne ("OTA") et des métamoteurs de recherche/comparateurs de prix ("PCW") dans six États membres de l'UE².

Sur la base des informations recueillies auprès des acteurs du secteur et d'un examen de la littérature pertinente, l'étude aborde quatre questions de recherche. Premièrement, elle présente les principales caractéristiques de l'activité de commercialisation des chambres d'hôtel, en se focalisant sur des indicateurs tels que l'importance et les coûts relatifs des canaux de vente, les relations commerciales entre les OTA, les PCW et les hôtels, la différenciation des offres entre les canaux de vente, et les taux de commission des OTA. Deuxièmement, l'étude fournit une analyse des différences dans les pratiques de distribution entre les pays étudiés, ainsi que des raisons possibles de ces différences. Troisièmement, l'étude analyse les changements intervenus depuis la réalisation en 2016 d'un exercice de surveillance dans ce secteur par le Réseau européen de la concurrence. Quatrièmement, l'étude examine l'impact des lois adoptées par l'Autriche et la Belgique interdisant l'utilisation des clauses de parité par les OTA.

Enfin, compte tenu du contexte exceptionnel dans lequel l'étude a été réalisée, elle aborde également l'impact de la pandémie de Covid-19 sur les pratiques de distribution dans le secteur de l'hôtellerie.

² Autriche, Belgique, Chypre, Pologne, Espagne et Suède

Abstrakt

Diese Studie liefert der Europäischen Kommission (Generaldirektion Wettbewerb) aktuelle Fakten über den Verkauf und die Vermarktung von Hotelunterkünften in der EU. Dazu gehören auch Veränderungen im Zeitraum 2017-2021 und die Auswirkungen der nationalen Gesetze, die die Verwendung von Paritätsklauseln durch Hotelbuchungsplattformen verbieten. Die Studie befasst sich mit den Verkaufs- und Marketingpraktiken von unabhängigen Hotels, Hotelketten, Online Travel Agents ("OTAs") und Metasuch-/Preisvergleichs-Websites ("PCWs") in sechs EU-Mitgliedstaaten.³

Auf der Grundlage der von den Beteiligten gesammelten Informationen und einer Überprüfung der einschlägigen Literatur geht die Studie auf vier Forschungsfragen ein. Erstens stellt die Studie die wichtigsten Merkmale der Hotelvertriebspraktiken vor. Der Schwerpunkt liegt dabei auf Indikatoren wie der relativen Größe und den Kosten der Vertriebskanäle, den Geschäftsbeziehungen zwischen OTAs, PCWs und Hotels, der Angebotsdifferenzierung zwischen den Vertriebskanälen und den OTA-Provisionssätzen. Zweitens bietet die Studie eine Analyse der Unterschiede in den Vertriebspraktiken zwischen den untersuchten Ländern sowie der möglichen Gründe dafür. Drittens analysiert die Studie die Veränderungen, die eingetreten sind, seit das European Competition Network 2016 ein Überwachungsverfahren im Hotelsektor durchgeführt hat. Viertens untersucht die Studie die Auswirkungen der von Österreich und Belgien verabschiedeten Gesetze, die die Verwendung von OTA-Paritätsklauseln verbieten.

Schließlich werden angesichts des außergewöhnlichen Kontextes, in dem die Studie durchgeführt wurde, auch die Auswirkungen der Covid-19-Pandemie auf die Hotelvertriebsvereinbarungen behandelt.

³ Österreich, Belgien, Zypern, Polen, Spanien und Schweden

Executive summary

Objective of the study

This study provides the European Commission (Directorate-General for Competition) with up-to-date facts on the distribution of hotel accommodation in the EU, including on any changes that have occurred since the Monitoring Exercise conducted by the European Competition Network in this sector in 2016, as well as any changes resulting from national laws prohibiting the use of parity clauses by hotel booking platforms.

The study focuses on the following research questions:

1. How is hotel accommodation distributed in the EU Member States covered by the study?
2. Do distribution arrangements differ between these EU Member States? If so, what are the reasons for such differences?
3. Have hotel distribution arrangements changed relative to the findings of the Monitoring Exercise carried out in 2016 by the European Competition Network (ECN)? If so, what are the reasons for such changes?
4. Has the adoption of laws prohibiting hotel booking platform parity clauses led to changes in distribution arrangements in the Member States concerned?

The study covers six EU Member States, namely Austria, Belgium, Cyprus, Poland, Spain and Sweden over the period January 2017 to May 2021 inclusive. It focuses on the sales and marketing practices of the following categories of stakeholders: independent hotels, hotel chains, Online Travel Agents ('OTAs') and metasearch/price comparison websites.

Main features of hotel distribution

Hotels sell their accommodation through online and offline channels, which can be further divided into direct channels (hotel website, telephone and walk-in) and indirect channels (OTAs, brick and mortar travel agents, bed wholesalers). There are significant differences between independent hotels and hotel chains as regards how they distribute their accommodation.⁴

Use of OTAs by independent hotels

While direct bookings (online and offline) still account for the highest share of independent hotels' sales (48%), OTAs account for 44% of sales. Micro and small hotels (measured by the number of employees) make a higher share of their sales through OTAs than medium-sized hotels.

The majority of independent hotels (72%) use more than one OTA. The four main OTAs used by independent hotels in the six study countries are Booking.com, Expedia, HRS and Airbnb.

A large majority of independent hotels (80%) consider that using OTAs increases their total volume of bookings. Moreover, 63% of independent hotels consider that using OTAs also increases the volume of bookings on their direct sales channels.

Use of OTAs by hotel chains

Hotel chains generally use the same range of sales channels as independent hotels, however they sell a smaller share of their rooms through OTAs (24%).

⁴ Unless specified otherwise, all data referred to in this summary relates to 2021.

[redacted]⁵ of the hotel chains that participated in the study consider that using OTAs increases their total volume of bookings. These chains expressed mixed views about the effect of using OTAs on bookings on their direct sales channels. The other hotel chains that participated in the study consider that using OTAs does not increase their total volume of bookings, but rather “cannibalises” bookings from their direct sales channels.

OTA commission rates and hotels’ other sales and marketing costs

The study distinguishes between ‘basic’ OTA commission rates, that is the commission paid by a hotel to be listed on an OTA and ‘effective’ OTA commission rates, that is the ‘real’ rate of commission paid by hotels, taking into account optional additional commissions paid by hotels to obtain extra services (for example, improved visibility on the OTA’s website).

The average basic commission rate reported by OTAs for the six study countries was [10-20]%⁶ (compared with [10-20]% for the EU as a whole). Independent hotels reported paying an average basic commission rate of [10-20]%. Independent hotels that choose to pay extra commission to obtain additional services from OTAs reported paying an average effective commission rate of [10-20]%.

The basic and effective OTA commission rates reported by hotel chains proved to be difficult to compare, due to differences in reporting methods. Nonetheless, the participating chains reported paying basic commission rates that were on average lower than the basic rates reported by independent hotels (approximately [10-20]%) and most of the chains reported that the effective rates charged by [OTAs]⁷ are approximately [0-10] percentage points higher than their basic rates.

The study has shown that it is difficult to compare the costs of the different sales channels, not least because not every sales channel has a cost element that can be directly attributed to each room sold. Whereas the OTA’s commission can be identified as the cost of generating a booking via an OTA, there is no direct cost to the hotel when it sells a room to a wholesaler at a reduced price. This also applies to hotel marketing expenses: marketing expenditure may translate into better visibility and traffic on the hotel’s website, but there may be no direct link between that expenditure and individual room sales.

Use of metasearch engines by hotels and hotel chains

41% of independent hotels and all hotel chains use metasearch engines to advertise their accommodation. These hotels mention TripAdvisor and Trivago as the most commonly used metasearch websites. However, the literature review indicates that in 2019 Google Hotel Ads was used by 59.8% of hotels, while Trivago and Tripadvisor were used by 54.2% and 50.8% respectively. The survey responses from hotel chains and OTAs also point to the growing importance of Google Hotel Ads. This study therefore finds that the share of independent hotels that advertise on metasearch websites has increased, and that Google Hotel Ads has become the leading metasearch website for hotels, followed by Tripadvisor, Trivago and Kayak.

Metasearch operators report that more than [redacted]%⁸ of their hotel-related revenue is derived from OTAs and less than [redacted]% is derived from hotels directly.

Room price and room availability differentiation between sales channels

More than 50% of independent hotels price-differentiate between sales channels. Offering lower prices on the hotel website relative to the prices offered on OTAs is the most common form of price differentiation (31% of hotels). This is followed by price differentiation in favour of the hotel’s direct offline channels relative to OTAs (24% of hotels) and price differentiation

⁵ Redacted to protect commercially sensitive information

⁶ Redacted to protect commercially sensitive information

⁷ Redacted to protect commercially sensitive information

⁸ Redacted to protect commercially sensitive information

between OTAs (9% of hotels). As regards differentiating between sales channels for room types and room availability, only 38% of independent hotels do this.

Hotel chains stated that they generally do not differentiate the prices or room availability they offer between sales channels, though in some cases they allow their member hotels some discretion on this.

Customer loyalty schemes

Hotel chains and OTAs operate customer loyalty schemes. Hotel chains stated that they offer room price discounts of 5%-10% to customers that join these schemes, and that these discounted prices are generally excluded from the scope of OTA parity clauses. Hotel chains said that the share of customers that use loyalty programmes has increased since 2017. OTAs also offer loyal customers discounts [§<].

Differences in distribution practices between the study countries

The study highlights differences between the study countries regarding hotels' use of OTAs; the share of sales generated by OTAs; the prevalence of OTA parity clauses, and OTA commission rates.

Hotels' use of OTAs

The share of independent hotels that use OTAs varies significantly from country to country. In Cyprus, nearly all independent hotels use OTAs, whereas in Poland only about two-thirds of hotels do so.

Share of sales through OTAs

There are also significant differences between the study countries as regards the share of sales made through OTAs. OTAs account for 55% of the sales of independent hotels in Belgium, 48% in Spain and 44% in Cyprus. Austrian independent hotels generate the lowest share of sales through OTAs (34%).

Use of OTA parity clauses

Independent hotels in all the study countries reported that their contracts with OTAs contained parity clauses, however 46% of Swedish hotels reported that their OTA contracts contained these clauses, whereas only 8% of Cypriot hotels did so. In the other four study countries, between 22% and 28% of hotels reported being subject to OTA parity clauses.

OTA commission rates

The average effective commission rates reported by the respondent OTAs were higher for [§<] and [§<] ([10-20]%) than for the other study countries. [§<].

Changes in distribution practices relative to the results of the 2016 ECN Monitoring Exercise

The study results indicate changes in a number of indicators compared to the results of the 2016 ECN Monitoring Exercise. This concerns in particular the share of accommodation sold by independent hotels through OTAs and through direct online channels; levels of room price and room availability differentiation between sales channels by independent hotels, and hotels' use of metasearch websites.

When comparing the results of the present study with those of the 2016 ECN Monitoring Exercise, it is important to note that there were differences in the purpose and focus of the two exercises, as well as in their geographic scope and the sampling and data collection methods used. More detail on these differences is set out in the study report.

Share of sales per channel

There appears to have been a slight increase in the shares of accommodation sold by independent hotels through OTAs and through their direct online channels since 2016.⁹

Room price and room availability differentiation between sales channels

As regards room price differentiation between sales channels, the most common form of price differentiation reported by independent hotels in 2021, as in 2016, is to offer lower prices on the hotel website than on OTAs. This form of price differentiation was applied by 40% of hotels in 2016, but this fell to 31% of independent hotels in 2021. As regards price differentiation between OTAs, 21% of hotels applied this form of price differentiation in 2016, but this share fell to 9% of independent hotels in 2021.

As regards room availability differentiation, 19% of independent hotels reported that they favour their direct online sales channels with better room availability, compared with 30% of hotels in 2016. And 11% of independent hotels differentiated availability between OTAs, as compared with 31% in 2016.

As regards hotel chains, the majority reported that they do not differentiate between sales channels either for room prices or for room availability; this was also the case in 2016.

Use of metasearch websites by hotels

41% of independent hotels advertise on metasearch websites, as compared with 30% of hotels in 2016.

Impact of laws prohibiting OTA parity clauses on hotel distribution practices

Two out of the six study countries (Austria and Belgium) have adopted sector-specific laws prohibiting OTA parity clauses. The Austrian law came into force in 2016 and the Belgian law in 2018. The study examined whether these laws have led to changes in these two countries compared to the other study countries for the following indicators: hotels' use of OTAs; their share of sales through OTAs; OTA commission rates; price differentiation by hotels across sales channels; hotels' use of metasearch, and OTAs' use of parity clauses. In general, it was not possible to detect any clear impact of the laws on any of these indicators.

Hotels' use of OTAs

It does not appear that the prohibition of OTA parity clauses in Austria and Belgium is associated with a greater or lesser use of OTAs by hotels. The level of use of OTAs is similar in both countries (81% and 85%) and the average level of use of OTAs across all six study countries is 80%.

Share of sales through OTAs

Nor is there any clear trend in the share of sales generated through OTAs in Austria and Belgium relative to the other study countries: Austrian hotels reported making an average of 35% of their sales through OTAs and this share was 55% for Belgian hotels, whereas the average share of sales through OTAs for hotels in all six study countries was 44%.

OTA commission rates

[&].

OTAs reported a stable or slightly decreasing trend for their average basic and effective commission rates across all the study countries in the period 2017-2021, but the levels and trends observed for Austria and Belgium do not appear to differ significantly from those reported for the other study countries.

⁹ It should be noted that in the present study the main hotel sample contained only independent hotels, whereas in the 2016 ECN Monitoring Exercise the main hotel sample also included a small share of individual hotels belonging to chains.

Room price differentiation by hotels

In countries where OTA parity clauses are prohibited, it might be expected that hotels would have a greater tendency to offer lower prices on their direct online sales channels than on OTAs. Across the six study countries, 31% of independent hotels reported applying this type of price differentiation. This share was higher for Belgium (40%), though not as high as for Spain (45%), and in Austria the share was close to the general average (33%).

Hotels' use of metasearch

There is no significant difference between Austria and Belgium, on one hand, and the other study countries, as regards the share of metasearch operators' revenue that is derived directly from hotels (rather than from OTAs). This share has [\geq] over the period 2018-2020 for all the study countries except Sweden.

OTAs' use of parity clauses

The use of parity clauses by OTAs, as reported by independent hotels, varies between countries, but there is no meaningful difference in the trend for Austria and Belgium compared with the other study countries. 23% of Austrian and 28% of Belgian independent hotels reported that their OTA contracts contained parity clauses, in line with the average for all the study countries (27%).

Impact of the COVID-19 pandemic on hotel distribution practices

The disruptive impact of the COVID-19 pandemic on the hotel industry has been highlighted throughout this study, by all categories of stakeholder. The data collection exercise highlighted that both hotels and OTAs experienced a sharp reduction in gross bookings, room nights booked, total revenues, net income and cash flow from operations.

Some hotel chains considered that the pandemic has impacted them more severely than OTAs, as the recovery of the travel industry has so far been driven mainly by leisure, as opposed to corporate travel. Contrary to OTAs, some hotel chains heavily rely on business customers.

Another impact of the COVID-19 pandemic that was confirmed by the data collection exercise is increased demand from travellers for flexible booking options from hotels and OTAs.

Synthèse

Objectif de l'étude

Cette étude fournit à la Commission européenne (direction générale de la concurrence) un bilan factuel des pratiques de commercialisation des hébergements hôteliers dans l'UE, y compris les changements intervenus depuis l'exercice de surveillance réalisé par le Réseau européen de la concurrence dans ce secteur en 2016, ainsi que les changements résultant des lois nationales interdisant l'utilisation de clauses de parité par les plateformes de réservation d'hôtels.

L'étude se focalise sur les questions de recherche suivantes :

1. Comment l'hébergement hôtelier est-il distribué dans les États membres de l'UE couverts par l'étude ?
2. Les modalités de distribution diffèrent-elles entre ces États membres de l'UE ? Si oui, quelles sont les raisons de ces différences ?
3. Les modalités de distribution des hôtels ont-elles changé par rapport aux conclusions de l'exercice de surveillance mené en 2016 par le Réseau européen de la concurrence (REC) ? Si oui, quelles sont les raisons de ces changements ?
4. L'adoption de lois interdisant les clauses de parité des plateformes de réservation d'hôtels a-t-elle entraîné des changements dans les modalités de distribution dans les États membres concernés ?

L'étude couvre six États membres de l'UE, à savoir l'Autriche, la Belgique, Chypre, la Pologne, l'Espagne et la Suède sur la période allant de janvier 2017 à mai 2021 inclus. Elle se concentre sur les pratiques de vente et de marketing des acteurs suivants : les hôtels indépendants, les chaînes hôtelières, les agences de voyages en ligne ("OTA") et les sites de métamoteurs de recherche/comparateurs de prix.

Principales caractéristiques de la distribution hôtelière

Les hôtels vendent leur hébergement par le biais de canaux en ligne et hors ligne, qui peuvent être divisés en canaux directs (site web de l'hôtel, téléphone et accès direct) et indirects (OTA, agences de voyages traditionnelles, grossistes en lits). Il existe des différences importantes entre les hôtels indépendants et les chaînes hôtelières en ce qui concerne la manière dont ils distribuent leur hébergement.¹⁰

Utilisation des OTA par les hôtels indépendants

Alors que les réservations directes (en ligne et hors ligne) représentent toujours la part la plus importante du chiffre d'affaires des hôtels indépendants (48%), les OTA représentent 44% des ventes. Les micro et petits hôtels (mesurés par le nombre d'employés) réalisent une part plus importante de leurs ventes par le biais des OTA que les hôtels de taille moyenne.

La majorité des hôtels indépendants (72%) utilise plus d'une OTA. Les quatre principales OTA utilisées par les hôtels indépendants dans les six pays étudiés sont Booking.com, Expedia, HRS et Airbnb.

Une grande majorité d'hôtels indépendants (80%) considère que le fait d'utiliser des OTA augmente le volume total de leurs réservations. De plus, 63% des hôtels indépendants

¹⁰ Sauf indication contraire, toutes les données mentionnées dans cette synthèse concernent l'année 2021.

considèrent que l'utilisation des OTA augmente également le volume des réservations sur leurs canaux de vente directe.

L'utilisation des OTA par les chaînes hôtelières

Les chaînes hôtelières utilisent généralement le même éventail de canaux de vente que les hôtels indépendants, mais elles vendent une part moins importante de leurs chambres par le biais des OTA (24%).

[X]¹¹ des chaînes hôtelières qui ont participé à l'étude considèrent que l'utilisation des OTA augmente leur volume total de réservations. Ces chaînes ont exprimé des avis mitigés quant à l'effet de l'utilisation des OTA sur les réservations dans leurs canaux de vente directe. Les autres chaînes hôtelières qui ont participé à l'étude considèrent que l'utilisation des OTA n'augmente pas leur volume total de réservations, mais "cannibalise" plutôt les réservations de leurs canaux de vente directe.

Taux de commission des OTA et autres coûts de vente et de marketing des hôtels

L'étude fait la distinction entre les taux de commission "de base" des OTA, c'est-à-dire la commission payée par un hôtel pour être référencé sur une OTA, et les taux de commission "effectifs" des OTA, c'est-à-dire le taux de commission "réel" payé par les hôtels, compte tenu des commissions supplémentaires facultatives payées par les hôtels pour obtenir des services supplémentaires (par exemple, une meilleure visibilité sur le site web de l'OTA).

Le taux de commission de base moyen déclaré par les OTA pour les six pays étudiés était de [10-20]%¹² (contre [10-20]% pour l'ensemble de l'UE). Les hôtels indépendants ont déclaré payer un taux de commission de base moyen de [10-20]%. Les hôtels indépendants qui ont choisi de payer une commission supplémentaire pour obtenir des services additionnels auprès des OTA ont déclaré payer un taux de commission effectif moyen de [10-20]%.

Les taux de commission de base et effectifs des OTA déclarés par les chaînes d'hôtels se sont avérés difficiles à comparer, en raison des différences dans les méthodes de déclaration. Néanmoins, les chaînes participantes ont déclaré payer des taux de commission de base qui étaient en moyenne inférieurs aux taux de base déclarés par les hôtels indépendants (environ [10-20]%) et la plupart des chaînes ont déclaré que les taux effectifs appliqués par [OTAs]¹³ étaient supérieurs d'environ [0-10] points de pourcentage à leurs taux de base.

L'étude a montré qu'il est difficile de comparer les coûts des différents canaux de vente, notamment parce que chaque canal de vente n'a pas un élément de coût qui peut être directement attribué à chaque chambre vendue. Alors que la commission de l'OTA peut être identifiée comme le coût de la génération d'une réservation via une OTA, l'hôtel n'a aucun coût direct lorsqu'il vend une chambre à un grossiste à un prix réduit. Cela s'applique également aux dépenses de marketing des hôtels : les dépenses de marketing peuvent se traduire par une meilleure visibilité et un meilleur trafic sur le site web de l'hôtel, mais il peut n'y avoir aucun lien direct entre ces dépenses et les ventes de chambres individuelles.

Utilisation des métamoteurs de recherche par les hôtels et les chaînes hôtelières

41% des hôtels indépendants et toutes les chaînes hôtelières publient leurs offres d'hébergement sur des métamoteurs de recherche. TripAdvisor et Trivago sont les métamoteurs de recherche les plus utilisés par ces hôtels. Toutefois, d'après l'analyse documentaire, 59,8% des hôtels ont utilisé Google Hotel Ads en 2019, et 54,2% et 50,8% des hôtels ont utilisé respectivement Trivago et Tripadvisor. L'importance croissante de

¹¹ Information commerciale sensible

¹² Information commerciale sensible

¹³ Information commerciale sensible

Google Hotel Ads ressort également des réponses des chaînes hôtelières et des OTA à l'enquête. Cette étude conclut donc que la part des hôtels indépendants qui publient leurs offres sur les métamoteurs de recherche a augmenté et que Google Hotel Ads est devenu le métamoteur de recherche le plus utilisé par les hôtels, suivi par Tripadvisor, Trivago et Kayak.

Les opérateurs de métamoteurs de recherche indiquent que plus de [X]%¹⁴ de leurs revenus liés à l'hôtellerie proviennent des OTA et que moins de [X]% proviennent directement des hôtels.

Différenciation du prix et de la disponibilité des chambres entre les canaux de vente

Plus de 50 % des hôtels indépendants pratiquent la différenciation des prix entre les canaux de vente. La forme de différenciation des prix la plus fréquemment utilisée consiste à offrir des prix plus bas sur le site web de l'hôtel que sur les sites des OTA (31% des hôtels). En deuxième place vient la différenciation des prix en faveur des canaux de vente directe hors ligne de l'hôtel (24% des hôtels), suivie par la différenciation entre les OTA (9% des hôtels). En ce qui concerne la différenciation des canaux de vente pour les types de chambres et la disponibilité des chambres, seuls 38% des hôtels indépendants le font.

Les chaînes hôtelières ont déclaré qu'elles ne différencient généralement pas les prix ou la disponibilité des chambres qu'elles proposent entre les canaux de vente, bien que dans certains cas elles laissent une certaine marge de manœuvre à leurs hôtels membres à cet égard.

Programmes de fidélisation des clients

Les chaînes d'hôtels et les agences de vente au détail proposent des programmes de fidélisation de la clientèle. Les chaînes d'hôtels ont déclaré qu'elles offrent des réductions sur le prix des chambres de 5 % à 10 % aux clients qui adhèrent à ces programmes, et que ces prix réduits sont généralement exclus du champ d'application des clauses de parité des OTA. Les chaînes hôtelières ont déclaré que la part des clients qui utilisent des programmes de fidélité a augmenté depuis 2017. Les OTA proposent également aux clients fidèles des remises [X].

Différences dans les pratiques de distribution entre les pays étudiés

L'étude constate des différences entre les pays étudiés en ce qui concerne l'utilisation des OTA par les hôtels, la part des ventes générées par les OTA, la prévalence des clauses de parité des OTA et les taux de commission des OTA.

Utilisation des OTA par les hôtels

La part des hôtels indépendants qui utilisent les OTA varie considérablement d'un pays à l'autre. À Chypre, presque tous les hôtels indépendants utilisent les OTA, alors qu'en Pologne, seuls deux tiers des hôtels environ le font.

Part des ventes réalisées via les OTA

Il existe également des différences significatives entre les pays étudiés en ce qui concerne la part des ventes réalisées par le biais des OTA. Les OTA représentent 55% des ventes des hôtels indépendants en Belgique, 48% en Espagne et 44% à Chypre. Les hôtels indépendants autrichiens réalisent la part la plus faible des ventes par le biais des OTA (34%).

Utilisation de clauses de parité par les OTA

Les hôtels indépendants de tous les pays étudiés ont déclaré que leurs contrats avec les OTA contenaient des clauses de parité, mais 46% des hôtels suédois ont déclaré que leurs

¹⁴ Information commerciale sensible

contrats avec les OTA contenaient ces clauses, alors que seulement 8% des hôtels chypriotes étaient dans ce cas. Dans les quatre autres pays étudiés, entre 22% et 28% des hôtels ont déclaré être soumis à des clauses de parité imposées par les OTA.

Taux de commission des OTA

Les taux de commission effectifs moyens déclarés par les OTA qui ont participé à l'étude étaient plus élevés en [X] et en [X] ([10-20]%) que dans les autres pays étudiés. [X].

Changements dans les pratiques de distribution par rapport aux résultats de l'exercice de surveillance ECN 2016

Les résultats de l'étude indiquent des changements dans un certain nombre d'indicateurs par rapport aux résultats de l'exercice de surveillance du REC de 2016. Cela concerne notamment la part d'hébergement vendue par les hôtels indépendants par le biais des OTA et par les canaux directs en ligne ; les niveaux de différenciation du prix et de la disponibilité des chambres entre les canaux de vente par les hôtels indépendants, et l'utilisation par les hôtels des métamoteurs de recherche.

Lorsque l'on compare les résultats de la présente étude à ceux de l'exercice de surveillance du REC de 2016, il est important de noter qu'il existe des différences dans l'objectif et l'orientation des deux exercices, ainsi que dans leur portée géographique et les méthodes d'échantillonnage et de collecte de données utilisées. De plus amples détails sur ces différences sont exposés dans le rapport d'étude.

Part des ventes par canal

Il semble que les parts d'hébergement vendues par les hôtels indépendants par l'intermédiaire des OTA et par leurs canaux directs en ligne aient légèrement augmenté depuis 2016.¹⁵

Différenciation du prix et de la disponibilité des chambres entre les canaux de vente

En ce qui concerne la différenciation du prix des chambres entre les canaux de vente, la forme la plus courante de différenciation des prix signalée par les hôtels indépendants en 2021, comme en 2016, est entre leur canal de vente en ligne direct (le site web de l'hôtel) et les OTA. Cette forme de différenciation des prix était appliquée par 40 % des hôtels en 2016, mais ce chiffre est tombé à 31 % des hôtels indépendants en 2021. En ce qui concerne la différenciation des prix entre les OTA, 21% des hôtels ont appliqué cette forme de différenciation des prix en 2016, mais cette part est tombée à 9% des hôtels indépendants en 2021.

En ce qui concerne la différenciation de la disponibilité des chambres, 19% des hôtels indépendants ont déclaré favoriser leurs canaux de vente directe en ligne avec une meilleure disponibilité des chambres, contre 30% des hôtels en 2016. Et 11% des hôtels indépendants ont différencié la disponibilité entre les OTA, contre 31% en 2016.

En ce qui concerne les chaînes hôtelières, la majorité a déclaré ne pas différencier les canaux de vente, que ce soit pour le prix des chambres ou pour leur disponibilité ; c'était également le cas en 2016.

Utilisation des métamoteurs de recherche par les hôtels

41 % des hôtels indépendants font de la publicité sur les sites de métamoteur de recherche, contre 30 % des hôtels en 2016.

¹⁵ Il convient de noter que dans la présente étude, l'échantillon principal d'hôtels ne contenait que des hôtels indépendants, alors que dans l'exercice de surveillance 2016 du REC, l'échantillon principal d'hôtels comprenait également une petite part d'hôtels individuels appartenant à des chaînes.

Impact des lois interdisant les clauses de parité des OTA sur les pratiques de distribution des hôtels

Deux des six pays étudiés (l'Autriche et la Belgique) ont adopté des lois sectorielles interdisant l'utilisation des clauses de parité par les OTA. La loi autrichienne est entrée en vigueur en 2016 et la loi belge en 2018. L'étude a cherché à savoir si ces lois ont entraîné des changements dans ces deux pays par rapport aux autres pays de l'étude pour les indicateurs suivants : l'utilisation des OTA par les hôtels ; la part de leurs ventes réalisée par le biais des OTA ; les taux de commission des OTA ; la différenciation des prix par les hôtels entre les canaux de vente ; l'utilisation des métamoteurs de recherche par les hôtels, et l'utilisation des clauses de parité par les OTA. En général, il n'a pas été possible de détecter un impact clair des lois sur l'un de ces indicateurs.

L'utilisation des OTA par les hôtels

Il ne semble pas que l'interdiction de l'utilisation des clauses de parité par les OTA en Autriche et en Belgique soit associée à une utilisation plus ou moins importante des OTA par les hôtels. Le niveau d'utilisation des OTA est similaire dans les deux pays (81% et 85%) et le niveau moyen d'utilisation des OTA dans les six pays étudiés est de 80%.

Part des ventes réalisées via les OTA

Il n'y a pas non plus de tendance claire dans la part des ventes générées par les OTA en Autriche et en Belgique par rapport aux autres pays étudiés : les hôtels autrichiens ont déclaré réaliser en moyenne 35% de leurs ventes par le biais des OTA et cette part était de 55% pour les hôtels belges, alors que la part moyenne des ventes par le biais des OTA pour les hôtels des six pays étudiés était de 44%.

Taux de commission des OTA

[<].

Les OTA ont fait état d'une tendance stable ou légèrement décroissante pour leurs taux de commission moyens de base et effectifs dans tous les pays étudiés au cours de la période 2017-2021, mais les niveaux et les tendances observés pour l'Autriche et la Belgique ne semblent pas différer significativement de ceux signalés pour les autres pays étudiés.

Différenciation du prix des chambres par les hôtels

Dans les pays où l'utilisation des clauses de parité par les OTA est interdite, on pourrait s'attendre à ce que les hôtels aient davantage tendance à proposer des prix plus bas sur leurs canaux de vente directe en ligne que sur les OTA. Dans les six pays étudiés, 31% des hôtels indépendants ont déclaré appliquer ce type de différenciation des prix. Cette proportion était plus élevée en Belgique (40%), mais pas autant qu'en Espagne (45%), et en Autriche, la proportion était proche de la moyenne générale (33%).

Utilisation de métamoteurs de recherche par les hôtels

Il n'y a pas de différence significative entre l'Autriche et la Belgique, d'une part, et les autres pays étudiés, en ce qui concerne la part du chiffre d'affaires des opérateurs de métamoteurs de recherche qui provient directement des hôtels (plutôt que des OTA). Cette part a [>] sur la période 2018-2020 pour tous les pays étudiés, à l'exception de la Suède.

Utilisation des clauses de parité par les OTA

L'utilisation de clauses de parité par les OTA, telle que rapportée par les hôtels indépendants, varie selon les pays, mais il n'y a pas de différence significative dans la tendance pour l'Autriche et la Belgique par rapport aux autres pays étudiés. 23 % des hôtels indépendants autrichiens et 28 % des hôtels indépendants belges ont déclaré que leurs contrats avec les OTA contenaient des clauses de parité, ce qui correspond à la moyenne de tous les pays étudiés (27 %).

Impact de la pandémie de COVID-19 sur les pratiques de distribution des hôtels

L'impact perturbateur de la pandémie de COVID-19 sur l'industrie hôtelière a été souligné tout au long de cette étude, par toutes les catégories de parties prenantes. L'exercice de collecte de données a mis en évidence que les hôtels et les OTA ont connu une forte réduction des réservations brutes, des nuitées, des revenus totaux, du revenu net et des flux de trésorerie d'exploitation.

Certaines chaînes hôtelières considèrent que la pandémie les a touchées plus durement que les agences de voyages, car la reprise de l'industrie du voyage a jusqu'à présent été principalement tirée par les loisirs, par opposition aux voyages d'affaires. Contrairement aux OTA, certaines chaînes hôtelières dépendent fortement de la clientèle d'affaires.

Un autre impact de la pandémie de COVID-19, confirmé par l'exercice de collecte de données, est la demande accrue des voyageurs pour des options de réservation flexibles de la part des hôtels et des OTA.

Zusammenfassung

Das Ziel der Studie

Diese Studie liefert der Europäischen Kommission (Generaldirektion Wettbewerb) aktuelle Fakten über den Vertrieb von Hotelunterkünften in der EU, einschließlich aller Änderungen, die seit der vom European Competition Network in diesem Sektor 2016 durchgeführten Beobachtungsstudie eingetreten sind. Außerdem werden alle Änderungen aufgezeigt, die sich aus den nationalen Gesetzen zum Verbot der Verwendung von Paritätsklauseln durch Hotelbuchungsplattformen ergeben.

Die Studie konzentriert sich auf die folgenden Forschungsfragen:

1. Wie werden Hotelunterkünfte in den untersuchten EU-Mitgliedstaaten vertrieben?
2. Unterscheiden sich die Vertriebsstrukturen zwischen den EU-Mitgliedstaaten? Wenn ja, was sind die Gründe für diese Unterschiede?
3. Haben sich die Vertriebsregelungen für Hotels im Vergleich zu den Ergebnissen der 2016 vom European Competition Network (ECN) durchgeführten Beobachtungsstudie verändert? Wenn ja, was sind die Gründe für diese Veränderungen?
4. Hat die Verabschiedung von Gesetzen, die Paritätsklauseln für Hotelbuchungsplattformen verbieten, zu Änderungen bei den Vertriebsvereinbarungen in den betreffenden Mitgliedstaaten geführt?

Die Studie deckt sechs EU-Mitgliedstaaten ab, nämlich Österreich, Belgien, Zypern, Polen, Spanien und Schweden im Zeitraum von Januar 2017 bis einschließlich Mai 2021. Sie konzentriert sich auf die Verkaufs- und Marketingpraktiken der folgenden Kategorien von Akteuren: unabhängige Hotels, Hotelketten, Online-Reisebüros ("OTAs") und Metasearch-/Preisvergleichs-Websites.

Hauptmerkmale des Hotelvertriebs

Hotels verkaufen ihre Unterkünfte über Online- und Offline-Kanäle, die sich weiter in direkte Kanäle (Hotel-Website, Telefon und persönliche Vorsprache) und indirekte Kanäle (OTAs, stationäre Reisebüros, Unterkunfts-großhändler) unterteilen lassen. Es gibt erhebliche Unterschiede zwischen unabhängigen Hotels und Hotelketten hinsichtlich der Art und Weise, wie sie ihre Unterkünfte vertreiben.¹⁶

Nutzung von OTAs durch unabhängige Hotels

Während Direktbuchungen (online und offline) nach wie vor den größten Anteil am Umsatz unabhängiger Hotels ausmachen (48 %), entfallen 44 % des Umsatzes auf OTAs. Kleinst- und kleine Hotels (gemessen an der Anzahl der Mitarbeiter) machen einen höheren Anteil ihres Umsatzes über OTAs als mittelgroße Hotels.

Die Mehrheit der unabhängigen Hotels (72 %) nutzt mehr als einen OTA. Die vier wichtigsten OTAs, die von unabhängigen Hotels in den sechs Untersuchungsländern genutzt werden, sind Booking.com, Expedia, HRS und Airbnb.

Eine große Mehrheit der unabhängigen Hotels (80 %) ist der Ansicht, dass die Nutzung von OTAs ihr Gesamtbuchungsvolumen erhöht. Darüber hinaus sind 63 % der unabhängigen Hotels der Ansicht, dass die Nutzung von OTAs auch das Buchungsvolumen über ihre direkten Vertriebskanäle erhöht.

¹⁶ Sofern nicht anders angegeben, beziehen sich alle in dieser Zusammenfassung genannten Daten auf das Jahr 2021.

Nutzung von OTAs durch Hotelketten

Hotelketten nutzen im Allgemeinen die gleiche Palette von Vertriebskanälen wie unabhängige Hotels, verkaufen jedoch einen geringeren Anteil ihrer Zimmer über OTAs (24 %).

[X]¹⁷ der Hotelketten, die an der Studie teilgenommen haben, ist der Ansicht, dass die Nutzung von OTAs ihr Gesamtbuchungsvolumen erhöht. Diese Ketten äußerten gemischte Ansichten über die Auswirkungen der Nutzung von OTAs auf die Buchungen über ihre direkten Vertriebskanäle. Die anderen Hotelketten, die an der Studie teilgenommen haben, sind der Ansicht, dass die Nutzung von OTAs ihr Gesamtbuchungsvolumen nicht erhöht, sondern eher Buchungen aus ihren direkten Vertriebskanälen "kannibalisiert".

OTA-Provisionssätze und sonstige Vertriebs- und Marketingkosten der Hotels

Die Studie unterscheidet zwischen Grundprovisionssätzen, d. h. die Provision, die ein Hotel für die Aufnahme in einen OTA zahlt, und "effektiven" Provisionssätzen, d. h. den effektiven Provisionssätzen, die Hotels zahlen, wobei optionale Zusatzprovisionen berücksichtigt werden, die Hotels für zusätzliche Leistungen (z. B. eine bessere Sichtbarkeit auf der OTA-Website) zahlen.

Der von den OTAs für die sechs untersuchten Länder angegebene durchschnittliche Grundprovisionssatz betrug [10-20]%¹⁸ (im Vergleich zu [10-20]% für die EU insgesamt). Unabhängige Hotels gaben an, einen durchschnittlichen Grundprovisionssatz von [10-20]% zu zahlen. Unabhängige Hotels, die sich für eine zusätzliche Provision entscheiden, um zusätzliche Dienstleistungen von OTAs zu erhalten, gaben an, einen durchschnittlichen effektiven Provisionssatz von [10-20]% zu zahlen.

Die von den Hotelketten gemeldeten grundlegenden und effektiven OTA-Provisionssätze erwiesen sich aufgrund der unterschiedlichen Berichterstattungsmethoden als schwierig zu vergleichen. Dennoch gaben die teilnehmenden Ketten an, dass sie im Durchschnitt niedrigere Grundprovisionen zahlen als unabhängige Hotels ([10-20]%), und die meisten Ketten gaben an, dass die von [OTAs]¹⁹ berechneten effektiven Provisionen ca. [0-10] Prozentpunkte höher sind als ihre Grundprovisionen.

Die Studie hat gezeigt, dass es schwierig ist, die Kosten der verschiedenen Vertriebskanäle zu vergleichen, nicht zuletzt, weil nicht jeder Vertriebskanal ein Kostenelement hat, das jedem verkauften Zimmer direkt zugeordnet werden kann. Während die Provision des OTA als Kosten für die Generierung einer Buchung über einen OTA identifiziert werden kann, entstehen dem Hotel keine direkten Kosten, wenn es ein Zimmer zu einem reduzierten Preis an einen Großhändler verkauft. Dies gilt auch für die Marketingausgaben des Hotels: Marketingausgaben können zu einer besseren Sichtbarkeit und zu mehr Besuchern auf der Hotelwebsite führen, aber es besteht möglicherweise kein direkter Zusammenhang zwischen diesen Ausgaben und dem Verkauf einzelner Zimmer.

Nutzung von Metasuchmaschinen durch Hotels und Hotelketten

41 % der unabhängigen Hotels und alle Hotelketten nutzen Metasuchmaschinen, um für ihre Unterkünfte zu werben. TripAdvisor und Trivago sind die am häufigsten genutzten Metasearch-Websites. Die Literaturobwertung zeigt, dass 2019 Google Hotel Ads von 59.8% der Hotels genutzt wurde während Trivago und Tripadvisor von 54.2% bzw. 50.8% der Hotels genutzt wurden. Die Antworten der Hotelketten und OTAs auf die Umfrage deuten auch auf die wachsende Bedeutung von Google Hotel Ads hin. Die Studie kommt demnach zum Ergebnis, dass der Anteil unabhängiger Hotels, die auf Metasearch-Webseiten werben,

¹⁷ Geschäftsgeheimnis

¹⁸ Geschäftsgeheimnis

¹⁹ Geschäftsgeheimnis

zugenommen hat, und dass Google Hotel Ads die führende Metasearch-Webseite für Hotels geworden ist, gefolgt von Tripadvisor, Trivago und Kayak.

Metasearch-Betreiber berichten, dass mehr als [38]²⁰ ihrer hotelbezogenen Einnahmen von OTAs stammen und weniger als [38] % von Hotels direkt.

Differenzierung des Zimmerpreises und der Zimmerverfügbarkeit zwischen den Vertriebskanälen

Mehr als 50 % der unabhängigen Hotels machen einen Preisunterschied zwischen den Vertriebskanälen. Niedrigere Zimmerpreise auf der Hotel-Webseite verglichen mit den Preisen auf OTAs ist die häufigste Form der Preisdifferenzierung (31 % der Hotels). Dies wird gefolgt von Preisdifferenzierung zugunsten von direkten Offline-Kanälen des Hotels gegenüber OTAs (24% der Hotels) und Preisdifferenzierung zwischen OTAs (9% der Hotels). Was die Differenzierung zwischen den Vertriebskanälen für Zimmertypen und Zimmerverfügbarkeit angeht, so tun dies nur 38 % der unabhängigen Hotels.

Hotelketten gaben an, dass sie im Allgemeinen keine Preisdifferenzierung oder Unterscheidung der Zimmerverfügbarkeit zwischen den einzelnen Vertriebskanälen vornehmen, obwohl sie in einigen Fällen ihren Mitgliedshotels einen gewissen Ermessensspielraum einräumen.

Kundentreueprogramme

Hotelketten und OTAs betreiben Kundentreueprogramme. Hotelketten gaben an, dass sie Kunden, die an diesen Programmen teilnehmen, Preisnachlässe von 5-10 % auf die Zimmerpreise gewähren, und dass diese Preisnachlässe im Allgemeinen vom Anwendungsbereich der OTA-Paritätsklauseln ausgenommen sind. Die Hotelketten gaben an, dass der Anteil der Kunden, die Treueprogramme nutzen, seit 2017 gestiegen ist. Auch OTAs bieten treuen Kunden Rabatte [38].

Unterschiede in der Vertriebspraxis zwischen den untersuchten Ländern

Die Studie hebt die Unterschiede zwischen den untersuchten Ländern hervor, was die Nutzung von OTAs durch die Hotels, den Anteil der über OTAs erzielten Umsätze, die Verbreitung von OTA-Paritätsklauseln und die OTA-Provisionssätze betrifft.

Nutzung von OTAs durch Hotels

Der Anteil der unabhängigen Hotels, die OTAs nutzen, ist von Land zu Land sehr unterschiedlich. In Zypern nutzen fast alle unabhängigen Hotels OTAs, während dies in Polen nur etwa zwei Drittel der Hotels tun.

Anteil der Verkäufe über OTAs

Erhebliche Unterschiede zwischen den untersuchten Ländern gibt es auch hinsichtlich des Anteils der über OTAs getätigten Verkäufe. In Belgien entfallen 55 % des Umsatzes unabhängiger Hotels auf OTAs, in Spanien 48 % und in Zypern 44 %. Den geringsten Anteil am Umsatz über OTAs haben unabhängige Hotels in Österreich (34 %).

Verwendung von OTA-Paritätsklauseln

Unabhängige Hotels in allen untersuchten Ländern gaben an, dass ihre Verträge mit OTAs Paritätsklauseln enthielten. Allerdings berichteten 46 % der schwedischen Hotels, dass ihre OTA-Verträge solche Klauseln enthielten, während dies nur 8 % der zyprischen Hotels taten. In den anderen vier untersuchten Ländern gaben zwischen 22 % und 28 % der Hotels an, dass sie OTA-Paritätsklauseln unterworfen sind.

²⁰ Geschäftsgeheimnis

OTA-Provisionssätze

Die von den OTAs gemeldeten durchschnittlichen effektiven Provisionssätze waren in [X] und [Y] höher ([10-20]%) als in den anderen untersuchten Ländern. [Z].

Änderungen der Vertriebspraktiken im Vergleich zu den Ergebnissen der ECN-Beobachtungsstudie 2016

Die Ergebnisse der Studie zeigen Veränderungen bei einer Reihe von Indikatoren im Vergleich zu den Ergebnissen der ECN-Beobachtungsstudie 2016. Dies betrifft insbesondere den Anteil der Unterkünfte, die von unabhängigen Hotels über OTAs und über direkte Online-Kanäle verkauft werden, den Grad der Differenzierung der Zimmerpreise und der Zimmerverfügbarkeit zwischen den Vertriebskanälen durch unabhängige Hotels und die Nutzung von Metasearch-Websites durch Hotels.

Beim Vergleich der Ergebnisse der vorliegenden Studie mit denen der ECN-Beobachtungsstudie 2016 ist zu beachten, dass es Unterschiede in Bezug auf den Zweck und den Schwerpunkt der beiden Studien sowie in Bezug auf den geografischen Geltungsbereich und die verwendeten Stichproben- und Datenerhebungsmethoden gab. Weitere Einzelheiten zu diesen Unterschieden werden im Studienbericht dargelegt.

Anteil am Umsatz pro Kanal

Der Anteil der Unterkünfte, die von unabhängigen Hotels über OTAs und ihre direkten Online-Kanäle verkauft werden, scheint seit 2016 leicht gestiegen zu sein.²¹

Differenzierung des Zimmerpreises und der Zimmerverfügbarkeit zwischen den Vertriebskanälen

Was die Differenzierung der Zimmerpreise zwischen den Vertriebskanälen betrifft, so ist die häufigste Form der Preisdifferenzierung, die von unabhängigen Hotels im Jahr 2021 wie auch 2016 gemeldet wird, das Angebot niedrigerer Preise auf dem direkten Online-Vertriebskanal (der Hotelwebsite) als bei OTAs. Diese Form der Preisdifferenzierung wurde im Jahr 2016 von 40 % der Hotels angewandt, im Jahr 2021 sind es nur noch 31 % der unabhängigen Hotels. Was die Preisdifferenzierung zwischen OTAs anbelangt, so wendeten 21% der Hotels diese Form der Preisdifferenzierung im Jahr 2016 an, aber dieser Anteil fiel auf 9% der unabhängigen Hotels im Jahr 2021.

Was die Differenzierung der Zimmerverfügbarkeit betrifft, so gaben 19 % der unabhängigen Hotels an, dass sie ihre direkten Online-Vertriebskanäle durch eine besseren Zimmerverfügbarkeit bevorzugen, verglichen mit 30 % der Hotels im Jahr 2016. Und 11 % der unabhängigen Hotels differenzierten bei der Verfügbarkeit zwischen OTAs, verglichen mit 31 % im Jahr 2016.

Bei den Hotelketten gab die Mehrheit an, dass sie weder bei den Zimmerpreisen noch bei der Zimmerverfügbarkeit zwischen den Vertriebskanälen differenzieren; dies war auch 2016 der Fall.

Nutzung von Metasearch-Websites durch Hotels

41 % der unabhängigen Hotels werben auf Metasearch-Websites, im Vergleich zu 30 % der Hotels im Jahr 2016.

Auswirkungen von Gesetzen, die OTA-Paritätsklauseln verbieten, auf die Vertriebsmethoden von Hotels

Zwei der sechs untersuchten Länder (Österreich und Belgien) haben sektorspezifische Gesetze verabschiedet, die OTA-Paritätsklauseln verbieten. Das österreichische Gesetz trat

²¹ Es ist zu beachten, dass in der vorliegenden Studie die Haupthotelstichprobe nur unabhängige Hotels umfasste, während in der ECN Beobachtungsstudie 2016 die Haupthotelstichprobe auch einen kleinen Anteil von Einzelhotels enthielt, die zu Ketten gehören.

2016 in Kraft, das belgische Gesetz 2018. In der Studie wurde untersucht, ob diese Gesetze in diesen beiden Ländern im Vergleich zu den anderen Studienländern zu Veränderungen bei den folgenden Indikatoren geführt haben: Nutzung von OTAs durch Hotels, Anteil der Verkäufe über OTAs, OTA-Provisionssätze, Preisdifferenzierung durch Hotels zwischen verschiedenen Verkaufskanälen, Nutzung von Metasearch durch Hotels und Verwendung von Paritätsklauseln durch OTAs. Im Allgemeinen war es nicht möglich, eine eindeutige Auswirkung der Gesetze auf einen dieser Indikatoren festzustellen.

Nutzung von OTAs durch Hotels

Es hat nicht den Anschein, dass das Verbot von OTA-Paritätsklauseln in Österreich und Belgien mit einer stärkeren oder geringeren Nutzung von OTAs durch Hotels verbunden ist. Der Grad der Nutzung von OTAs ist in beiden Ländern ähnlich (81 % und 85 %), und der durchschnittliche Grad der Nutzung von OTAs in allen sechs untersuchten Ländern beträgt 80 %.

Anteil der Verkäufe über OTAs

Es gibt auch keinen eindeutigen Trend beim Anteil der über OTAs erzielten Umsätze in Österreich und Belgien im Vergleich zu den anderen Untersuchungsländern: Österreichische Hotels gaben an, im Durchschnitt 35 % ihres Umsatzes über OTAs zu machen, und dieser Anteil lag bei 55 % für belgische Hotels, während der durchschnittliche Anteil des Umsatzes über OTAs für Hotels in allen sechs untersuchten Ländern 44 % betrug.

OTA-Provisionssätze

[><].

Die OTAs meldeten einen stabilen oder leicht rückläufigen Trend für ihre durchschnittlichen Basis- und effektiven Provisionssätze in allen Studienländern im Zeitraum 2017-2021, aber die für Österreich und Belgien beobachteten Niveaus und Trends scheinen sich nicht wesentlich von denen der anderen Studienländer zu unterscheiden.

Differenzierung der Zimmerpreise nach Hotels

In Ländern, in denen OTA-Paritätsklauseln verboten sind, könnte man erwarten, dass Hotels eher dazu neigen, auf ihren direkten Online-Vertriebskanälen niedrigere Preise anzubieten als auf OTAs. In den sechs untersuchten Ländern gaben 31 % der unabhängigen Hotels an, diese Art der Preisdifferenzierung anzuwenden. Dieser Anteil war in Belgien höher (40 %), wenn auch nicht so hoch wie in Spanien (45 %), und in Österreich lag der Anteil nahe dem allgemeinen Durchschnitt (33 %).

Nutzung der Metasuche durch Hotels

Es gibt keinen signifikanten Unterschied zwischen Österreich und Belgien einerseits und den anderen Studienländern andererseits, was den Anteil der Einnahmen von Metasearch-Betreibern betrifft, die direkt von Hotels (und nicht von OTAs) stammen. Dieser Anteil ist im Zeitraum 2018-2020 in allen untersuchten Ländern außer Schweden [><].

Die Verwendung von Paritätsklauseln durch OTAs

Die von unabhängigen Hotels gemeldete Verwendung von Paritätsklauseln durch OTAs variiert von Land zu Land, aber es gibt keinen signifikanten Unterschied im Trend für Österreich und Belgien im Vergleich zu den anderen Studienländern. 23 % der österreichischen und 28 % der belgischen unabhängigen Hotels gaben an, dass ihre OTA-Verträge Paritätsklauseln enthalten, was dem Durchschnitt aller untersuchten Länder (27 %) entspricht.

Auswirkungen der COVID-19-Pandemie auf die Vertriebsmethoden in Hotels

Die störenden Auswirkungen der COVID-19-Pandemie auf das Hotelgewerbe wurden in dieser Studie von allen Kategorien von Interessenvertretern hervorgehoben. Die

Datenerhebung hat gezeigt, dass sowohl Hotels als auch OTAs einen starken Rückgang der Bruttobuchungen, der gebuchten Zimmerübernachtungen, der Gesamteinnahmen, des Nettoeinkommens und des Cashflows aus der Geschäftstätigkeit zu verzeichnen hatten.

Einige Hotelketten vertraten die Ansicht, dass die Pandemie sie stärker getroffen hat als die OTAs, da die Erholung der Reisebranche bisher vor allem vom Freizeit- und nicht vom Geschäftsreiseverkehr getragen wurde. Im Gegensatz zu den OTAs sind einige Hotelketten stark auf Geschäftskunden angewiesen.

Eine weitere Auswirkung der COVID-19-Pandemie, die durch die Datenerhebung bestätigt wurde, ist die gestiegene Nachfrage der Reisenden nach flexiblen Buchungsmöglichkeiten bei Hotels und OTAs.

1. Introduction, objectives and scope of the study

The objective of the study is to provide up-to-date facts on the distribution of hotel accommodation in the EU and in particular to establish whether recent antitrust and legislative interventions in this sector have led to changes in distribution practices.

The study focuses on the following research questions:

1. How is hotel accommodation distributed in the EU Member States covered by the study?
2. Do distribution arrangements differ between these EU Member States? If so, what are the reasons for such differences?
3. Have distribution arrangements changed relative to the situation described in the report on the European Competition Network (ECN) Monitoring Exercise²² for the period July 2015 to June 2016? If so, what are the reasons for such changes?
4. Has the adoption of laws banning hotel booking platform parity clauses led to changes in distribution arrangements in the Member States concerned?

The study covers six EU Member States: **Austria, Belgium, Cyprus, Poland, Spain and Sweden** over the period **January 2017 to May 2021 inclusive**. It focuses on the distribution and marketing practices of the following categories of stakeholder: Independent hotels, Hotel chains, Online Travel Agents ('OTAs') and Metasearch/price comparison websites ('PCWs'). For certain indicators, the study draws comparisons with the findings of the Monitoring Exercise carried out by the ECN in the online hotel booking sector in 2016 ("the 2016 Monitoring Exercise"). That exercise covered Belgium, Sweden and eight other EU Member States, though not Austria, Cyprus, Poland or Spain. Nonetheless, comparisons are to some extent possible since both exercises produced aggregate results for the full set of Member States covered.

This Final Report contains:

- **Methodological approach:** an updated methodology together with the description of the activities carried out
- **Results of the study:** results of the literature review and data collection.
- **Conclusions:** a summary of the main conclusions of the study.
- **Annex 1 Bibliography:** the complete list of sources analysed
- **Annex 2 Sampling methodology:** including Sample of hotels (independent and chains) OTAs and metasearch
- **Annex 3 Stakeholder questionnaires**

²² ECN (2016). Report on the monitoring exercise carried out in the online hotel booking sector by EU competition authorities in 2016. Available at: https://ec.europa.eu/competition/ecn/hotel_monitoring_report_en.pdf

2. Methodological approach

In order to collect the data required by the study tender specifications, the research team used several primary and complementary data collection tools. The figure below illustrates how these tools were used and how the results feed into the study logic:

In **Task 0** of the tender specifications, the team conducted scoping interviews with umbrella organisations representing hotels, OTAs and PCWs.

For **Task 1** of the tender specifications, the team conducted an in-depth literature review on material published since 2017 which provided a picture of the distribution of hotels in the

Figure 1: Research toolbox



EU; the value proposition of OTAs; the use, enforcement and impact of parity clauses and related measures by OTAs in the EU; the adoption and effects of national legislation relating to the use of parity clauses by OTAs in the EU and factors impacting hotel room prices.

In **Task 2** of the tender specifications, the team collected data in two main work streams: **Primary sources of information:** through CATI (Computer Assisted Telephone Interviewing) interviews with individual hotels and data collection with hotel chains and with platforms, we aimed to collecting primary information for all the parameters set out in the tender specifications. 300 responses from hotels (both independent hotels and individual hotels that belong to chains) have been collected through CATI (50 per country except Cyprus where the minimum is 25) and written answers and follow-up interviews with the management of hotel chains and platforms ([0-5]²³ interviews for hotel chains, [0-5] for OTAs and [0-5] for metasearch/PCWs). The (CATI) interviews have been conducted in the national languages while the interviews with the management of hotel chains and with platforms has been conducted in English. **Complementary sources of information:** additional desk research on available databases, reports and administrative databases has been conducted in order to complement the information on the parameters that were collected from the

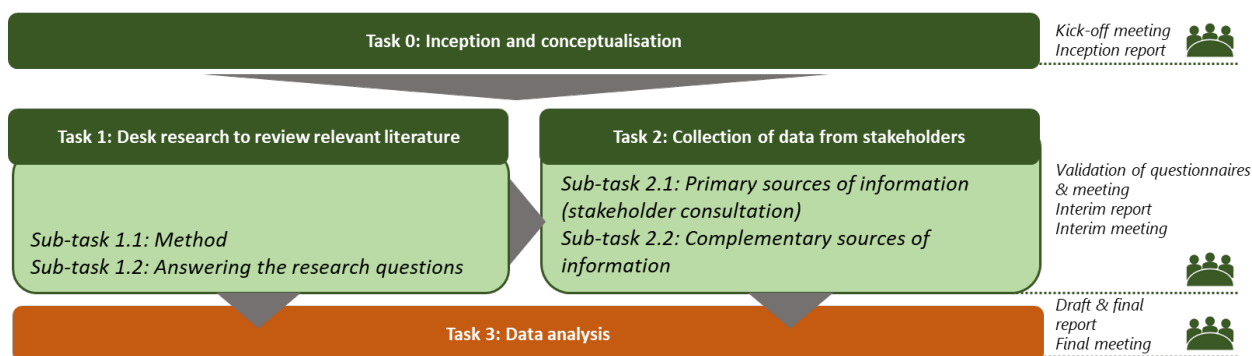
²³ Redacted to protect commercially sensitive information.

stakeholders. In addition, our country researchers ran an online desk research (or mystery shopping) to understand the current marketing practices used by a selection of hotels in the six study countries. These additional activities are only complementary to the stakeholder interviews and are aimed at providing a consolidated picture of the hotel distribution in the six countries covered by the study.

Lastly, in **Task 3** all the collected data has been analysed in a centralised database to facilitate the analysis.

Figure 2 below illustrates the methodological approach of the study, organised in four interlinked tasks.

Figure 2: Methodological approach



2.1. Task 0: Inception and conceptualisation

The aim of this task was to set out the methodological framework of the overall study. At this stage, the study team fine-tuned the proposed methodology, the scope of the study and work plan.

During this stage, we started the discussion with relevant organisations, including trade associations representing hotels, OTAs and metasearch/PCWs. The aim of this activity was to raise awareness of the study, allow these organisations to prepare any position paper / relevant feedback, provide the relevant contacts (especially for the platforms).

2.2. Task 1: Desk research to review relevant literature

The objective of Task 1 was to gather, review and present all relevant literature and published materials since 2017 on:

1. the distribution of hotel accommodation in the EU
2. the use of parity clauses and related measures by OTAs in the EU
3. the adoption and effects of national legislation relating to the use of parity clauses by OTAs in the EU

The analysis of these documents provided the legal and economic context that informed the construction of stakeholder samples and the design of the stakeholder questionnaires. The literature review has been conducted in full. This means that the relevant pieces of literature were identified and reviewed.

In a first instance, a literature review grid was created in Excel, which provides an overview of the reviewed literature and indicates the relevance of each document for the study. The grid served as a guide for the research team when collecting and reviewing the literature.

Following the literature review grid, the identified literature has been summarised in Chapter 3, in a narrative write-up that addresses the study's research questions.

2.3. Task 2: Collection of data

The aim of Task 2 was to collect data from stakeholders to provide information on the parameters set out in the tender specifications. The work was divided into two sub-tasks: **Sub-task 2.1: Primary sources of information (stakeholder consultation)** and **Sub-task 2.2: Complementary sources of information.**

2.3.1. Sub-task 2.1: CATI interviews with hotels

In order to survey individual hotels (independent hotels and individual hotels that belong to chains), we conducted structured interviews based on a CATI methodology for sampling and interviewing across the six Member States covered by the study. **300 interviews** were conducted in the study countries during June and July 2021. Unless otherwise specified in Sections 3.2.1 to 3.2.20, the temporal scope of the questions covered by the CATI survey is 2021: with the exception of specific questions investigating the evolution over time of a certain indicator, all the answers provided by the respondents refer to the most recent available information (i.e. 2021 for the purposes of this study).

The research team used a sample of individual hotels based on a hotel database (GARD) provided by Delta Check. The sample of **over 16,000 hotels** was increased compared to the initial sample in order to ensure that the minimum requirements were reached.

The interviews with individual hotels were conducted by telephone. One of the main concerns regarding the use of CATI interviews was the anticipated difficulty of using this technique to gather historical data (which might require hoteliers to consult their records). To avoid a low response rate for historical questions and also to keep the CATI interview to a manageable length (approximately 30 minutes), it was agreed to gather most of the historical data using an additional online survey, to be sent to those CATI interviewees who agreed to participate.

The questionnaires used for the telephone interviews and for the online survey were approved by the Commission and are attached in Annex 3. The questionnaires were translated into the local languages (German, Spanish, French, Dutch, Greek, Polish and Swedish). Interviewees had the possibility to nonetheless ask for the interview to be conducted in English.

As the study focusses to a large extent on hotels' use of OTAs, it was decided to filter out from the CATI data collection exercise hotels that do not use OTAs. This led to the exclusion of 77 hotels from the CATI data collection exercise after an initial short interview. 300 full CATI interviews were then conducted with individual hotels that used OTAs. Of these 300 interviews, 285 were with independent hotels and 15 were with hotels that belonged to hotel chains.

The online survey was ultimately not used, for the following reasons. First, the research team only obtained the list of hotels that had agreed to participate in the online survey at the end of the CATI data collection process: this left very little time to use the online survey with these hotels before the deadline for delivery of the draft final report. Second, unlike the CATI technique, which follows precise steps and instructions, the research team considered that the online survey would give them insufficient control over the participants' speed of response or over the quality or completeness of their answers. Third, only 65 of the 300

CATI interviewees agreed to participate in the online survey; this figure was considered to be too low to give representative results across the six study countries.

The fact that the online survey was not used impacted the collection of data for some of the indicators discussed in Section 3.2. Where applicable, this is indicated in sub-sections 3.2.1 – 3.2.19 below.

The tables below show the sample size for the full interviews with hotels using OTAs and the number of hotels that were screened out of the full interview because did not use OTAs.²⁴

Table 1 Hotel use of OTAs in the six study countries

Country	Hotels using OTA	%	Hotels not using OTA	%
Austria	56	19%	13	17%
Belgium	52	17%	9	12%
Cyprus	26	9%	1	1%
Poland	53	18%	24	31%
Spain	60	20%	18	23%
Sweden	53	18%	12	16%
Total	300	100%	77	100%

Source: CATI survey

Table 2 Hotel by star rating in the six study countries

Country	Hotels using OTA	%	Hotels not using OTA	%
Five stars	6	2%	0	0%
Four stars	49	16%	13	17%
Three stars	113	38%	19	25%
Two stars	41	14%	15	19%
One star	15	5%	7	9%
My hotel does not have a star rating	76	25%	23	30%
Total	300	100%	77	100%

Source: CATI survey

Table 3 Hotel by customer type in the six study countries

Customer type	Hotels using OTA	%	Hotels not using OTA	%
Only leisure/holiday customers	64	21%	22	29%
Mostly leisure/holiday customers	149	50%	29	38%
Mostly business customers	69	23%	18	23%
Only business customers	4	1%	3	4%
Other types of customers	14	5%	5	6%
Total	300	100%	77	100%

Source: CATI survey

²⁴ Independent hotels and individual hotels that belong to chains.

Table 4 Hotel by destination type in the six study countries

Destination type (1st mention)	Hotels using OTA	%	Hotels not using OTA	%
City hotel	142	47%	26	34%
Countryside/rural hotel	96	32%	30	39%
Mountain or ski resort hotel	34	11%	9	12%
Seaside hotel	24	8%	7	9%
Other type of hotel	4	1%	5	6%
Total	300	100%	77	100%

Source: CATI survey

Table 5 Hotel by size in the six study countries

Number of employees	Hotels using OTA	%	Hotels not using OTA	%
More than 250 employees	2	1%	1	1%
Between 50 and 249 employees	22	7%	4	5%
Between 10 and 49 employees	101	34%	15	19%
Less than 10 employees	175	58%	57	74%
Total	300	100%	77	100%

Source: CATI survey

2.3.2. Sub-task 2.1: Data collection from hotel chains, OTAs and PCWs

To survey hotel chains, OTAs and PCWs, the research team used a written questionnaire and a follow-up interview aimed at clarifying their replies and covering any data gaps. **[0-5] hotel chains, [0-5] OTAs and [0-5] PCWs** responded to the survey.

Relevant stakeholders were identified by the research team and approved by the Commission during the inception phase. The research team obtained contact details for each stakeholder by contacting relevant trade associations and by making searches on social media (i.e. LinkedIn) and company websites.

The written questionnaires to hotel chains, OTAs and PCWs were approved by the Commission and are attached in Annex 3.

The research team contacted 20 **hotel chains** and encountered several refusals to contribute to the market study, due to the summer period and the expected heavy workload required to contribute to the study. Some hotel chains also expressed concerns about disclosing confidential commercial information. In some cases, the research team was able to address these concerns by signing a non-disclosure agreement with the relevant stakeholders.

Concerning **OTAs and PCWs**, the research team mapped 38 brands of OTAs and PCWs and it contacted these companies and/or groups of companies. However, due to the aforementioned reasons (including concerns about disclosing business secrets), the

response rate was lower than expected. Also, in some cases, the business model of the booking platform did not suit the scope of the study and the data collection tools²⁵.

The following tables list the stakeholders that contributed to the study and the date of the follow-up interview/submission.

Table 6 Sample of OTAs and PCWs

Group	Type	Subsidiary/brand name	Date
[<]	[<]	[<]	[<]

Source: written questionnaire to OTAs and PCWs

Table 7 Sample of hotel chains

Group	Date
[<]	[<]

Source: written questionnaires to hotel chains

2.3.3. Sub-task 2.2: Complementary sources of information

This sub-task aimed to collect additional information on the parameters set out in the tender specifications to complement and triangulate the information from the stakeholder surveys (Sub-task 2.1). To do this, the research team conducted online research on the websites of hotels, OTAs and metasearch/PCWs (“mystery shopping”) to understand the current marketing practices they use. We performed also an analysis on the dataset provided by D-EDGE and, finally, additional desk research to fill potential data gaps.

2.3.3.1. Mystery shopping

The mystery shopping exercise focused on indications of competition between hotel websites and OTAs. First, the research team checked for any difference in room prices or availability between these two channels, as well as whether any price differences were attributable to product/conditions differentiation (e.g. different room types or free cancellation). We also checked the extent to which available loyalty schemes and best price guarantees were respected (e.g. by attempting to conclude a booking by phone to see if the price proposed is lower than the one found online).

The mystery shopping was conducted following strict rules to ensure the consistency of the data collected²⁶. The exercise was conducted on a sample of 120 hotels: 80 independent hotels and 40 hotels belonging to hotel chains. The independent hotel websites were found to be highly heterogenous in terms of user interface: this led to inconsistent results between hotels, with low or no comparability, hence no usefulness for the analysis. For this reason, only the data collected from the 40 hotels belonging to hotel chains was used in the analysis.

²⁵ In some instances, the OTAs/PCWs use white label agreements: they only display hotel inventory obtained from third parties (OTAs, bed wholesalers, etc.) and they do not contract directly with hotels. In the case one platform, hotels represent only a small share of the accommodations sold on that platform. Another platform mostly offered dynamic packages (flight + hotel) and hotel offers could only be booked or accessed after booking a flight.

²⁶ The following methodology was used for the mystery shopping exercise:

- the data was collected between midday and 4 pm by a researcher based in Brussels using Google Chrome as the browser and Google.com as the search engine.
- Price differentiation standard double room for 2 people, cancellable, without breakfast, for 1 night in an off-peak period, 11-12 September.
- Room availability: standard double room for 2 people, cancellable, without breakfast, for 1 night in a peak period, 7-8 August.
- Online advertisement: search engine request using the name of hotel + city name, e.g. “Hotel Vesuvio Napoli”. Check the first search results if they have the Ad label.

2.3.3.2. Database provided by D-Edge

D-Edge, in collaboration with the research team, provided a large dataset with over 100 000 entries related to over 300 properties²⁷ in the six study countries between January 2017 and March 2021. These data were used to estimate the relative importance of the main sales and marketing channels in order to triangulate the estimates from the other data collection tools.

2.4. Task 3: Data analysis

Following the finalisation of the data collection in Tasks 1 and 2, the team conducted the data analysis which aims to answer the overarching research questions of the study:

- How is hotel accommodation distributed in the Member States covered by the study?
- Do distribution arrangements differ between these Member States? If so, what are the reasons for such differences?
- Have distribution arrangements changed relative to the situation described in the report on the ECN Monitoring Exercise for the period July 2015 to June 2016? If so, what are the reasons for such changes?
- Has the adoption of laws banning hotel booking platform parity clauses led to changes in distribution arrangements in the Member States concerned?

The data analysis task consisted of two main steps: (1) **construct the database for data triangulation and analysis** and (2) **data analysis and validation**.

The final analysis incorporates the results from Tasks 1 and 2. The data analysis database provides a strong basis for analysis as it already contains the relevant graphs that support the assessment. The analysis provides answers to the overarching research questions of the study, as well as specific responses to the requested parameters. The overall analysis includes country-level analysis as well as cross-analysis, comparing results across countries, parameters, and periods. Lastly, the analysis captures (where possible) any evolution in the study parameters during the timeframe covered by the study.

²⁷ Spain: from 290 properties in 2017 to 227 properties in 2021. Properties that are constant in the period: 198.
Austria: From 52 properties in 2017 to 64 properties in 2021. Properties that are constant in the period 49.
Poland: From 25 properties in 2017 to 36 properties in 2021. Properties that are constant in the period 25.
Belgium: From 9 properties in 2017 to 19 properties in 2021.
Sweden: 3 properties in the period.

3. Results of the study

3.1. Literature review

This section presents the results of the desk research to review the relevant literature.

The literature review provides an overview of the distribution of hotel accommodation in the EU and the use of parity clauses and related measures by OTAs in the EU. Literature on the adoption and effects of national legislation relating to the use of parity clauses by OTAs in the EU has also been reviewed.

The literature review is structured in five parts:

- First, a **market overview**, containing information on the relative importance and costs of the main distribution channels, new technologies and sales techniques used by platforms and hotels, as well as hotels' use of OTAs
- Second, a section on the **benefits and disadvantages** for consumers and hotels of using OTAs
- Third, a description of the **use, enforcement and impact of parity clauses**
- Fourth, a discussion of a range of potential **factors impacting hotel room prices**
- Fifth, an explanation of certain **limitations** that should be considered when interpreting the literature presented in the review

The desk research underlying this review focussed on the relevant literature published since January 2017. In some exceptions, particularly for the review of legal developments, older material has been included.

While the study focusses on the EU, the literature considered in the review refers to the hotel sector in various geographic regions, including the EU, USA and Asia. It should be noted that the hotel sector varies in some characteristics across these regions, which means that some of the findings may not hold in the EU. The international literature nonetheless provides valuable insights, as many of the stakeholders operate around the globe and most of the developments in the sector (e.g. technologies and stakeholder relationships) are similar in EU and non-EU geographies.

Various sources including academic literature, official reports, legal texts at international, EU and national level, tourism magazines, news outlets and blogs have been studied and included in this review.

3.1.1. Overview of hotel distribution practices

The distribution of hotel accommodation involves a large number of stakeholders and channels, including hotels, offline and online travel agencies, metasearch/PCWs, wholesalers, etc. This section provides information on the importance of different channels by looking at their share of total overnights sold. Moreover, the section also provides some information on the cost of each channel for hotels, on the adoption of new technologies and sales techniques, as well as the hotels' use of OTAs.

3.1.1.1. Share of distribution channels

In the hotel accommodation sector, there are various distribution channels and various ways to categorize them. For example: online versus offline and direct (voice, hotel website, walk-in) versus indirect (OTAs, brick and mortar travel agents).

Figure 3: Shares of distribution channels in Europe (2013-2019) shows the weighted shares (measured in the share of overnights) of different distribution channels by subcategories in Europe from 2013 to 2019. The data has been drawn from the European Hotel Distribution Study by Prof. Schegg (2020), which is performed biannually and monitors distribution via online and offline channels in the European hotel industry. The study is based on an online survey conducted in January and February 2020 with 2,839 responses – 2,156 responses from independent hotels from 24 out of the 34 member countries of HOTREC²⁸ and 683 responses from 8 hotel chains in four countries (Germany, Croatia, Finland and Hungary)²⁹. Even though the number of observations is not particularly high for most countries,³⁰ it is one of the most comprehensive studies.

Figure 3: Shares of distribution channels in Europe (2013-2019)

Distribution channel	Weighted market share (in %)								Change (in pp)	
	2019		2017		2015		2013		2019-2013	
Direct - Phone	14.2		16.5		17.2		20.5		-6.3	
Direct - Mail / fax	1.7		2.1		2.4		3.2		-1.5	
Direct - Walk-In (persons without reservation)	3.7	45.5	4.5	52.0	4.5	52.9	5.8	57.6	-2.1	-12.1
Direct - Contact from own website (without availability check)	4.2		5.3		5.4		5.8		-1.5	
Direct - Email	12.9		14.6		15.6		14.9		-2.0	
Direct - real time booking over own website (with availability check)	8.8		9.0		7.7		7.4		1.4	
Destination Marketing Organization (DMO / trade associations)	0.6		0.9		0.9		1.1		-0.5	
National Tourism Organization (NTO)	0.2	0.8	0.4	1.3	0.5	1.4	0.5	1.6	-0.3	-0.8
Tour operator / Travel agency	11.4		9.5		9.1		10.3		1.1	
Hotel chains and cooperations with CRS	1.0	18.1	1.1	16.3	2.4	17.9	1.6	17.2	-0.5	0.9
Wholesaler (e.g. Hotelbeds, Tourico, Gulliver, Transhotel, etc.)	3.1		3.2		3.5		3.4		-0.3	
Event and Congress organizer	2.5		2.6		2.9		1.8		0.6	
Online Booking Agency (OTA)	29.9		26.0		23.1		19.7		10.2	
Globale Distributionssysteme (GDS)	2.4	32.9	2.5	29.0	2.9	26.4	2.0	22.2	0.3	10.7
Social Media Channels	0.7		0.5		0.4		0.4		0.2	
Other distribution channels	2.7	2.7	1.4	1.4	1.4	1.4	1.5	1.5	1.2	1.2

Note: The categories presented in this table reflect the options given to hoteliers in the online survey. While some categories do not appear to be mutually exclusive (e.g. GDS and tour operators), one can assume that they are not double counted given that hoteliers provided the share per channel. **Source:** Schegg (2020)

One of the main findings from Schegg (2020) is that the direct bookings (green) have decreased from 57.6% in 2013 to 45.5% in 2019, while the share of bookings via online intermediaries (pink) has increased continuously from 22.2% in 2013 to 32.9% in 2019. The increase in online intermediaries is driven, in particular, by the growing importance of OTAs. Nonetheless, it is important to consider that traditional channels still play a major role (Stangl, Inversini & Schegg, 2016). It has also been reported that brick and mortar travel agents enjoy a revival due to the convenience and shopping experience that they provide (Feinstein, 2018).

These trends are confirmed by various other sources, including Beritelli and Schegg (2016); Ivanov and Atanasova (2019); Anderson and Han (2017); and EY-Parthenon (2021). However, the exact shares differ slightly across the sources, as they consider different samples, countries and hotel classes.

Schegg (2020) actually also shows that the share of each sales channel varies between countries and between categories of hotels and customers. For example, the share of direct bookings is lowest in 5-star and 2-star hotels (51% and 52%), large hotels with more than 100 rooms (45%), leisure travels (52%), large cities with more than 250,000 inhabitants

²⁸ The surveyed countries are: Italy, Germany, Switzerland, Greece, Sweden, Czech Republic, Spain, Ireland, Hungary, Austria, Finland, Slovakia, Croatia, Norway, Poland, Turkey, Iceland, Netherlands, United Kingdom, Estonia, Latvia, Belgium, Malta, Serbia and Azerbaijan (ordered according to the number of responses)

²⁹ In the remainder of the report, the regional focus of this study is referred to as Europe, even though it does not include all European countries.

³⁰ In each of five countries (Italy, Germany, Switzerland, Greece and Sweden), more than 100 responses were collected. In total, these countries make up about 80% of the sample.

(41%) and chain hotels (45%)³¹ (Schegg, 2020). In terms of geographic differences, the share of direct bookings is highest for hotels in Austria (61.5%) and lowest in Spain (33.2%).

Another important driver of the use of OTAs is the age of the customers. For example, Millennials hold the largest share of the travel market at 33% and 52% of Millennials prefer booking hotels via OTAs (Feinstein, 2018).

More recently, other technology companies, such as Google, try to push into the sector and started competing with OTAs and metasearch/PCWs (Tutt, 2019). The OTA sector more widely might be undergoing some changes. An illustration of this is that Booking.com “has entered the small accommodation sector including family operated Bed and Breakfasts, Vacation Rentals and Self-Catering Apartments” (Zamyatina & Solntseva, 2019).

By far the biggest OTA in the hotel sector in Europe is Booking.com, with a share of 67.7% (Martin-Fuentes & Mellinas, 2018; Schegg, 2020). The three main players within the European OTA sector (Booking Holdings, Expedia Group and HRS) are reported to have an aggregated market share of 92% in Europe in 2019 (Schegg, 2020). More commonly, the OTA sector is described as a duopoly between Booking.com and Expedia or oligopolistic market structure (Stangl, Inversini & Schegg, 2016). Not only are Booking.com and Expedia the largest OTAs, but Booking Holdings and the Expedia Group both own numerous brands and websites. Expedia Group is the owner of more than 200 websites and mobile outlets (Zamyatina & Solntseva, 2019). Similarly, Booking Holdings manages multiple platforms, including Booking.com, Agoda.com, Priceline.com and Kayak.com.

3.1.1.2. Distribution channels and their relative costs

The cost associated with each distribution channel varies widely due to the different extent of (marketing) activities and risks taken by the various stakeholders.

This makes it difficult to compare the cost between different channels because not every channel has a cost element that is directly linked to a room sold. While commissions can be clearly identified as the cost for securing a successful booking (agency model), there is no direct cost when wholesalers purchase rooms at a reduced price (merchant model). In this case, the difference between the normal end-user price and the wholesale price could be interpreted as the effective commission per room sold. In other cases, marketing expenditure might not guarantee any sales (advertising and subscription models). Instead, these models provide visibility, which facilitates traffic and in some cases bookings on the hotel's own website.

It should also be noted that the prices of distribution/marketing services vary by company and are not public information. For this reason, the estimates presented from different sources are rough indications of the relative costs.

Most commonly, the business models applied by online and offline distribution channels are distinguished between the so-called agent model and merchant model (Uenlue, 2017; Ye, Zhang & Li, 2018).

Under the **agency model**, hotel rooms are distributed by a travel agent, who charges a certain percentage of the room price set by the hotel³² (also called commission rate) when the room is being sold via their channel. Since the travel agents only receive a commission for rooms sold, they are likely to invest in the promotion of the hotels listed on their platform and the platform more generally. While this implies that hotels might have to invest less in their marketing, hotels are not guaranteed any sales and continue to bear their business' (operating) risk. This model applies for both offline and online travel agents. Offline travel

³¹ Compared to 1-star hotels (70%), hotels with less than 20 rooms and from 20 to 50 rooms (both 58%), other segments (non-leisure or business) (66%), small cities with less than 10,000 inhabitants (60%), and independent hotels (56%).

³² In some opaque distribution channels that provide room price discounts, the price might be determined in a bidding process (e.g. Priceline's Name Your Own Price [NYOP] service). (Yang, Jiang & Schwartz, 2019).

agents often have access to the hotels' capacity via a Global Distribution System (GDS), "a worldwide computerized reservation network that enables transactions to travel agents, online reservation sites, and large organizations" (Falk & Anderson, 2020).

EY-Parthenon (2021) - a study commissioned by Booking.com³³ - estimates the commission rate for successful bookings via offline travel agents to be 16% (including the GDS fee). The estimates for offline travel agents are supported by Mahmoud (2015), which suggests a rate of 16% (10% travel agent commission plus an average of 6% GDS pass-through fee for average daily rooms of 150 USD to 300 USD) for GDS-enabled travel agents in 2015.

In terms of online travel agents, estimates for the commission rates range from 15-20% (EY-Parthenon, 2021) to 10%-25% (Zamyatina & Solntseva, 2019) and as high as 15%-30% (Feinstein, 2018) and 10%-30% (EC DG JUST, 2020). The commission rates appear to vary between locations (Zamyatina & Solntseva, 2019), but in general, it has been noted that commission rates have increased in recent years (Feinstein, 2018; Schegg, 2020).

Under the **merchant model**,³⁴ the distributor purchases hotel rooms (nights) at a wholesale (reduced) price and sells them with a mark-up. The difference between the wholesale price and the retail price represents the effective cost of sale. In most cases, the hotel is paid by the wholesaler independently of whether the wholesaler sells the room. This means that the hotelier is guaranteed a certain amount of revenue and might invest less in marketing because some of the hotel's inventory has already been sold to the wholesaler. It is thus the distribution channel with the lowest risk for hotels. As a result, the cost of sale per room sold is generally higher than under the agency model. One estimate puts the implicit cost (the reduction from the retail price) at 25% - 35% (EY-Parthenon, 2021). While the merchant model is most widely used by bed wholesalers, it can also be applied by OTAs. However, some OTAs might not take on the (full) risk of unsold beds.

In addition to the agent and the merchant model, there also exist advertising and subscription models. Under these models, customers are generally redirected to the hotels' website to make a booking.

The **advertising** model might require the hotel to pay a fee on a pay-per-click basis (InnovationTactics, 2017; EY-Parthenon, 2021). As a result, hotels are not guaranteed a successful booking from any given number of clicks, which implies a relatively high risk to the hotel. The cost per click can be fixed or is in some cases "determined in an auction system [and] would typically be in the sub-dollar to a few-dollar region" (InnovationTactics, 2017). The cost is likely to vary as a function of star category and location. By contrast, under a **subscription** model, hotels pay a fee to be listed on a platform for a certain period. For example, the fee could be a few hundred USD per year for a small Bed & Breakfast" (InnovationTactics, 2017). Similar to the advertising model, this means that hotels face a cost without being guaranteed any bookings. As such, the fees can be seen as more general advertising costs. Considering the expenditure and the number of rooms sold as a result of referrals from channels that use the advertising or subscription model makes it possible to calculate an average cost of the channel per booking. However, this cost does not reflect the full cost per room sold, as it does not include the costs for the booking engine on the hotel's website.

In recent times, some of the major players have made changes to the payment systems used for the advertising and the subscription models. Google, which operates paid ads on its Google Hotel search, eliminated fees for hotel booking links in 2021 (Sorrells, 2021a). The booking options for a particular hotel now shows two free listings below some featured, paid for ads. The visibility of the free listings is a bit lower compared to the paid for ads since the list of free listings only expands further when the customer clicks on "all options". In a

³³ The survey conducted in 2020 included small and medium enterprises from Germany, France, Portugal and Italy.

³⁴ This model is also often called the distributor model.

similar move, Tripadvisor has made its subscription programme Tripadvisor Plus free for all hotels to join (Biesiada, 2021). The programme is currently “in beta [testing] and slated to be rolled out to all U.S. users by the end of June” (Schaal, 2021).

While the number of direct bookings are declining (see Section 3.1.1), a significant share of reservations is still made **through direct** channels, such as phone, walk-in or the hotel’s website. Some of the direct costs involved in running these channels include staff costs for taking phone reservations or the cost to operate the hotel website through which reservations can be made, including the booking engine and any external software solutions. As such, it is difficult to determine the cost per room sold.

In the absence of narrow parity clauses prices offered directly by the hotel are sometimes strictly lower compared to other channels (e.g. Hunold, Kesler, Laitenberger & Schlütter, 2018). This suggests that the cost of the direct channels might be relatively lower. However, in addition to the direct operational costs, hotels also have to invest more in marketing if they choose to rely more heavily on direct channels, as there is no intermediary promoting their hotel. Some studies suggest that if hotels bear the full marketing costs, the direct channel becomes more expensive than others, such as OTAs (Infrata, 2018; EY-Parthenon, 2021).

3.1.1.3. New technologies and sales techniques

In addition to the typical OTAs and metasearch engines, there is a number of new technologies and sales techniques that shape the online distribution of hotel accommodation.

OTAs have introduced several features that try to make their platform more attractive to travellers and to some extent change their relationship with hotels. For example, Booking.com has introduced Booking.basic, Risk Free Reservations and Booking Genius:

- Booking.basic provides non-refundable rates via a third party whenever the rate provided to Booking.com is not the cheapest available online (McIlwain, 2019). While this feature allows customers to find cheaper prices for hotels, it is criticised by some hoteliers, as it is more rigid for consumers (Aro Digital, 2019).
- Through its Risk Free Reservations programme, Booking.com guarantees hotels to find another guest or pay the hotel in case a reservation gets cancelled. This provides hotels security, as they do not have any risks from potential guests cancelling their booking. However, on the other hand, it reduces the possibility to differentiate prices between cancellable and non-cancellable booking options. This means that their direct booking platform may become less attractive compared to the OTA (Lopez, 2018).
- Hotels participating in Booking Genius offer exclusive discounts in return for better visibility on Booking.com. While the visibility might help hotels to secure more bookings, it has been reported that Booking.com also publishes the Genius rates outside of their platform (for example on meta-search engines) (Delgado, 2017).

Other online platforms have also introduced new features, such as the Add-On Advantage Programme on Expedia (Aro Digital, 2019) and Google’s feature ‘Book on Google’ (Rita, 2018).

Similarly to OTAs, hotels try to make their (direct) channel more attractive to customers by increasing convenience and accessibility. For example, hotel chains Hilton, Starwood and IHG have partnered with Uber (Grant Thornton, 2016). Hotels are also making use of last-minute apps and opaque distribution channels, via which they are selling rooms at discounted prices (Feliu, C, no date.; Yang & Leung, 2018; Yang, Jiang & Schwartz, 2019).

In addition to these cooperations and channels, hotels are adopting new technological trends in their marketing strategies, such as virtual and augmented reality, recognition technology,

artificial intelligence and internet of things (Catala Consulting, 2021; Werner, 2020; Revfine, 2020). Most of these innovations are targeted at increasing convenience and customer experiences. In order to do so, many hotels draw on hotel website add-ons and mobile apps.

For example, hotels are using chatbots, which provide instant, automated chat functions based on artificial intelligence. This around-the-clock service can often be used in multiple languages and can function, for example, as a sales channel on the website or provide customer service as part of a hotel app. Other popular software solutions provide data-driven marketing automation and data-driven personalisation across the booking journey. While these software tools mostly support the booking process, there are also others solutions that function directly as booking engines or metasearch management. HotelTechReport (2021a) notes that “Mobile-optimized booking engines and guest messaging platforms are two of the most visible guest-facing applications”. Not only do they aim to make the booking process easier for the customer, but they also strive to provide a better overview and management of channels, revenue and prices to the hotels. (HotelTechReport, 2021b)

HotelTechReport (2021b) analyses the rapidly evolving landscape of hotel technologies on an annual basis. Based on the reviews from 318,466 hoteliers from 127 countries, they identify and categorise the most important software solutions. Figure 4: 2021 Hotel Technology Market Map shows the diversity and quantity of existing technologies and applications in the hotel sector. “In 2018 alone, we saw the launch of app marketplaces and integrators from travel technology companies Mews, Apaleo, SiteMinder, and Snapshot” (HotelTechReport, 2021a). The figure also shows that innovative features are used in functions beyond marketing, as they can also enhance hotel operations or guest experiences. These applications can include contactless check-in and payment, hotel guest apps, hotel robots, virtual and augmented reality tours (Revfine, 2020; Feliu, no date). In fact, most of these software add-ons provide multiple services or even all-in-one solutions.

Figure 4: 2021 Hotel Technology Market Map



Source: HotelTechReport (2021b)

3.1.1.4. Hotels' use of OTAs and other distribution channels

Hotels' use of OTAs

Feinstein (2018) reports that the majority of travel and hospitality providers offer inventory via OTAs. This is in line with some other studies that suggest that only 10% of hotels in Austria, Germany and Switzerland did not sell on OTAs in 2011 (Stangl, Inversini & Schegg, 2016). In a study for Warsaw (Poland), the number was higher, with almost 19% in 2014 (Pawlicz & Napierala, 2017). Similarly to the online booking behaviour of consumers, the share of hotels listed on OTAs is likely to vary between countries.

Furthermore, it is interesting to note that most hotels engage in multi-homing, namely they are listed on more than one OTA. In a sample of hotels in Austria, Germany and Switzerland, the hotels were listed on an average of 3.61 OTAs (8.06 offline and online channels) (Stangl, Inversini & Schegg, 2016), while a study based on a sample of Italian hotels reports an average of 5.3 OTAs in 2015 (Raguseo, Neirotti & Paolucci, 2017). As might be expected, the share has increased over time (Raguseo, Neirotti & Paolucci, 2017; Beritelli & Schegg, 2016).

Varying levels of dependency on OTAs

While the use of OTAs appears to be very widespread, their use and importance vary across hotel categories. Multiple studies have shown that smaller hotels, independent hotels and hotels with a low star rating are more dependent on OTAs (Martin-Fuentes & Mellinas, 2018; Mellinas, 2019; Anderson & Han, 2018).

Martin-Fuentes and Mellinas (2018) and Mellinas (2019) use the number of reviews on Booking.com as a proxy for the number of reservations and hotel sales through this OTA. Their results indicate a much larger variation in the use of OTAs across star category and hotel size compared to some other studies. The lack of plausible explanations for this discrepancy leads them to believe that some hotels might be under-reporting their dependency on OTAs in surveys. As a result, they suggest that estimates for the dependency on OTAs based on survey data tend to be less reliable (Mellinas, 2019).

Anderson and Han (2018) draw on data from a natural experiment in Columbus, Georgia, USA. OTAs decided to ban all hotels located in the city from their platforms over a four-year period from the end of 2008 through 2012 because the city filed a lawsuit over uncollected accommodation taxes aimed at online travel agencies. The authors showed a downward pressure on prices and revenues, which was dramatically reduced for branded hotels. This suggests that independent hotels are more dependent on OTAs.

More indications of the dependency of hotels on OTAs have been given by Beritelli and Schegg (2018), who challenge the need for an “over-optimization of channel strategy”. Based on data from Switzerland, they identify that the number of channels has a positive impact on the estimated number of bookings, whereas the type of channel is not as important. This relationship is particularly strong for one- and two-star hotels and establishments with no star rating. In addition to increasing the number of bookings, having a presence on multiple OTAs decreases the dependency on a single distribution channel.

It is hypothesized that small, independent and low-star hotels are more dependent on OTAs because they have less money to invest in promotions, don't have large reservation engines and have fewer staff, with less experience in sales and marketing (Martin-Fuentes & Mellinas, 2018; Mellinas, 2019).

Some of the current structures, such as the information asymmetry between hotels and OTAs, which is driven by the OTAs' ownership of consumer data, might also reinforce this dependency (Iazzi, Trio & Gravili, 2017) and be the driver for the “increasing dependency of hotels on online travel agencies (OTAs) around the world” (Mellinas, 2019).

Hotels' use of metasearch websites and bed wholesalers

In addition to OTAs, hotels make use of metasearch engines and bed wholesalers.

Schegg (2020) finds that 41% of hotels in Europe used metasearch engines in 2019. Whilst Tripadvisor used to be the most prominent metasearch engine in 2013, Google with its Hotel Ads service became the market leader in recent years. In 2019, Google Hotel Ads was used by 59.8% of hotels, while Trivago and Tripadvisor were used by 54.2% and 50.8% respectively³⁵. This suggests that Tripadvisor has lost ground to Google and Trivago over the last 6 years.

There is only limited information on hotels' use of bed wholesalers. However, some of the major bedbanks, which is a type of wholesaler, report in their marketing information that they list a large number of hotels worldwide (HotelsPro: 600,000, GRN Connect: 500,000, WebBeds: 350,000, Hotelbeds: 180,000, Travco: 12,000) (Ostahi, 2021). The relationship between hotels and bed wholesalers is ambiguous, as it reduces the control that hotels have over their inventory and prices (Cohen, 2017). Hotels still "maintain a strong relationship with wholesale partners", as they rely on the business that they generate (Cohen, 2017). It has been reported that bedbanks and other wholesale channels sold hotel rooms worth about 50 billion USD globally before the COVID pandemic (O'Neill, 2021). This is equal to a share of 4.1% of the global's hotel and resort industry in 2019 (IBISworld 2020, as cited in Statista, 2020). For Europe, Schegg (2020) reports that wholesalers accounted for a market share of overnights of 3.1% in 2019. This share is down slightly from 3.5% in 2015.

Hotels' (multi-)channel distribution strategy

The previous sections have discussed hotels' use of various distribution channels. Stangl, Inversini and Schegg (2016) performed a cluster analysis³⁶ of the data from Austria, Germany and Switzerland to analyse the mix of different channels used. Their analysis shows that there are four types of hotels in terms of distribution strategy: multi-channel-, electronic-, realtime-, and traditional distributors. Multi-channel distributor hotels are those which use the full potential of all possible distribution channels, whereas realtime distributor hotels are those that rely most heavily on online channels (e.g. via GDS or travel platforms). The most important channels for electronic distributor hotels are email and online reservation forms, while telephone, fax, letter, and walk-ins are most prevalent for traditional distributor hotels. 'Multi-channel distributor' hotels are the most common type in Germany and Switzerland but only the second most common in Austria.

In addition to studies analysing current distribution practices, there is a strand in the academic literature that develops theoretical models to identify the best choice and mix in terms of sales channels, business model, pricing and commission rates (Dolasinski, Roberts & Zheng, 2019; Ye, Yan & Wu, 2019; Ye, Zhang & Li, 2018; Ye & Zhang, 2017; Chen, 2021). The models show that there is no optimal solution that is generic to all hotels or all situations. Instead, in the models, it may depend, for example, on the hotel's size and its bargaining power, the customer population size, cost of OTAs, consumer acceptance of OTAs and the possible increase in the market share that the OTA achieves for the hotel.

3.1.2. Benefits and disadvantages of OTAs

The prevalence and increase in the use of OTAs is partially driven by the benefits that OTAs offer to consumers and hotels. This section presents some of the most commonly mentioned benefits of dealing with OTAs for hotels and consumers, as well as some of the most

³⁵ These numbers are based on unweighted raw data.

³⁶ Cluster analyses try to identify groups of hotels so that the hotels within a group are similar to each other whereas hotels across different groups have different characteristics.

commonly mentioned disadvantages. The list of benefits and disadvantages is by no means comprehensive.

The literature on the use and impact of OTA parity clauses and related measures and on the impact of OTAs on hotel prices and other factors impacting hotel room prices are discussed in Sections 3.1.3 and 3.1.4.

3.1.2.1. Benefits to consumers

Choice, convenience and usability

One of the main value propositions by OTAs and metasearch engines is the possibility to compare the offers of different hotels. Having access to a large number of hotels in a single channel provides consumers easier access to information and, thus, increases their choice.

Furthermore, the large OTAs have a broad network of airlines and other types of travel services suppliers who offer complementary products and services to hotel stays. Small and independent hotels do not necessarily have such a network. In that case, OTAs can offer customers packages with airline deals that are not offered as individual purchases (Davies, 2020).

These aspects provide convenience to the consumer in their booking experience, which is further enhanced through the platforms' ease of use (EC DG JUST, 2020; Lv, Li, Xu & Yang, 2020; Guo et al., 2020; HotelTechReport, 2020; Chubchuwong, 2019). "OTAs have improved usability and created an unparalleled booking experience" (Willmert & Nayak, 2019).

Hotel websites, on the other hand, are sometimes described as cluttered and difficult to navigate (Willmert & Nayak, 2019). In addition, a study by Stringam & Gerdes (2019) has shown that the load time of hotel websites was slower than those of OTAs, aggregators and peer-to-peer accommodation websites. This can lead to frustration and consumers abandoning the hotel website.

Innovations, technology and quality of service

OTAs have achieved a high usability because they constantly adapt to changing consumer needs and drive the implementation of new, mobile technologies (EC DG JUST, 2020). Romero and Tejada (2020) show that the dependency of hotels on online travel agencies stimulates marketing innovation, while this is lower with traditional tour operators. OTAs make high marketing and technology investments in order to improve their visibility and ease of use. Since many hotels try to increase sales through their direct channels, the OTAs have an incentive to keep up and make similar innovations on their own channels. This is particularly important considering the shift towards online bookings (Schegg, 2020; World Bank, 2018).

Adopting new technologies is also a means to provide better service and a higher perceived quality to customers. For example, after Booking.com committed not to use wide price parity clauses in the EEA in 2015, Booking strengthened its presence on social media and introduced a range of new innovative features (Mantovani, Plga & Reggiani, 2017). It personalised its offers, added new visual features and increased the interaction with hotels. Hotels are not as fast in innovating and upgrading their services (Romero & Tejada, 2020).

Confidence and trust

Customer recommendations is another valuable feature of platforms. This user feedback provides potential customers with peer-to-peer information and acts as social proof of the value proposition (EC DG JUST, 2020)

It is also reported that OTAs have given consumers more confidence in booking travel reservations online (World Bank, 2018). This manifests itself in guests having more trust in the hotel property as well as the platforms' payment systems (EY-Parthenon, 2021).

3.1.2.2. Disadvantages for consumers

Exploitation of behavioural biases

While OTAs provide significant value to consumers, a behavioural study by the European Commission on advertising and sales practices on travel booking websites and apps has highlighted that some of the platforms' sales techniques can actually be harmful to consumers. "Online travel markets are oftentimes based on services that rely on sophisticated psychological processes and mechanisms which prey on behavioural biases" (EC DG JUST, 2020). Examples of these practices include pressure selling, discount claims and hidden charges.

The Commission's report (2020) also says that "some of the most widely deployed commercial practices sometimes blur the line between legality and potential deceitfulness from a consumer's perspective". This is likely to have an impact on consumers' welfare. However, it should be noted that some OTAs have committed themselves to refrain from the use of unfair and aggressive commercial practices (EC DG JUST, 2020).

Misleading sales practices

Furthermore, some OTAs use other practices that are misleading to customers (Mantovani, Piga & Reggiani, 2018a). Competition authorities are "concerned that practices such as giving a false impression of a room's popularity or not displaying the full cost of a room upfront could mislead people, stop them finding the best deal and potentially break consumer protection law" (UK NCA, 2019). For example, platforms use "best deal" claims or recommended search results that are not necessarily in the interest of the consumer. Instead, hotels often pay to receive a higher ranking on a platform. Schegg (2020) reports that every second hotel makes use of various possibilities offered by OTAs to improve their ranking. The lack of transparency about these claims might hide that, in some cases, the underlying factors are profit considerations for the OTA, rather than genuine value for the customer (EC DG JUST, 2020; Hunold, Kesler & Laitenberger, 2020).

In September 2019, following an investigation into various sales practices by the accommodation-booking industry, the UK Competition and Markets Authority (CMA) imposed new industry standards (UK NCA, 2019). OTAs are now required to provide more transparency on how varying commission rates paid by hotels can affect search ranking results, as well as more clarity on discounts and compulsory charges (Taylor, 2019). At EU level, Booking.com has also "committed to make changes in the way it presents offers, discounts and prices to consumers" (EC, 2019), including more clarity on how results are ranked.

Other examples of potentially misleading practices include the rating systems employed by platforms (Martin-Fuentes, Mellinas & Parra-Lopez, 2020). While the highest value on most platforms is a 10, the lowest value varies across platforms (e.g. Booking: 2.5, Agoda: 2, Atrapalo: 1, Travel Republic: 0). Martin-Fuentes, Mellinas and Parra-Lopez (2020) show that, after rescaling the scores, the ratings for hotels are worst on Booking.com, followed by Agoda. In most cases, customers are not aware of the difference in the rating scale, which can lead to wrong interpretations when reading hotel scores.

Another example of lack of transparency exists around the group structure of OTAs. There are concerns over the illusion of diversity of OTAs and metasearch sites, when many of these in fact belong to either Booking Holdings or Expedia Group. For example, Expedia Group is the owner of more than 200 websites and mobile outlets (Zamyatina & Sointseva, 2019). Similarly, Booking Holdings manages multiple platforms, including Booking.com, Agoda.com, Priceline.com and Kayak.com. As a result, and due to their large market share, the two OTAs are often referred to as a "duopoly" by the hotel industry. However, "3 in 4 people are unaware they are comparison shopping with only 2 companies" (HotelTechReport, 2020).

3.1.2.3. Benefits to hotels

OTAs are one of various sales channels used by hotels. As such, their main function for hotels is to secure and increase the number of bookings.

Steady demand and new customers

It is widely recognised that OTAs help to attract new customers (Chang, Hsu & Lan, 2019). The popularity and accessibility of OTAs means that they reach more customers nationally and internationally (ECN, 2017; Willmert & Nayak, 2019). Based on a survey and data from Booking.com, EY-Parthenon (2021) show that the customer base of OTAs tends to be more international compared to all other channels for small and medium hotels.

In addition to reaching new potential customers, it is reported that OTAs generate increased demand, which translates into more bookings and a higher occupancy rate (Oxford Economics, no date³⁷; EY-Parthenon, 2021; Ivanoc & Atanasova, 2019; Raab et al., 2018). The exact effect on the number of incremental bookings is difficult to determine. An econometric study based on all types of hotels in the EU and Switzerland estimates it to be 5% (Oxford Economics, 2019), while a different estimate based on a survey in Germany, France, Portugal and Italy suggests a range of 20-30% for small and medium sized accommodation (EY-Parthenon, 2021). This effect can also be seen in a few academic studies, which look at the effect of hotels in Columbus, USA, being delisted from several OTAs between 2008 and 2012 (Anderson & Han, 2018; McLeod et al., 2018). As a result, the hotels are estimated to have experienced a loss of 18,000 room nights per year, which is equivalent to roughly 13% of total room nights sold.

Abdullah et al. (2021) have studied the effect of listing on Booking.com on hotels' profitability. They have shown in a study of Belgian hotels between 1999 and 2018 that listing on Booking.com had a significant, positive effect on the hotels' return on assets. The authors also identified that the effect was more pronounced for smaller accommodations. This effect is hypothesised to originate from a lower occupancy in small, owner-managed hotels, which would make them more dependent on the wider demand that can be generated by OTAs.

Particularly in times of low demand, such as the slump and expected slow recovery of the hotel industry due to the COVID-19 pandemic, OTAs typically carry more weight (Stein, 2020). While more hotels are turning to OTAs to recover demand, anecdotal evidence shared by hoteliers suggests that some of the large OTAs have been more selective in terms of onboarding new listings during the pandemic (Sorrells, 2021b). On the other hand, new digital solutions have helped smaller distribution channels, such as Hotelbeds and Webbeds, to introduce more efficient onboarding processes during the pandemic and helped them gain some terrain in the sector and expand their listings.

Platform advertising and the billboard effect

Part of the OTAs' success and prominence is based on their vast spending on marketing and advertisement. The budget of online travel companies rose from less than 3 billion USD in 2012 to more than 10 billion USD in 2018 (Ivanoc & Atanasova, 2019). Expedia and Booking alone are reported to have spent over 10 billion USD in combined advertising in 2018 (HotelTechReport, 2020).

Hotels listed on these platforms benefit from the platforms' spending, as it increases their visibility. In fact, visibility is one of the hotels' main incentives for the commercial partnership with OTAs (Iazzi, Trio & Gravili, 2017; EY-Parthenon, 2021). In some cases, consumers might see a hotel on a platform and book via the hotel's own website. This is the so-called billboard effect.

³⁷ This study has likely been published in 2016 or later, since it refers to data from 2015.

The billboard effect is widely recognised by hotel managers and the academic literature (e.g. Raab et al., 2018). Anderson and Han (2017) estimate the billboard effect to range between 5% to 35%, while the survey conducted by EY-Parthenon in 2020 suggests an effect of around 42% for small and medium-sized accommodations in Germany, France, Portugal and Italy. Both of these figures are based on the number of direct bookings that originate from OTA platforms. Infrata (2018) estimates the monetary value of the billboard effect to be between €7 and €10 per booking. However, Anderson and Han (2018) also find that the billboard effect has decreased by about 10% since 2011 and varies across types of hotels. The effect is reported to be weaker for branded hotels compared to independent hotels.

Despite its wide recognition, some sources suggest that the billboard effect is sometimes overrated (Bosworth, 2018). The Bundeskartellamt's investigation, which formed part of their proceeding against Booking.com, also shows that the scenario, in which "consumers find a hotel on Booking.com, but end up booking directly with the hotel [...] practically does not exist" (Bundeskartellamt, 2020). According to their findings, free-riding via the billboard effect is of no quantitative relevance in Germany, as "99% of consumers who first found their accommodation on Booking.com subsequently also booked it there." It should also be noted that a significant share of travellers start their search on a hotel website and book via an OTA (Anderson & Han, 2018). This suggests that OTAs might also benefit from the marketing and online presence of hotels.

Insights into sector and customers

The wide customer base and data-driven nature of OTAs mean that platforms have a very good understanding of the sector and of customers (Falk & Anderson, 2020; Raab et al., 2018). OTAs can provide hotels with insights and analytics that help them to provide better services, make their pricing more competitive and more responsive to fluctuations in the sector (EY-Parthenon, 2021).

3.1.2.4. Disadvantages for hotels

Despite the benefits, some of which are widely acknowledged by hoteliers and academics, hotels have a complicated relationship with OTAs. Not only are they very outspoken about the commission rates, which many hoteliers perceive as high, but using OTAs also presents certain disadvantages for hotels.

Reduced connection with customers and their data

One of the benefits from working with platforms is that they have deep insights into the sector and customer behaviour. The platforms have gained these insights based on the large amount of data that they are collecting from their website. While obtaining the insights and analytics from the platforms is very valuable to hotels (e.g. Raab et al., 2018), it also means that hotels obtain less information on consumers and their online shopping behaviour because they are not using the hotels' websites (HotelTechReport, 2020). The data from a single hotel website would not make it possible to gain the same insights as from the platforms. However, by "losing" customer data to platforms, it means that hotels become more dependent on the platforms. This is particularly relevant, as incorporating big data insights and personalising services to customers becomes increasingly important (Richard, 2017; HotelTechReport, 2020; Bosworth, 2018). In the age of technology, the power has shifted towards the stakeholder that owns the data (World Bank, 2018).

By having platforms as an intermediary, hotels not only lose out on data to gather insights on the sector, but they also have only an indirect link to the customer. While OTAs claim to be more in tune with customers, hotels feel that the end-to-end guest experience is more hospitable when the customers make the reservation through the hotel directly (Bosworth, 2018). According to Bosworth (2018), the relationship with the hotel could begin sooner in this case, which could lead, for example, to more personalised packages and better care by the staff.

Perceived pressure from platforms

Hotel managers also often raise concerns about their relationship with the OTAs. According to one survey, most hoteliers (56%) feel pressured into accepting the platforms' terms and conditions (Schegg, 2020). When disagreements occur, which have been reported by 60% of hotels, only 26% of hoteliers perceive the solution as fair and effective. The Hotel Monitoring Exercise (ECN, 2017) also finds that more than 30% of hotels that do not differentiate prices across OTAs fear being penalised by OTAs if they were to set lower prices on rival platforms.

Schegg (2020) reports smaller hotels feel more pressure from the OTAs. This is in line with the fact that small and independent hotels are more dependent on platforms and might, thus, be more vulnerable to pressure.

The type of pressure that OTAs can impose can also be seen in the case of Columbus, Georgia, in the USA, where the OTAs delisted hotels following a legal dispute with the city (McLeod et al., 2018; Anderson & Han, 2018). This is a very drastic move considering the importance of OTAs, with potentially harmful consequences for the hotels.

The most recent example of hoteliers feeling powerless in their relationship with the OTAs occurred when Booking.com simplified the policy options available to hotels regarding deposit payments and cancellation fees. The changes meant that the number of policy options for Booking's partner hotels reduced from 600 to about 70 (Taylor, 2021). Hotels expressed concerns that the simplification would reduce their control over bookings, cash flow and financial risk. Nevertheless, the change was applied by Booking.com from April 2021 onwards with no consultation according to the founder of the UK Bed and Breakfast association (Weston, 2021).

A similar lack of communication and involvement has been noted by hotels in regard to the introduction of Booking.basic. Hotels report having received no official communication from Booking.com regarding its introduction and no option to opt out of it, other than to provide Booking.com with the cheapest rate and maintain online price parity (McIlwain, 2019).

Yin, Goh and Law (2019), who analyse the hotel industry in the Asia-Pacific region, suggest that the "long-standing agent–principal relationship between travel agencies and hotels has been jeopardized through OTAs' dominant control of distribution channels in the hotel industry."

Less control over hotel brand

Another concern in the hotel industry is that hotels have less control over their brand when listing on OTAs (HotelTechReport, 2020; Nicolau & Sharma, 2019). Part of this relates to price discounting by OTAs and wholesalers (see Section 3.1.4.4). Price levels and discounts form part of the value that consumers perceive. However, Chubchuwong (2019) also reports concerns over the use of wrong pictures and the inability of hotels to respond to payment problems and other issues.

High commission rates

While 85% of respondents in the survey conducted by EY-Parthenon (2021) agree that OTAs are a cost-efficient way to increase the reach of a hotel, "hotel managers are often hesitant to develop relationships with OTAs, because they frequently hold beliefs that OTAs are more expensive relative to other channels" (Raab et al., 2018). In particular, the perceived increase in commission rates in recent years might contribute to this feeling. For example, HotelTechReport (2020) states that commissions have increased by 45% (as a share of guest paid revenue) since 2015 in the USA.

3.1.3. Use, enforcement and impact of OTA parity clauses

Another topic of debate between hotels and OTAs is the use of price parity clauses, often also called Most Favoured Nation clauses (MFNs). Two main types of parity clause have been used by OTAs in their contracts with EU hotels: wide and narrow.

Wide parity clauses restrict the hotel from offering better prices or otherwise more favourable conditions through any other sales channel than through the contracted OTA. For example, a hotel owner might be required by Expedia to always offer the best room prices and best room availability on Expedia's websites. Narrow parity clauses restrict hotels from displaying better prices on their own website. For example, a hotel owner would be able to offer lower room prices on other OTAs (e.g. Booking.com) and on offline channels, as long as the price displayed on Expedia's websites is not higher than that displayed on the hotel's own website.

This section looks at the legal developments in the use of OTA parity clauses since 2016; reviews the literature relating to the effects of parity clauses on hotel prices, and discusses some OTA commercial practices which may have equivalent effects to parity clauses. However, it does not provide a wider theoretical discussion of the pro- or anti-competitive nature of parity clauses.

3.1.3.1. Regulatory interventions relating to the use of parity clauses by OTAs

Since 2010, several EU national competition authorities (NCAs) have investigated parity clauses in agreements between OTAs (in particular Booking.com, Expedia and HRS) and hotels. However, the manner in which NCAs, national courts and legislators have intervened against these clauses has varied considerably and caused a degree of legal uncertainty for businesses across the EU.

In 2015, the French, Italian and Swedish competition authorities³⁸ accepted commitments offered by Booking.com to change the wide parity clauses in its contracts with hotels in those countries to narrow parity clauses.³⁹ Booking.com's wide parity clauses obliged hotels to offer it the same or better room prices as the hotels made available on all other online and offline distribution channels, including other OTAs, the hotel website, offline travel agencies and bookings made by telephone, by email or at hotel reception. All three NCAs accepted five-year commitments from Booking.com including, among other things, an undertaking not to require parity relative to the prices and other conditions offered on other OTAs or for offline sales, and not to require parity in respect of the number or type of available rooms⁴⁰. Expedia, the second largest OTA at EU level, committed informally later the same year to also switch to narrow parity clauses.

Narrow parity clauses (requiring the hotel not to publish lower room prices on its direct online sales channels) have generally been considered to be less likely to restrict competition and/or more likely to be justified for efficiency reasons, in particular to prevent free-riding by hoteliers on OTA investments. However, the German NCA's decisions of December 2013 against HRS and of December 2015 against Booking.com prohibited the use of all parity clauses (wide and narrow) by those two platforms⁴¹. The German NCA considered that Booking.com's narrow parity clauses would also restrict competition

³⁸ The Czech, Irish and UK authorities followed the same approach in contracts between hotels and Booking.com, adopting formal or informal (no further action) decisions.

³⁹ Booking.com implemented this change throughout the European Economic Area ('EEA').

⁴⁰ French Competition Authority, Decision 15-D-06 dated 21 April 2015; Italian Competition Authority, Decision dated 21 April 2015; and Swedish Competition Authority Decision 596/2013 dated 15 April 2015.

⁴¹ German Competition Authority, Decision B 9 – 66/10 dated 20 December 2013 and Decision B 9 – 121/13 dated 22 December 2015. At the date of the HRS decision, HRS was using wide parity clauses, whereas at the date of the Booking.com decision, Booking.com was using only narrow parity clauses.

between hotels by restricting their freedom to set prices and that hotels would have no incentive to reduce prices on a platform if they could not offer lower prices on their own (commission-free) sales channels.

The NCA's prohibition decision against Booking.com was annulled on appeal by the Higher Regional Court of Düsseldorf, which held that Booking.com's narrow parity clause was a so-called 'ancillary restraint', namely it was objectively necessary for the implementation of the platform services agreement, and therefore fell outside German and EU competition law⁴². The Court held that, if the narrow parity clauses were prohibited, price undercutting would significantly increase, and the use of such clauses was therefore justified to prevent a disloyal redirection of customer bookings. Moreover, the intermediation service provided by Booking.com had an effect beyond the successful one-time transaction, due to follow-up bookings which were also made via the hotels' own direct sales channels. In May 2021, this judgment was overturned by the Federal Court of Justice, which upheld the NCA's prohibition decision and confirmed that Booking.com's narrow parity clauses infringed EU and German competition law. In particular, it held that Booking.com's narrow parity clause was not an ancillary restraint, since Booking.com's turnover and market share had continued to grow in Germany despite the prohibition of its parity clause. Nor did the narrow parity clause satisfy the conditions of the efficiency defence under Article 101(3) of the Treaty, as the evidence showed that, in this case, Booking.com did not face any substantial risk of free riding⁴³.

The inconsistent outcomes of the NCA cases have been a factor in the adoption of sector-specific legislation by certain EU Member States. To date, France⁴⁴, Austria⁴⁵, Italy⁴⁶ and Belgium⁴⁷ have adopted laws prohibiting parity clauses (including narrow parity clauses) in contracts between accommodation providers and hotel booking OTAs. The effects of the legislation are still ambiguous. The inconsistent outcomes are also reflected in the commentary of the Support Study for the evaluation of the Vertical Agreements Block Exemption Regulation ('VBER'), according to which "clear guidance could be provided on the circumstances in which the use of parity clauses should not raise competition concerns, such as safe harbours, as well as the circumstances where the presumption would be of illegality".

The table below provides an overview of the type of parity clauses that were banned in each country and the year each ban entered into force:

Table 8: Overview of Member States with a ban on OTA parity clauses

Member State	Ban on narrow / wide parity clauses	Year of entry into force
EU-wide	Booking and Expedia commit to change from wide to narrow parity clauses	2015
France	Wide and narrow OTA parity clauses banned	2015
Austria	Wide and narrow OTA parity clauses banned	2016

⁴² Press release, Ministry of Justice of Nordrhein-Westfalen, 'Higher Regional Court of Düsseldorf: Online Hotel Bookings: "Narrow" MFNs are Permitted' (19 June 2019) www.justiz.nrw.de/JM/Presse/presse_weitere/PresseOLGs/archiv/2019_01_Archiv/04_06_2019_/index.php.

⁴³ Judgment of 18 May, 2021 - KVR 54/20

⁴⁴ Law No. 2015-990 for Growth, Activity and Equal Economic Chances, adopted on 10 July 2015

⁴⁵ Federal Act amending the Federal Act Against Unfair Competition 1984 and the Federal Act on Price Marking, adopted on 17 November 2016.

⁴⁶ Annual Bill for Market and Competition, adopted on 2 August 2017

⁴⁷ Act on pricing freedom for tourist accommodation operators in contracts concluded with online reservation platform operators, adopted on 19 July 2018

Italy	Wide and narrow OTA parity clauses banned	2017
Belgium	Wide and narrow OTA parity clauses banned	2018

Finally, Regulation (EU) 2019/1150 on promoting fairness and transparency for business users of online intermediation services, which entered into force on 12 July 2020 (the ‘Platform-to-Business Regulation’), requires providers of online intermediation services to state the main economic, commercial or legal grounds for their use of parity clauses in their standard terms and conditions, and make those grounds easily available to the public⁴⁸. The impact of the Regulation on OTAs and hotels is yet to be seen.

3.1.3.2. Effect of parity clauses

A range of the more recent theoretical literature on the effect of parity clauses suggests that price parity clauses are often harmful to consumers (Padilla, Piccolo & Watson, 2020; Wang & Wright, 2020), “as they attenuate competition between platforms, lead to higher commission rates and higher hotel room prices” (Larrieu, 2019a). While the use of wide parity clauses is more generally considered to be welfare-reducing, the literature is less conclusive on narrow parity clauses. Padilla, Piccolo and Watson (2020), a study funded by Amadeus⁴⁹, also distinguish between content and price parity clauses, finding that content clauses may be beneficial in some situations. Furthermore, the models suggest that the effect of parity clauses depends on factors such as the stakeholders’ bargaining power (Larrieu, 2019a) and the viability of platforms (Wang & Wright, 2020).

In addition to an effect on prices, Calzada, Manna and Mantovani (2019) show in a theoretical model that the removal of parity clauses leads to a higher availability of hotels across OTAs, as it may affect the hotels’ choice between single-homing and multi-homing.

Effect on price differentiation between OTAs

In 2017, the European Competition Network (ECN) studied the impact of parity clauses in the online hotel booking sector focusing on price and availability differentiation across sales channels and on OTA commission rates (ECN, 2017). The study found that the switch from wide to narrow parity clauses by Booking.com and Expedia led to an increase in room price differentiation across OTAs in 8 out of the 10 participating Member States⁵⁰. Moreover, the prohibition of Booking.com’s narrow parity clause in Germany also led to an increase in price differentiation across OTAs.

Larrieu (2019b) substantiates the findings by the ECN, as he also shows an increase in price differentiation across OTAs after the abolition of price parity clauses in France in 2015. The author finds that the increase in across-platform price discrimination is higher amongst high quality hotels (4 and 5-star hotels), luxury hotels and brand hotels. This is likely driven by the fact that they are “more responsive to competition in the online channel” (Larrieu, 2019b).

⁴⁸ Regulation (EU) 2019/1150 of the European Parliament and of the Council of 20 June 2019 on promoting fairness and transparency for business users of online intermediation services (OJ 2019 L 186/57) (11 July 2019), Article 10.

⁴⁹ Amadeus is a supplier of Global Distribution Systems (GDS) and has been investigated by the European Commission in regards to GDS content parity clauses (Schaal, 2018).

⁵⁰ It has been noted that since the study was carried out twelve months after the switch to narrow parity clauses, the sector might not yet have fully adapted to the changes made to the Booking.com and Expedia’s parity clauses at the time of the study.

Effect on prices on direct sales channels and on OTAs

Hunold et al. (2018) study the effect of OTA price parity clauses⁵¹ on prices offered on the hotels' direct channel. For the analysis, they draw on metasearch price data for nearly 30,000 hotels in Austria, France, Germany, Italy, Sweden and Canada from January 2016 to January 2017. The study finds that price parity clauses influence the pricing and availability of hotel rooms across online sales channels. The abolition of Booking.com's narrow price parity clause is found to be associated with the direct channel of chain hotels having the strictly lowest price more often.

Ennis, Ivaldi and Lagos (2020) also investigate the effect of price parity clauses on direct prices. Similarly to Hunold et al. (2018), the authors find that the removal of parity clauses has increased the "probability of the direct channel being on average cheaper than OTAs". The effect was identified for mid-level and luxury hotels.

An effect on hotels' direct prices and on minimum prices on a metasearch engine has also been shown in an econometric analysis that forms part of the "Support studies for the evaluation of the VBER" (EC DG COMP, 2020). The study suggests "that narrow MFN clauses limit competition in the hotel booking sector, and result in higher prices for consumers."

While the effect on prices on direct sales channels has been shown in multiple studies, the impact of the removal of narrow parity clauses on prices on OTAs appears less clear-cut.

Mantovani, Piga and Peggiani (2017) analyse the dynamics of hotel prices on Booking.com for tourism regions in France, Italy and Spain. They note that prices decreased in 2015 before bouncing back up in 2016. The authors link the decrease in 2015 to the antitrust decisions in that year, while they hypothesize the increase in price in 2016 to be driven by an improvement in the quality of services due to significant structural changes. On the other hand, an econometric analysis by the same authors did not show a significant reduction of prices paid by consumers on Booking.com in the short-run. However, this might be due to a sluggishness of hotels in adjusting prices.

Mantovani (2021), on the other hand, finds a significant price decrease of 2.6% in the short-run and a more limited effect in the medium run for hotels listed on Booking.com in Corsica. The decrease was more substantial for chain hotels and hotels with a high star rating.

Similarly, Larrieu (2019b) also finds that the abolition of OTA price parity clauses in France led to lower average room prices in Paris. He finds a decrease in prices of between 3.1% and 4.5%. But, in contrast to the findings of Mantovani (2021), his results suggest that small hotels, independent hotels and hotels with a low rating are more affected by the decrease in prices. This would be in line with the fact that these types of hotels have been found to be more dependent on OTAs. As a result, they are more likely to be affected by parity clauses.

Overall, the literature identifies an impact of the removal of parity clauses on room prices and room price differentiation. However, contrary to the predictions of the theoretical models, it appears the OTAs' standard commission rates did not reduce following the removal of parity clauses (Hunold, Kesler, Laitenberger & Schlütter, 2018; Mantovani, Piga & Reggiani, 2018b). There are various potential reasons for the lack of change in commission rates, including the introduction of new features by the OTAs, the possibility of parity clauses not having a strong impact, and the possibility of OTAs not wanting to create evidence that could

⁵¹ Referred to in the Hunold et al. study as best price clauses (BPC).

be used against them in possible future antitrust investigations (Hunold, Kesler, Laitenberger & Schlütter, 2018).

Effect on market value

In addition to the effects on hotel room pricing and availability, the academic literature has investigated the link between the use of parity clauses by OTAs and the market value of hotels and OTAs which trade on the stock exchange. Sharma and Nicolau (2019) as well as Nicolau and Sharma (2019) find that shareholders see parity clauses as beneficial to OTAs but not to hotels. They show that the removal of OTA parity clauses in Germany and France has generated excess positive returns for hotels in those countries, in the form of increasing share prices in the market, while the dismissal of a price parity lawsuit in the U.S. led to an increase in OTA share prices. While hotels experience an increase in returns following the removal of the price parity clauses, Nicolau and Sharma (2019) also detect an increase in risk for the hotels' shareholders. This manifests itself in a higher volatility in the hotel shares. As a result, the benefits to the hotels and their shareholders also depend on their attitude towards risk.

3.1.3.3. Related practices by OTAs

While the two largest OTAs in the EU, Booking.com and Expedia, ceased using wide price parity clauses in 2015, most OTAs continue to offer Best Price Guarantees (BPGs) to consumers (ECN, 2017). Under these guarantees, OTAs promise to match any lower price that consumers might see on other platforms or direct channels. The BPGs often exist in parallel with narrow parity clauses. Whilst BPGs do not seem to have raised concerns with competition authorities, Wals and Schnikel (2018) use a theoretical model by Wang and Wright (2017) to “show the mechanism by which the BPG can act as a substitute for the loss in competitive advantage that Booking.com may have enjoyed through its wide price parity clauses before.” The study shows that the combination of narrow price parity clauses with best price guarantees may reduce consumer welfare. In this situation, the model by Wang and Wright suggests an equilibrium, “in which consumers are worse off than with no platform operating at all” (Wals & Schnikel, 2018).

OTAs penalising hotels for offering a lower price on a different channel is another practice that is sometimes compared to price parity clauses (Hunold, Kesler & Laitenberger, 2020). Multiple sources mention that the ranking on an OTA's platform is used to incentivise/punish hotels (Hunold, Kesler & Laitenberger, 2020; Ivanoc & Atanasova, 2019; Mantovani, 2021). Having a good ranking increases a hotel's visibility, which has an impact on its conversion rate (look-to-book ratio). Since some hotels are highly dependent on OTAs, receiving a lower ranking can pose a (financial) risk to these hotels. As a result, this practice might restrict price differentiation by the hotel and raise the general price level.

In fact, the 2016 ECN monitoring exercise reported that 33% of the hoteliers who did not price differentiate across OTAs did not do so because they were afraid of being penalised by the OTA (ECN, 2017). This explains why recent practices, such as penalising hotels, have “raised concerns for regulators, as they limit hotels' freedom to adjust prices.” (Mantovani, 2021).

3.1.4. Factors impacting hotel room prices

3.1.4.1. Effect of listing on OTAs on room prices and hotel revenues

The effect on hotel room prices and revenues of listing on OTAs is a controversial topic in the literature. It should be noted that this discussion is distinct from that on OTA parity

clauses. Since hotels have to pay a commission when selling a room through an OTA, one might expect that - in the absence of narrow price parity clauses - hotel prices would be higher on OTAs compared to the prices on the hotels' direct channel.

However, OTAs provide added value to consumers and hotels, for example by reducing consumer search costs and increasing hotels' visibility. In fact, some estimates suggest that if hotels bore the full marketing costs, the direct channel would become more expensive than others (Infrata, 2018; EY-Parthenon, 2021). EY-Parthenon (2021) further claim that "OTAs are indicated to be the most cost-effective customer acquisition channel" when considering bookings that are made via OTAs and direct bookings that originate from an OTA. Furthermore, Oxford Economics (no date) suggests that "OTAs' search, comparison and booking functions have increased competition and have lowered room rates across the EU by almost 8%". It should be noted that this model is based on the hypothetical counterfactual of no OTA activity.

Anderson and Han (2018) and McLeod et al. (2018), who investigate the effect of hotels in Columbus, Georgia (USA), being delisted from all OTAs over a four-year period, find that room prices dropped drastically after a hotel was delisted. During the period of delisting, the average daily room rate decreased by roughly 10% (McLeod et al., 2018). In part, these price reductions were likely aimed at increasing demand and competing with neighbouring cities. McLeod et al. (2018) estimate that Columbus lost a substantial number of room nights as the result of the city's delisting, which might be partially offset due to the price reduction during this period (Anderson & Han, 2018).

However, the effect of listing on OTAs on hotel revenues is ambiguous. McLeod et al. (2018) find that hotels in Columbus made a substantial gain over the 52-months' delisting period, despite the loss of room-nights. This is possibly because the hotels were saving on the commission rate that they previously paid to OTAs. Anderson and Han (2018), on the other hand, take a different estimation approach and find that the hotels experienced a net loss of 2.8% of revenues during the delisting period. The impact is estimated to be larger for small and independent hotels, which supports the findings that these hotels are more dependent on OTAs.

It is interesting to note that the delisting by OTAs also had an impact on the city's accommodation (or occupancy) tax revenues. Since McLeod et al. (2018) find that hotels experienced a gain and the A-tax rate is proportional to the gross price in Columbus, they suggest that the city is also a beneficiary, as they would enjoy a higher accommodation tax collection.

3.1.4.2. Price differentiation and dynamic pricing by hotels

The monitoring exercise conducted by the ECN (report of 2017) revealed that, following the switch by Booking.com and Expedia from wide to narrow parity clauses, 79% of hotels did not differentiate prices across OTAs. 33% of these hotels said they did not do so out of fear of being penalised by OTAs. Furthermore, 69% of hotels did not differentiate their room availability across platforms.

A Which? Travel probe found that eight out of the ten hotels that it contacted directly were able to offer cheaper deals than those offered on an OTA or on their own website. This is because the narrow parity clauses used by the two largest OTAs only apply to room prices published online; hotels may still offer better prices and conditions (e.g. free breakfast), via phone, email, or in person. Which? found that prices are up to 12% higher online and the mark-up is a result of OTA commissions combined with price parity clauses (Davies, 2020).

More generally, hotels do not appear to change prices very dynamically online. "Dynamic pricing refers to the dynamic adjustment of product prices over time for different consumers using different distribution channels for revenue optimization" (Ampountolas, Shaw & James,

2020). While dynamic pricing is generally assumed to be widespread, the propensity of hoteliers in the Mediterranean area to engage in dynamic pricing in the period 2014 to 2016 was found to be low (Mantovani, Piga & Reggiani, 2018b; Melis & Piga, 2017). Melis and Piga (2017) report that the share of establishments “denoting a price variation [...] between two consecutive booking times, holding the date of stay fixed” is generally below 20% in Sardinia, Sicily, Corsica, and the Balearics in 2014 and 2015. A large share of a small sample of surveyed revenue managers in the USA and Europe report using traditional and opaque pricing techniques (Ampountolas, Shaw & James, 2020). Examples of traditional pricing techniques include cost-up or mark-up pricing strategies, in which a fixed amount or a percentage of the cost are added as earnings to the cost. In opaque selling, on the other hand, the price may be determined through bidding processes that identify the consumers’ willingness to pay.

The use of dynamic pricing strategies appears to vary across different hotel categories. Melis and Piga (2017) report that on islands in the western Mediterranean in 2014 and 2015 uniform pricing was more widespread in hotels with three stars or less, while dynamic pricing was more common amongst higher quality hotels and in high demand season (around 30%). However, they did not find a difference in the propensity to employ dynamic pricing across hotels of different sizes within the same star category. Besides higher quality hotels, larger chains are more likely to implement dynamic pricing strategies (Ampountolas, Shaw & James, 2020).

Price stickiness, which is implied in the common use of uniform pricing, may be prevalent due to the managerial costs that changing prices entails (Melis & Piga, 2017).

3.1.4.3. Price discounting and loyalty programmes by hotels

Another form of price differentiation that hotels engage in is price discounting, for example, through opaque distribution channels or last-minute hotel deal apps or through loyalty programmes.

Opaque distribution channels are effectively a price discrimination instrument, as hotels offer their rooms at a reduced price. “The hotel industry generally employs two models of opaque selling: the first is bidding-oriented (e.g., Priceline’s Name Your Own Price [NYOP] service); and the second offers consumers a set price given information about a hotel’s class, amenities, and general location without disclosing the hotel’s name (e.g., Hotwire)” (Yang, Jiang & Schwartz, 2019).

Ampountolas, Shaw and James (2020) demonstrate that 53.3% of the respondent properties in a sample of 140 revenue managers in the United States and Europe use a type of opaque selling mechanism.

The use of last-minute discount apps may also be an effective sales tool for hotels, as Makki, Singh and Ozturk (2016) found that it increases occupancy and financial performance. A study based on data from hotels in six U.S. cities suggests that discounts on a last-minute app are higher for small hotels with limited inventory (Yang & Leung, 2018). They explain these findings through the low product differentiation of these hotels, which does not allow them to charge price premiums.

Hua, Wei, DeFranco and Wang (2018) investigate the importance of loyalty programmes on the operational and financial performance of 2,120 U.S. hotels between 2011 and 2013. They find that loyalty programs positively and significantly improved operational and financial performance, including the revenue per available room, the average daily rate and occupancy. This explains why customer loyalty and loyalty programmes have taken center stage (Tanford, Shoemaker & Dinca, 2016; Vives, Jacob & Payeras, 2018).

Tanford, Shoemaker and Dinca (2016) conduct a comprehensive review of the international literature on hotel loyalty and reward programmes around the world from 2000 to 2015 and conduct in-depth reviews with industry professionals. They find that the trends in the reward programmes point towards more flexible redemption options, more personalised content, more customer-focus and communication through mobile technology and social media. Nonetheless, most benefits offered at the time were financial and process oriented.

The monitoring exercise conducted by the ECN (2017) supports these findings, as it found that 39% of hotels “operate some form of customer loyalty scheme to offer lower prices or more favorable conditions to their customers”. The results of the exercise also indicated that loyalty schemes are more common amongst hotels belonging to chains (62%), large hotels (56%) and in countries that allow narrow parity clauses (42%). Loyalty schemes are likely to be more common in countries with narrow parity clauses because while hotels are not allowed to publish lower rates on their website, the narrow parity clauses allow hotels to offer discounted prices as part of their customer loyalty scheme.

3.1.4.4. Price discounting by OTAs and wholesalers

Price discounting by OTAs and wholesalers is a common and increasing practice (Cohen, 2017), which is a source of concern in the hotel industry. A webinar attended by over 600 hotel industry professionals found that seven out of 10 respondents felt “powerless to stop large OTAs discounting their prices” (May, 2020).

As a recent example, Booking.com has introduced a feature called Booking.basic to Asian and European hotel listings. Booking.basic provides non-refundable rates via a third party whenever the rate provided to Booking.com is not the cheapest available online (McIlwain, 2019). Triptease, a software solution for hotels, reported in 2020 that Booking.com has been undercutting the direct price 11.7% of the time across their client base. They also find that hotels whose direct prices are not undercut by platforms have a 34% higher conversion rate on their website compared to those who do not offer the lowest price. A feature like Booking.basic could ultimately push hotels to offer their best rates to the OTA and increase their oversight and control over online parity if the use of Booking.basic and similar features continues to increase (McIlwain, 2019).

Direct price undercutting by the larger OTAs highlights broader issues of ‘rate leakage’ in hotel distribution. There appear to be many cases of smaller OTAs and third parties offering cheaper rates than those that have been contractually agreed with hotels or those that are offered by the hotels on their direct channels. This commonly occurs when a hotel agrees to the sale of rooms as part of a package and these rooms are instead promoted as room-only deals on OTAs and third-party websites. These smaller or non-contracted OTAs and third parties often undercut the rates offered on hotel websites and on large OTAs like Booking.com, which have contracted parity clauses. (Triptease, 2020)

More broadly, as metasearch and new solutions drive up competition for online traffic acquisition, hotels need to increase their investments in monitoring and controlling prices circulating online and improve their bidding position in metasearch auctions (Triptease, 2020). Some hotels have delegated this task to the large OTAs, which have more experience and dedicated resources for it. For instance, in 2019, Marriott Hotel gave Expedia exclusive distribution rights for its global wholesale and promotional room rates, availability and content to third-party travel providers (Sorrells, 2019). Since then, Expedia has expanded its service that takes over distribution rights to all medium and large partner hotels (Sorrells, 2020).

3.1.5. Limitations

While the literature review draws on numerous types of sources, reflects some of the biggest strands in the literature and covers the views of a wide range of stakeholders, it does not reflect the entirety of the related literature.

It is important to note that the literature review focusses on documents published from 2017 onwards. Older sources have only been consulted in exceptional cases, particularly for the review of legal developments.

It is also important to acknowledge that almost all the empirical studies in this area are limited in terms of the generalisability of their findings. Most econometric analyses draw on data from a very limited number of countries, regions or cities, which is further limited by rather short time spans. This means that they are not representative of the entire hospitality industry in the respective country or the EU as a whole.

Engels, Brenner and Rasek (2017) have also noted that studies based on data from metasearch engines have some limitations, as it is important but nearly impossible to distinguish price differentiation that is due to product differentiation.

Results from surveys are similarly limited because many of the qualitative assessments are based on a relatively low number of respondents, specific hotel categories or geographical representation. As a result, the responses are not representative of the entire sector in the country, let alone the EU as a whole.

Furthermore, it should be noted that some studies are commissioned and/or sponsored by interest groups in the industry. For example, the EY-Parthenon (2021) study was commissioned by Booking.com; Infrata (2018) by ETTSA, a trade association representing the interests of global distribution systems (GDSs) and online retailers; Delago (2017) and Lopez (2018) write for Mirai, a company which assists hotels to maximise their direct sales, and Bosworth (2018) acknowledges that his company's aim is to help hoteliers.

Furthermore, the degree of academic rigour varies across the sources cited in the report, as newspaper articles and reports have been reviewed alongside articles from academic journals. The sources have nonetheless been included in order to present the views of a wide spectrum of stakeholders.

3.2. Data collection from stakeholders

This section presents the results of the data collection from stakeholders.

The data collection focussed on a list of indicators set out in the tender specifications. For each indicator there is a descriptive analysis of the main findings.

The 19 indicators are:

1. The share of hotel accommodation sold offline, online, direct and indirect
2. Hotels' use of booking platforms, including their homing and switching behaviour
3. The relative size of the booking platforms
4. The rates of commission (basic and effective) and other fees and charges levied by the hotel booking platforms
5. Room price and room availability differentiation by hotels between sales channels (between direct and indirect sales channels and between hotel booking platforms)
6. Hotel booking platform conversion rates (look-to-book ratios)

7. The use of metasearch websites by hotel booking platforms, including the payment models of such websites
8. The use of online advertising by hotels, hotel booking platforms and metasearch operators, including search engine advertising
9. The hotels' use of bed wholesalers/bed banks and the relationships between bed wholesalers/bed banks and hotel booking platforms and metasearch operators
10. The relative cost of sales channels for hotels
11. The parity clauses used by hotel booking platforms
12. The enforcement of and compliance with hotel booking platform parity clauses
13. The use of other measures by hotel booking platforms to incentivise hotels to offer them favourable room prices and inventory, including measures relating to visibility and ranking
14. The use of performance/parity scoring by hotel booking platforms in their relationships with hotels
15. The use of consumer best price guarantees by hotel booking platforms and hotels
16. The use of loyalty schemes by hotels and hotel booking platforms
17. Commission sharing and room price discounting by hotel booking platforms
18. The use of other consumer-facing and hotel-facing commercial strategies by hotel booking platforms
19. Evidence of recent or expected entry or expansion by platforms offering price comparison or booking services for hotel or other short-term accommodation, including Google and Airbnb.

3.2.1. Share of hotel accommodation sold through each channel

As seen in the literature review, hotels typically use several sales channels to distribute their rooms.

As explained in Section 2, the research team conducted full interviews only with hotels that use OTAs. Of the total of 300 interviewed hotels, 285 were independent hotels and 15 were hotels that belong to a hotel chain. The latter group are referred to as individual hotels belonging to chains.

Table 9 displays the sales channels for all independent hotels in the sample that use OTAs.

Table 9 Sales channels used in 2021 by independent hotels

Sales channels	Independent hotels (N=285)	%
Direct offline sales channels	250	88%
Online Travel Agencies	285	100%
Direct online sales channels (hotel website, chain website)	238	84%
Offline travel agencies and tour operators	102	36%
Bed wholesalers/bed banks (for example, Hotelbeds)	39	14%

Source: CATI survey

Traditional direct offline sales (telephone, email, at the reception) are used by 88% of the independent hotels interviewed. The hotel website is used by 84% of the hotels. Offline travel

agencies/tour operators and bed wholesalers/bed banks are used by respectively only 36% and 14% of the hotels.

For completeness, the following table shows the sales channels used by the 15 individual hotels belonging to chains, by the 77 individual hotels that were screened out of the data collection exercise due to the fact that they did not use OTAs and by the overall total, i.e. all 377 individual hotels.

Table 10 Sales channels used in 2021 by all hotels in the sample

	Hotels that belong to a hotel chain (N=15)	%	Independent hotels not using OTAs (N=77)	%	Total individual hotels (N=377)	%
Direct offline sales channels	12	80%	60	78%	300	80%
Online Travel Agencies	15	100%	0	0%	322	85%
Direct online sales channels (hotel website, chain website)	14	93%	41	53%	293	78%
Offline travel agencies and tour operators	6	40%	13	17%	121	32%
Bed wholesalers/bed banks (for example, Hotelbeds)	2	13%	4	5%	45	12%

Source: CATI survey

Table 11 Use of OTAs in 2021 by independent hotels per country

Country	Hotels using OTAs (number)	Hotels using OTAs (% of the total independent hotels sample by country)
Austria	52	81%
Belgium	50	85%
Cyprus	25	96%
Poland	51	69%
Spain	55	77%
Sweden	52	82%
Total	285	80%

Source: CATI survey

The use of OTAs by independent hotels differs between the six study countries: in Cyprus nearly all the hotels contacted (96%) use OTAs, while only 69% of hotels do so in Poland.

Independent hotels

Hotels market their accommodation through multiple channels. The survey of independent hotels indicated that the biggest share of sales is made through OTAs (44%). Direct sales via telephone, email or at the reception are the second largest channel (30%), followed by the hotel website (18%). Offline travel agencies and bed wholesaler/bed banks account for a small share of total sales, respectively 6% and 2%.

Table 12 Independent hotels - share of sales per channel (Jan-May 2021)

	Independent hotels (n=285)
Online Travel Agencies	44%
Direct offline channels	30%

Direct online channels	18%
Offline travel agencies and tour operators	6%
Bed wholesalers/bed banks	2%

Source: CATI survey

Between the study countries, there are differences in the shares of hotel accommodation sold through each channel: Belgium (55%), Spain (48%) and Cyprus (44%) have the highest share of accommodation sold through OTAs. Poland (38%) and Sweden (40%) sell substantially lower shares through OTAs and have higher shares of direct bookings (telephone, email, at the reception), being respectively 39% and 34% of total bookings. Indeed, Poland is also the only country where the share of direct offline bookings was higher than bookings made through OTAs.

Table 13 Sales channel shares in 2021 by country (independent hotels)

Sales channel	Austria	Belgium	Cyprus	Poland	Spain	Sweden
Online Travel Agencies (%)	34.7	55.1	43.8	37.5	48.0	40.4
Direct offline channels (%)	27.1	24.3	31.2	39.0	24.3	33.7
Direct online channels (%)	31.1	16.6	12	15.6	18.0	19.6
Offline travel agencies and tour operators (%)	5.3	2.7	10.4	7.2	4.7	5.0
Bed wholesalers/bed banks (%)	1.8	1.4	2.6	0.7	5.0	1.3
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: CATI survey

The share of hotel accommodation sold through each channel does not differ significantly according to the typology of customers of the hotel (business customers or leisure/holiday customers).

Instead, the size of the hotel (number of employees) seems to be relevant: smaller hotels sell a higher share of their accommodation through OTAs, while larger hotels sell a higher share through their direct channels, both offline and online.

Table 14 Sales channel shares in 2021 by hotel size (independent hotels)

Sales channel	Less than 10 employees	Between 10 and 49 employees	Between 50 and 249 employees	More than 250 employees ⁵²	Total
Online Travel Agencies (%)	46.2	40.5	27.1	40.0	42.9
Direct offline channels (%)	29.0	31.7	31.0	20.0	29.8
Direct online channels (%)	18.0	20.2	26.9	20.0	19.6
Offline travel agencies and tour operators (%)	5.2	5.6	10.0	5.0	5.7
Bed wholesalers/bed banks (%)	1.6	2.0	5.0	15.0	2.0
Total	100	100	100	100	100

Source: CATI survey

49% of the independent hotels (140 hotels out of 285) use channel management software (for example, D-Edge, Bookassist, Profitroom) to manage bookings through different sales

⁵² This category is not statistically relevant, having just two observations in the sample.

channels in real time.⁵³ The use of such software is widespread across hotels in all the study countries except Cyprus.

Table 15 Use of channel management software by country (independent hotels)

Do you use IT services such as a channel manager or connectivity provider (for example, D-Edge, Bookassist, Profitroom) to allow you to manage in real time bookings from different sales channels?	Yes	No
Austria	44%	56%
Belgium	63%	37%
Cyprus	6%	94%
Poland	35%	65%
Spain	63%	37%
Sweden	48%	52%
Total	49%	51%

Source: CATI survey

The fact that hotels do or do not use channel management software appears to have no significant impact on the share of accommodation that they sell through each channel.

Hotel chains

The shares of sales made through each sales channel is significantly different for hotel chains. In fact, the data from the respondent hotel chains suggests that large hotel chains rely on OTAs to a lesser extent than individual hotels. **On average, 24% of the sales of the respondent hotel chains are made through OTAs. Offline travel agencies and tour operators represent 4% of sales, bed wholesalers represent 1% and the direct online channel (hotels' websites and hotel chain's website) represent 14%.** It should be noted that the respondent hotel chains attributed more than half of their sales (58%) to channels or categories other than those identified in the survey questionnaire. These included notably sales made via Global Distribution Systems (GDS)),⁵⁴ group bookings and corporate bookings⁵⁵. These types of booking were not listed separately in the CATI survey and therefore cannot be displayed for independent hotels.

GDSs are a booking tool used by traditional travel agents, so it is likely that a significant share of these GDS sales are in fact made through traditional travel agents. Group bookings are generally managed offline, as OTAs generally do not allow bookings of more than 10 rooms. Furthermore, corporate bookings, when done indirectly, are often channeled through separate specialised intermediaries.

Table 16 Share of sales through each channel in 2021: comparison of hotel chains and independent hotels

Sales channel	Average for hotel chains (written questionnaires)	Average for independent hotels (CATI)
Sales through OTAs	24%	44%
Sales through traditional travel agencies, tour operators	1%	6%
Sales through bed wholesalers	4%	2%
Sales through chain and hotel websites	13%	18%
Sales through Global Distribution Systems, group bookings and corporate bookings	58%	N/A

⁵³ 40% of the surveyed individual hotels belonging to chains (6 out of 15) use channel management software.

⁵⁴ GDSs act as intermediaries between a travel agent (or business) and a hotel's reservation system.

⁵⁵ For these categories, the respondent hotel chains often do not clearly differentiate between direct and indirect channels.

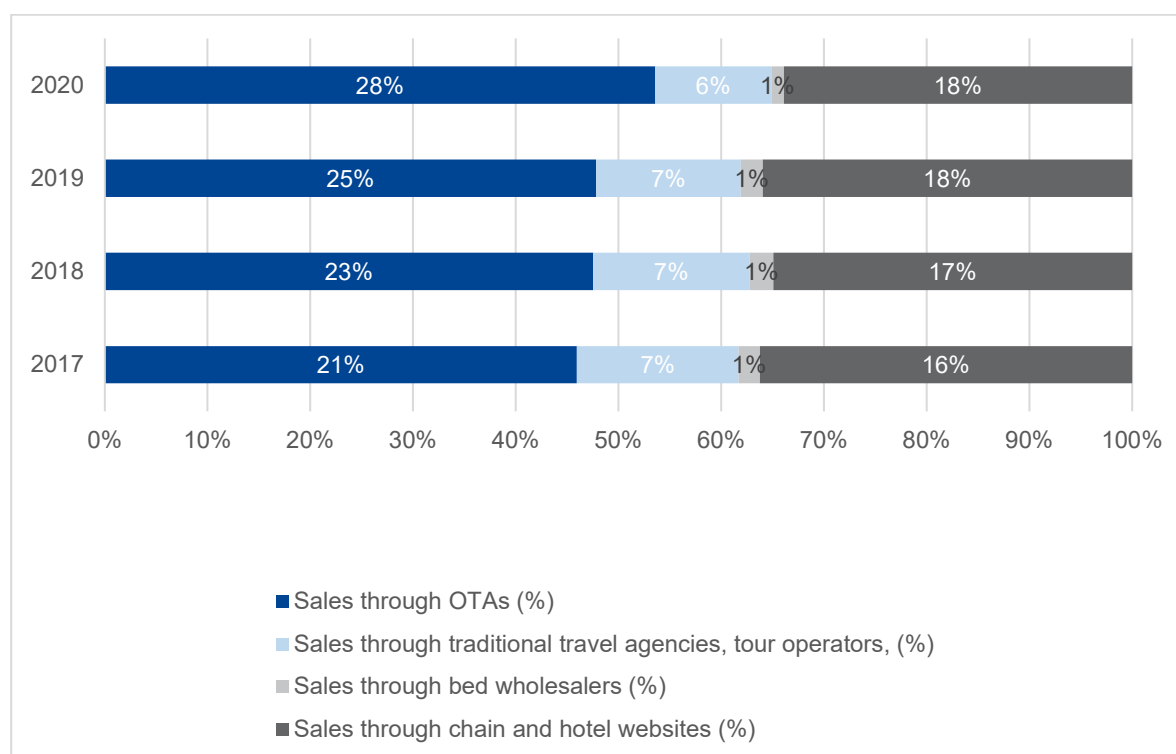
Direct offline channels (bookings by telephone, by email, at reception)	0%	30%
Total	100	100

Source: written questionnaires and CATI survey

The distribution arrangements of the respondent hotel chains have evolved over time: the share of sales through OTAs has grown from 21% in 2017 to 28% in 2020, whereas sales through other (traditional) channels, in particular the direct offline channel, have decreased (see Figure 5). Overall, the share of online sales (sales through OTAs and hotel chains' own website) increased from 37% in 2017 to 46% in 2020.

Data for January 2021-May 2021 show a decrease in the share of sales through OTAs and direct online channels, however this period may be unrepresentative, as the continuing COVID-19 crisis and related policy measures led to significantly reduced sales of accommodation relative to the previous years.

Figure 5: Hotel chains' average sales through each channel - trend over time



Source: written questionnaires to hotel chains

For the respondent hotel chains, **the average share of sales per channel does not differ significantly between countries**. At the level of individual chains, the share of sales per channel can differ between countries for several reasons, including which brands the chain operates in the country, but this has no influence on the average.

3.2.2. How hotels use OTAs

This section presents how independent hotels and hotel chains use OTAs and the commercial reasons why hotels use OTAs. The evidence collected for this indicator does not show significant differences between the study countries, hence the data is not presented separately for each country.

Independent hotels

The survey shows that independent hotels tend to multi-home, that is they use more than one OTA to sell their accommodation. **The majority of independent hotels (204 hotels, 72% of the total) stated that they use more than one OTA.** In fact, only 81 independent hotels stated that they list their rooms on only one OTA (28%), while 112 hotels (39%) list on two OTAs, 48 hotels (17%) on three OTAs and 44 hotels (15%) on more than three OTAs.

As regards the 72% of independent hotels which reported that they use more than one OTA, 62% said that they do so to increase their number of bookings and 58% said that they do so to increase the visibility and findability of their hotel.⁵⁶ Reaching different types of customers and customers from different countries were two other common reasons given for using more than one OTA. Finally, only 13% of these multi-homing hotels said that they use more than one OTA to gain leverage in negotiations with OTAs.

As regards the 28% of independent hotels which reported that they list their rooms on only one OTA, most of these hotels said that they do so because they already generate enough bookings by using only one OTA and their other sales channels (76% of the 81 hotels using only one OTA), while a few of these hotels said that they do not use more than one OTA because it would be too difficult and costly to manage multiple OTAs (36% of the hotels using only one OTA).

Most independent hotels (82%) use OTAs throughout the year, whereas just 17% of hotels said that they use OTAs for out of season or off-peak periods only.

As stated in the literature review, views differ as regards the impact of OTAs on the short-term accommodation sector. One area of debate is whether OTAs actually increase the total number of bookings of the accommodation or simply decrease the share of bookings made through accommodations' direct sales channels.

A large majority of independent hotels (80%) say that OTAs increase their total volume of bookings.

Table 17 Effect of using OTAs on total bookings for independent hotels

Considering the OTAs that you use, what effect do you think the OTAs have on your total number of bookings:	Number	%
The OTAs increase my total number of bookings	228	80%
The OTAs have no effect on my total number of bookings	43	15%
The OTAs reduce my total number of bookings	10	4%
Don't know	4	1%
Total	285	100%

Source: CATI survey

As regards the effect of the OTAs on direct bookings, **63% of the independent hotels surveyed (180) said that listing their rooms on OTAs also increases the number of bookings they get on their direct sales channels.** Less than a quarter of the independent hotels surveyed said that OTAs do not have any effect on direct bookings, while 12% of the respondents said that OTAs reduce the number of bookings on their direct sales channels.

Table 18 Effect of using OTAs on direct bookings for independent hotels

Considering the OTAs that you use, what effect do you think the OTAs have on the number of bookings you get on your direct sales channels:	Number	%
Don't know	6	2%

⁵⁶ Question #6 of the CATI survey, "Why do you use more than one OTA?". Multiple replies were possible

The OTAs have no effect on the number of bookings I get on my direct sales channels	66	23%
The OTAs increase the number of bookings I get on my direct sales channels	180	63%
The OTAs reduce the number of bookings I get on my direct sales channels	33	12%
Total	285	100%

Source: CATI survey

Hotel chains

As regards hotel chains, it can be assumed that they generally have more staff and greater administrative capacity, which can be expected to make it easier for them to manage relationships with a higher number of OTAs. In that sense, the majority of the respondent hotel chains say that, in 2021, they listed their rooms on five or more OTAs, while a minority of the respondent chains said they had distribution agreements with four OTAs. Similarly, 73% of the 15 individual hotels belonging to chains said that they use more than one OTA.

Hotels that belong to hotel chains are entitled to benefit from the chains' centrally negotiated agreements and, according to the hotel chains, most of their member hotels choose to do so.

Regarding switching by hotels between platforms, the respondent **hotel chains** indicated that **they tend to start using new OTAs mainly to enter new markets at country/regional level and/or to reach specific customer segments**, while in some instances they stopped using a certain OTA due to changed contractual conditions. However, **these changes regarded only minor OTAs: [X] hotel chains stopped using [X]** during the period 2017-summer 2021.

Regarding the impact of OTAs on the total number of bookings, contrary to the independent hotels, **only [X] of the respondent hotel chains think that OTAs increase their total number of bookings, while [X] believe that the OTAs have no impact on the total number of bookings**. Rather, they consider that the OTAs divert traffic from their direct distribution channels, leading to a **reduction of the share of bookings made through their direct sales channels** ("cannibalisation" of direct sales) and to an overall increase in their distribution costs, without significantly improving their occupancy rates.

According to the hotel chains, this shift has occurred because two OTA groups (namely Booking Holdings and Expedia Group) have gained significant market power in recent years.

3.2.3. Relative importance of individual OTAs

This section examines the size and market share of the main OTAs, based on evidence gathered from independent hotels and hotel chains.

Independent hotels

The four main OTAs used by independent hotels in the study countries are Booking Holdings, Expedia Group, HRS and Airbnb, in that order of priority. Almost all the independent hotels surveyed (88%) use Booking Holdings. Over half of these hotels (61%) use Expedia Group. Others OTAs are used only by a smaller share of independent hotels: 16% use HRS and 12% use Airbnb.

Table 19 Main OTAs used in 2021 by independent hotels by country

OTA	Austria	Belgium	Cyprus	Poland	Spain	Sweden	Total
Booking Holdings	90%	86%	96%	90%	89%	81%	88%
Expedia Group	23%	68%	88%	43%	84%	73%	61%
HRS	29%	6%	0%	53%	0%	2%	16%

Airbnb	2%	16%	40%	2%	27%	0%	12%
Number of hotels	52	50	25	51	55	52	285

Source: CATI survey

The use of OTAs between the study countries is not homogenous, indicating that the activity of some OTAs is focussed in particular EU countries. For example, HRS is not used at all by independent hotels in Cyprus and Spain and only by a small share of the hotels in Sweden (2%) and Belgium (6%). By contrast, 29% of Austrian hotels and 53% of Polish hotels in the sample use HRS.

In terms of shares of total bookings generated via OTAs, Booking Holdings and Expedia Group generate the highest number of bookings. The analysis of the D-Edge database shows that these two OTAs have a leading position in the market. In a population of several hundred hotels in Spain⁵⁷ over the period 2017-2020, **the two main OTAs held a combined share of over 70% of confirmed hotel bookings through online sales channels.** Assuming that offline sales channels (direct and indirect) account for 29% of total bookings (as in the CATI survey results for Spain), Booking Holdings and Expedia Group together account for at least 50% of total bookings of hotels in Spain.

Table 20 Shares of online sales channels in D-Edge dataset (Spain only) 2017-2020

Year	Hotels' own websites	Booking Holdings	Expedia Group	HRS	Major Wholesalers	Other Distributors ⁵⁸	Number of confirmed bookings
2017	6.5%	59.5%	14.7%	0.6%	5.2%	13.5%	390,734
2018	5.8%	58.1%	15.1%	0.6%	5.6%	14.7%	462,095
2019	6.5%	55.8%	15.7%	0.5%	5.6%	15.7%	515,019
2020	8.9%	57.3%	9.6%	0.3%	6.5%	17.5%	157,510
Total	6.6%	57.6%	14.5%	0.5%	5.6%	15.1%	1,554,870

Source: D-Edge database

Hotel chains

The respondent hotel chains also said that **Booking.com and Expedia generate the largest numbers of OTA bookings both across countries and customer/hotel segments.** Other OTAs have significantly smaller shares and this picture has not changed significantly since 2017. According to one of the respondent hotel chains, 75% of its OTA sales are generated by Booking.com and 23% by Expedia, which appears to be confirmed by the CATI survey of individual hotels belonging to chains, as the vast majority of these hotels use Booking.com and Expedia.

3.2.4. OTA commission rates

Through our data collection tools, individual hotels, hotel chains and OTAs were asked to provide qualitative and quantitative evidence for this indicator.

This section distinguishes OTAs' **'basic' commission rate**, i.e. the commission paid by a hotel/chain to be listed on an OTA, and their **'effective' commission rate**, meaning the actual rate of commission paid by accommodation providers to the OTA, taking into account optional extra commissions paid to obtain extra services, for example, improved visibility on the OTA's website.

⁵⁷ Spain: from 290 properties in 2017 to 227 properties in 2021. Properties that are constant in the period: 198.

⁵⁸ Other distributors include minor OTAs and wholesalers, as well as sales through other intermediaries and other booking engines (that may include other direct online sales).

Basic commission rate

OTA replies

The OTAs explained that their basic commission rate varies according to [X].

The table below shows the average lowest basic (non-negotiated) commission rates (for hotels only) reported by OTAs for the six study countries between 2017 and 2021.

Table 21 Lowest average basic commission rate per country over time

	Austria	Belgium	Cyprus	Poland	Spain	Sweden	Whole EU
2017	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%
2018	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%
2019	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%
2020	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%
January - May 2021	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%
Average	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%

Source: written questionnaires to OTAs

There are differences in the lowest basic rate depending on the country. In the majority of countries, the basic rate has fallen in 2021, which could be a consequence of the COVID-19 pandemic.

Independent hotels' replies

In the CATI survey, the independent hotels provided information on commission rates in respect of 474 contracts with OTAs. 61 independent hotels reported their basic commission rate for one OTA, 93 hotels reported rates for two OTAs, 38 reported rates for three OTAs and 33 reported rates for four or more OTAs. 54 independent hotels replied that they did not know the OTA rate because it was not managed by them.⁵⁹ Furthermore, six hotels did not reply to this question.

On average, the independent hotels reported basic OTA commission rates of [10-20]%%. The largest group of rates is between [10-20]%. Over two thirds of the basic commission rates reported are between 10 and 20%.

Table 22 Basic commission rate in 2021 reported by independent hotels

Rate	Number of replies	Share of total replies
<10%	[X]	[X]
10%<14%	[X]	[X]
14%<16%	[X]	[X]
16%<20%	[X]	[X]
>20%	[X]	[X]
Total	474	100%

Source: CATI survey

On average, independent hotels in Sweden, Spain and Austria report that they pay higher basic commission rates, while on average, hotels in Cyprus report paying the lowest basic commission rates.

⁵⁹ This answer is illogical, as the respondents were independent hotels. We suspect that the person who responded to the survey did not know the answer and wished to indicate that this matter was handled by someone else in the hotel.

Table 23 Average basic commission rate in 2021 per country reported by independent hotels

Country	Average of basic commission rate (percentage)
Austria	[10-20]%
Belgium	[10-20]%
Cyprus	[10-20]%
Poland	[10-20]%
Spain	[10-20]%
Sweden	[10-20]%

Source: CATI survey

The following table includes all OTAs that were mentioned more than 34 times by independent hotels. All other OTAs are listed together at the end of the table.

Table 24 Average basic commission rate in 2021 reported by independent hotels per OTA

OTA	Number of replies from independent hotels	Average basic rate paid by independent hotels in %
[3<]	[3<]	[10-20]%
Total/average	474	[10-20]%

Source: CATI survey

Hotel chains' replies

Most of the respondent **hotel chains stated that the basic rate of commission they paid to OTAs had decreased between the beginning of 2017 and end of 2019 for all OTAs.**

Unfortunately, the data on basic commission rates provided by the hotel chains were not comparable between chains, due to differences in reporting methods: for instance, some of the rates are reported as ranges between the rates paid for different brands owned by the chain. Nonetheless, the **basic commission rates reported by hotel chains are on average lower than the rates reported by independent hotels** (basic rate of [10-20]%).

Effective commission rates

OTAs' replies

OTAs provided the following information about the effective commission rates paid by hotels in the study countries.

Table 25 Average effective commission rate per country over time reported by OTAs (hotels only)

	Austria	Belgium	Cyprus	Poland	Spain	Sweden	Whole EU
2017	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%
2018	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%
2019	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%
2020	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%
01-05.2021	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%
Average	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%	[10-20]%

Source: written questionnaires to OTAs

It can be seen that there are **differences between the countries**: hotels in [3<] and [3<] pay the highest average effective rates [3<]. [3<].

Independent hotels' replies

Independent hotels were asked what extra services they receive from the OTA when they choose to pay higher rates of commission: most often these services consist of higher visibility in the OTA's search results page.

Table 26 Extra services obtained in return for paying higher OTA commission

	Number of contracts with OTAs where hotels are paying extra commission	% of the total extra services
Better visibility (for example higher ranking)	55	54.5%
Membership of a privileged/special partner programme	40	39.6%
Other services/benefits	6	5.9%
Total	101	100%

Source: CATI survey

Not every hotel uses these services for every OTA they use. In fact, independent hotels reported that for the vast majority of OTAs they use they pay only the basic commission rate.

Table 27 Frequency of paying additional OTA commission above the basic rate

	Number of OTAs reported for which hotels indicated the frequency of paying a higher rate than the basic rate	% of total OTAs reported where hotels pay a higher rate
All the time	40	7%
Frequently (more than half the time)	38	7%
Sometimes (less than half the time)	45	8%
Never	426	76%
Is managed by central management	8	1%
Total	557	100%

Source: CATI survey

Overall, hotels pay for extra services at least “frequently” in only 14% of the reported cases. In 8% of cases, hotels reported paying for extra services “sometimes”. Altogether therefore, hotels reported paying a higher commission rate at least some of the time in 22% of the reported contracts with OTAs. 36 independent hotels stated that they paid additional commission all the time for at least one OTA. 14 hotels stated they pay additional commission for at least one OTA frequently. 13 hotels stated they pay additional commission to at least one OTA sometimes. Overall, 56 hotels of the 285 independent hotels stated that they pay additional commission at least for one OTA and at least sometimes.

The following table shows the average effective commission rates reported by the independent hotels that pay additional commission. Only those OTAs that were mentioned at least five times in the replies to the CATI survey are shown separately. All other OTAs are listed together at the end of the table.

On average, the effective commission rate reported by independent hotels that pay additional commission is [10-20]% and therefore [0-10] percentage points higher than the basic rate reported by independent hotels.

Table 28 Effective commission rate in 2021 per OTA reported by independent hotels

OTA	Number of replies from independent hotels	Average effective commission rate paid by independent hotels that	Difference from basic commission rate (percentage points)
-----	---	---	---

		pay additional commission (%)	
[<]	[<]	[10-20]%	[0-10]
Total/Average	66	[10-20]%	[0-10]

Source: CATI survey

Hotel chains' replies

Hotel chains reported that the **effective OTA commission rates they paid had decreased between the start of 2017 and the end of 2019 for all OTAs**. The effective commission rate had stayed unchanged since the beginning of 2020 for all but one respondent, where it had continued to decrease. As previously mentioned for the basic commission rates, the **data provided by the hotel chains for their effective commission rates are not comparable**, due to differing reporting approaches. However, most of the chains indicated that the effective rates charged by [OTAs]⁶⁰ are **approximately [0-10] percentage points higher than the basic rates**.

3.2.5. Room price and room availability differentiation by hotels between sales channels

This section first examines room price differentiation between sales channels by independent hotels and hotel chains. Second, it examines room availability differentiation between sales channels by independent hotels and hotel chains.

Room price differentiation

Independent hotels

Over 51% of all independent hotels (144 hotels out of 285) price-differentiate between sales channels.

Table 29 Room price differentiation between sales channels in 2021 by independent hotels

Do you offer different room prices on different sales channels?	Number of independent hotels	%
Always	53	19%
Frequently (more than half the time)	34	12%
Sometimes (less than half the time)	57	20%
Never	136	48%
Is managed by central management	5	2%
Total	285	100%

Source: CATI survey

The following paragraphs present data on price differentiation between various sales channels. The first table presents price differentiation by independent hotels. The first column shows the number of hotels that reported using each type of price differentiation. The second column shows the frequency of each type of price differentiation relative to the total number of hotels that price differentiate. The third column shows the frequency of each type of price differentiation relative to the total number of independent hotels.

The most common form of price differentiation consists in offering lower prices on the hotel website relative to the prices offered on OTAs (31% of hotels).

⁶⁰ Redacted to protect commercially sensitive information.

Table 30 Types of room price differentiation in 2021 by independent hotels

	Number of hotels ⁶¹	% of types of price differentiation applied(n=214) ⁶²	% of total independent hotels (n=285)
Offer lower room prices on some OTAs than on other OTAs	27	13%	9%
Offer lower room prices on the hotel website than on lowest priced OTA	89	42%	31%
Offer lower room prices on direct offline sales channel than on lowest priced OTA	67	31%	24%
Offer lower room prices on OTAs than hotel website	25	12%	9%
Other	6	3%	2%

Source: CATI survey

As regards the size of the price differences, the independent hotels reported that they applied the largest price differences in favour of the OTAs relative to their own hotel website. They reported offering the smallest price differences between different OTAs.

Table 31 Level of room price differences applied by independent hotels

	Number of hotels that applied this price difference	Average price difference
Lower room prices on some OTAs than on other OTAs	27	7%
Lower room prices on the hotel website than on lowest priced OTA	89	8%
Lower room prices on direct offline sales channel than on lowest priced OTA	67	10%
Lower room prices on OTAs than on hotel website	25	12%

Source: CATI survey

Table 32 Independent hotels that price-differentiate between sales channels by country

	Austria	Belgium	Cyprus	Poland	Spain	Sweden
Lower room prices on some OTAs than on other OTAs	16	18	11	16	8	19
% of independent hotels	31%	36%	44%	31%	15%	37%
Lower room prices on the hotel website than on OTAs	17	20	3	13	25	16
% of independent hotels	33%	40%	12%	25%	45%	31%

⁶¹ Question with multiple reply options

⁶² Question with multiple reply options, therefore the 144 independent hotels which price differentiate (Table 29) provided 214 answers for the various types of price differentiation.

Lower room prices on direct offline sales channel than on OTAs	12	12	1	15	18	9
% of Independent hotels	23%	24%	4%	29%	33%	17%
Lower room prices on OTAs than on hotel website	4	9	3	3	2	6
% of independent hotels	8%	18%	12%	6%	4%	12%
Total number of hotels per country in the sample	52	50	25	51	55	52

Source: CATI survey

The table above shows the number of hotels that price-differentiate between sales channels. The deviations found in Cyprus may be attributable to the small number of observations for that country. The differences between countries **do not seem to follow any obvious pattern**, in particular, the laws prohibiting OTA parity clauses in Belgium and Austria do not appear to have a significant effect on the level of price differentiation in those countries.

The following table shows levels of price differentiation by hotel size.

Table 33 Share of hotels that price-differentiate by hotel size (independent hotels)⁶³

	Lower room prices on some OTAs than on other OTAs	Lower room prices on OTAs than on hotel website	Lower room prices on direct offline sales channel than on OTAs	Lower room prices on the hotel website than on OTAs	Total number of hotels per hotel size ⁶⁴
Small	38%	11%	16%	34%	76
Medium	30%	8%	27%	29%	120
Large	26%	13%	30%	31%	54 ⁶⁵

Source: CATI survey

When it comes to hotel size, there seem to be fewer outliers. **Small hotels seem to price-differentiate between OTAs more often and to price-differentiate less often between direct offline channels and OTAs.**

The independent hotels that reported that they do not price-differentiate between OTAs gave the following reasons.

Table 34 Reasons why hotels do not price-differentiate between OTAs (independent hotels)

	Number of replies ⁶⁶	Share of hotels that gave this reason of overall hotels that replied (n=267) ⁶⁷
I only use one OTA	45	16%
I see no reason to treat my OTA partners differently	111	39%
If I price-differentiate between OTAs, the parity clause in my OTA contract(s) will oblige me to offer higher room prices on my hotel website/chain website than on the lowest-price OTA	39	14%
If I price-differentiated between OTAs, the OTAs to which I gave higher prices would penalise my hotel	20	7%

⁶³ Multiple reply options, therefore the sum of the shares reported in the table does not add up to 100%.

⁶⁴ Not all the independent hotels surveyed reported their size; that is why the total number of hotels here is only 250.

⁶⁵ 35 independent hotels did not reply to the question on the size of their hotel. The total does not add up to 285 because it was possible to give multiple replies.

⁶⁶ Multiple reply options

⁶⁷ Multiple reply options

	Number of replies ⁶⁶	Share of hotels that gave this reason of overall hotels that replied (n=267) ⁶⁷
It is too difficult to manage/I do not have the IT tools to price-differentiate between OTAs	47	16%
My OTA contract(s) do(es) not allow me to do this	56	20%
Other reasons	9	3%

Source: CATI survey

Hotel chains

Hotel chains said that they do not price-differentiate between sales channels. However, some hotel chains allow their individual member hotels to price-differentiate: this was confirmed by 8 out of 15 hotels that belong to a hotel chain and by the mystery shopping exercise (Table 35).

Table 35 Room price differentiation in 2021 by individual hotels belonging to chains (mystery shopping)

	Number of hotels that offer lower room prices (mystery shopping) ⁶⁸	% of hotels that price differentiate (n=26)	% of total number of hotels investigated (n=40)	Average price difference (mystery shopping)
Lower room prices offered on some OTAs than on other OTAs	16	54%	35%	10%
Lower room prices offered on the hotel website than on OTAs	10	46%	30%	9%
Lower room prices offered on direct offline sales channel than on OTAs	2	8%	5%	13%
Lower room prices offered on OTAs than on hotel website	12	38%	25%	14%

Source: mystery shopping

An indirect form of price differentiation that hotel chains use is loyalty schemes, which are discussed in more detail in Section 3.2.16. One hotel chain reported that it discounts its room prices by up to 10% through loyalty schemes and another estimated the average discount rate at around 5%.

Room availability differentiation

Independent hotels

Hotels may also vary the number and type of rooms they offer on each sales channel. However, **the majority of independent hotels do not use this option (61%)**. The proportion of hotels that do this frequently is significantly lower than for price differentiation.

⁶⁸ Multiple reply options

Table 36 Frequency of room availability differentiation in 2021 (independent hotels)

	Number of independent hotels	% of independent hotels
Never	174	61%
Sometimes (less than half the time)	60	21%
Frequently (more than half the time)	24	8%
Always	26	9%
Is managed by central management	1	0%
Total	285	100%

Source: CATI survey

The most common reasons given for not differentiating room availability between sales channels was "I see no reason to treat my OTA partners differently for room availability". This reply was given by 24% of the independent hotels (multiple replies were possible). Furthermore, 8% of respondent hotels replied that they feared being penalised by OTAs if they differentiated between sales channels for room availability.

The most common form of room availability differentiation reported by independent hotels is to offer better availability on their website relative to the availability they offer on OTAs.

Table 37 Room availability differentiation in 2021 by independent hotels

	Number of replies by hotels (n=113) ⁶⁹	% of total replies by hotels ⁷⁰	% of all independent hotels (n=285)
Offer better room availability on some OTAs than on other OTAs	32	28%	11%
Offer better room availability on your hotel website/chain website than on OTAs	55	49%	19%
Offer better room availability on OTAs than on your hotel website/chain website	21	19%	7%
Other	5	4%	2%

Source CATI survey

As a result, it can be concluded that the hotels that differentiate between sales channels for **room availability most often do this to the advantage of their own website.**

Hotel chains

Hotel chains reported that they **generally do not differentiate room availability between OTAs**. One hotel chain explained this by saying that it feels obliged to grant the best prices, conditions and availability to the two leading OTAs. It believes that any differentiation will be identified and sanctioned by the OTAs through de-ranking. For this chain, this is also directly connected to the OTAs' visibility booster programs, for which hotels must adhere to specific terms and conditions requiring price parity and room availability.

As regards the differentiation of room availability between direct sales channels and OTAs, a majority of the respondent hotel chains said that they do not do this, whilst one chain stated that it leaves this decision to its individual member hotels.

7 of the 15 individual hotels belonging to hotel chains (47%) said they offer different room availability on different sales channels.

⁶⁹ Multiple reply options⁷⁰ Multiple reply options

3.2.6. OTA conversion rates (look-to-book ratios) and cancellation rates

OTAs provided qualitative and quantitative evidence for this indicator.

OTA conversion rates measure the relationship between webpage views and bookings. OTA conversion rates have previously been used as an indicator of free riding by hotels in the absence of parity clauses.

The differences between the conversion rates of the OTAs in each study country do not seem related to differences in national legislation regulating OTA parity clauses. In particular, conversion rates are not substantially lower in those study countries that have prohibited OTA parity clauses (Austria and Belgium) as opposed to other study countries.

It was not possible to provide a consolidated estimate of the average conversion rate between OTAs, since the OTAs measured conversion rates differently: [X].

The average **cancellation rates** (for all listed accommodations) reported by the respondent OTAs shows some differences between the study countries, [X]. For [OTA], the cancellation rate was the highest in [X] and the lowest in [X]. [X].

Table 38 Average OTA cancellation rates in 2019 by country (based on location of hotel)

Austria	Belgium	Cyprus	Poland	Spain	Sweden	Whole EU
[15%-35%]	[15%-35%]	[15%-35%]	[15%-35%]	[15%-35%]	[15%-35%]	[15%-35%]

Source: written questionnaire to OTAs

3.2.7. Use of metasearch websites by OTAs and hotels

Hotel chains, independent hotels and OTAs provided qualitative and quantitative information for this indicator. However, it appears that some independent hotels did not understand the distinction between metasearch websites and OTAs: of the six most frequently used metasearch websites mentioned by hotels, three (Booking.com, Expedia and Hotels.com) are OTAs, not metasearch websites. This caveat should be kept in mind when interpreting the results for independent hotels. However, this does not undermine the validity of the findings presented in this section, as there are no significant statements or findings that rely on the different definitions of metasearch and hotel booking platforms.

Use of metasearch websites by independent hotels

118 of 285 independent hotels (41%) stated that they advertise their offers on metasearch websites. The use of metasearch websites by independent hotels is common across all the study countries except Cyprus.

Table 39 Most commonly used metasearch websites by independent hotels (2021)

	TripAdvisor	Trivago	Booking.com	Expedia	Other	Total
% of total number of mentions	28.6%	20.2%	22.0%	14.3%	14.9%	100.0%
Number of mentions	48	34	37	24	25	168

Source: CATI survey

If OTAs are excluded from the responses, the metasearch websites most commonly mentioned by independent hotels are TripAdvisor and Trivago. TripAdvisor accounts for 53% of the mentions and Trivago for 38%. Google Hotel Ads, on the other hand, was only mentioned once.

Table 40. Share of independent hotels that advertise on metasearch/PCWs (2021)

Austria	Belgium	Cyprus	Poland	Spain	Sweden	Total
38%	60%	0%	41%	40%	48%	41%

Source: CATI survey

There are no clear trends in the use of metasearch websites according to the size or star rating of the hotel.

The use of metasearch websites is more dependent on whether the hotel uses a connectivity provider/channel manager. Out of the 41% of independent hotels that advertise on metasearch websites, 64% (76 out of 118) use such channel management software.

Table 41 Use of metasearch websites and connectivity providers/channel managers by independent hotels (2021)

Use of metasearch websites and connectivity providers/channel managers	Yes
Does your hotel advertise on metasearch websites (such as TripAdvisor, HotelsCombined, Trivago or Kayak)?	41%
Does your hotel advertise on metasearch websites and use IT services such as a channel manager or connectivity provider?	64%

Source: CATI survey

The following table shows that there is no dominant remuneration model for the use of metasearch websites by independent hotels.

Table 42 Remuneration model used with metasearch providers (independent hotels, 2021)

Remuneration model	Number of contracts with metasearch providers	Share of contracts with metasearch providers
Mixed remuneration models	42	23%
Pay-per-impression (PPI) ⁷¹	25	14%
Pay-per-acquisition (PPA) ⁷²	39	22%
Pay-per-click (PPC) ⁷³	41	23%
Other	34	19%
Total	181	100%

Source: CATI survey

Use of metasearch by hotel chains

All except one of the respondent hotel chains used at least 5 metasearch websites. All of the respondents used Google, Trivago, Kayak and TripAdvisor. The other metasearch websites that were mentioned (once each) were Hotelscombined, Skyscanner and Bing. According to all the respondent hotel chains, the PPC remuneration model is the most commonly used, although one hotel chain stated that some metasearch websites use the PPA model. For the respondent hotel chains, the share of bookings generated by metasearch is [0-10]% of total bookings. All of the individual hotels belonging to chains surveyed using the CATI survey confirmed that they use metasearch websites.

Use of metasearch by OTAs

The respondent OTAs reported that the most commonly used metasearch websites are [✂], [✂] and [✂]. [OTAs] also mention [✂] and [✂], but these two metasearch websites generate less bookings than the first three websites. The respondent OTAs generate [0-20]% of their total bookings of EU accommodations through metasearch websites and this share has been gradually decreasing since 2017. In 2017, the share of total bookings of EU

⁷¹ Pay-per-impression is a remuneration model that pays based on the number of impressions, or views, that an ad receives.

⁷² Under the pay-per-acquisition model, the metasearch provider is remunerated each time a customer clicks through from the metasearch website and books at the hotel.

⁷³ Under the pay-per-click model, the metasearch provider is remunerated each time a customer clicks on the hotel's ad.

accommodations generated by metasearch websites amounted to [0-20]% for [OTAs]. In 2020, this share had fallen to [0-20]%.

Table 43 Share of OTA bookings (accommodations located in the EU) generated by metasearch websites, as reported by OTAs

Period	[OTAs]
2017	[0-20]%
2018	[0-20]%
2019	[0-20]%
2020	[0-20]%
January-May 2021	[0-20]%

Source: written questionnaire to OTAs

[X].

Information from metasearch operators

The respondent metasearch operators also provided insights into the services they offer. As shown below, their average revenue from the mediation of a booking [X] between 2019 and 2020.

Table 44 Average cost per booking paid by EU accommodation providers, as reported by metasearch operators

Year	Average cost per booking
2019	[X] €
2020	[X] €

Source: written questionnaire to metasearch operators

Metasearch operators generate revenues from OTAs and accommodation providers. In 2020, most of the respondent operators' hotel-related revenue ([X] on average) was derived from OTAs, and this share is slightly [X]. On average, [X] of metasearch operators' total revenue in 2020 was generated from accommodation providers. This share varies across countries and metasearch websites, depending on the country of the accommodation provider and the metasearch website.

Table 45 Average share of revenue derived from accommodation providers as a % of total metasearch operators' hotel-related revenue

	Austria	Belgium	Cyprus	Poland	Spain	Sweden
2018	[X]	[X]	[X]	[X]	[X]	[X]
2019	[X]	[X]	[X]	[X]	[X]	[X]
2020	[X]	[X]	[X]	[X]	[X]	[X]

Source: written questionnaire to metasearch operators

3.2.8. Use of online advertising by hotels and OTAs

This section is based on replies from the survey of independent and chain hotels and the mystery shopping exercise. The results are not presented by country, as there were no significant variations between the study countries for this indicator.

As shown in Table 46, **slightly less than half** of the 285 **independent hotels** said that they **use search engine/keyword advertising**. All of the respondent **hotel chains** said they use search engine/keyword advertising and 60% of the 15 individual hotels belonging to chains said they use online advertising. More than half of the 40 chain hotels analysed in the mystery shopping use search engine/keyword advertising. The **OTAs** also confirmed they use this form of advertising. Indeed, of the 40 chain hotels examined in the mystery shopping, OTAs placed search engine/keyword advertising on 15% of them.

Table 46 Search engine/keyword advertising (2021)

	Yes	Total
Does your hotel use search engine/keyword advertising? (CATI: independent hotels)	45%	285
Does your hotel/hotel chain use search engine/keyword advertising? (CATI: individual hotels belonging to chains)	60%	15
Does your OTA use search engine/keyword advertising? (written questionnaires: OTAs)	100%	[0-5]
Does the hotel use search engine/keyword advertising? (Mystery shopping: individual chain hotels)	53.5%	40
Does your hotel chain use search engine/keyword advertising? (written questionnaires: hotel chains)	100%	[0-5]

Source: CATI survey, written questionnaires and mystery shopping

The following results were obtained for the use of social media advertising by hotels and OTAs.

Table 47 Social media advertising (2021)

	Yes	Total
Does your hotel use social media for commercial purposes? (CATI: independent hotels)	60%	285
Does your hotel chain use social media for commercial purposes? (written questionnaires: hotel chains)	100%	[0-5]
Does your hotel/hotel chain use social media for commercial purposes? (CATI: individual hotels belonging to chains)	60%	15
Does your OTA use social media for commercial purposes? (written questionnaires: OTAs)	100%	[0-5]

Source: CATI survey and written questionnaires

The research team also investigated the location of the independent hotels that use search engine/keyword advertising, to understand whether the use of this type of advertising is more common in some countries than others. Some discrepancies at country level can be highlighted. Of the six study countries, **Spain** is the country in which **independent hotels use search engine/keyword advertising the least** (36%). By contrast, independent hotels in Sweden (58%), Austria (56%) and Cyprus (56%) use search engine/keyword advertising the most, with Poland and Belgium slightly below this share (51% and 48% respectively).

Moreover, independent hotels were also asked to specify whether they make use of their websites (or other channels) to inform customers that they can obtain lower room prices by contacting the hotel directly: this is the case for **36%** (102 out of 285) **of the surveyed independent hotels**.

Finally, **hotel chains** point out that while they advertise actively on social media to promote their services, the **budget they spend on 'online advertising'** (i.e. use of metasearch websites, search engine advertising, social media advertising and expenditure on the chain's website(s)) **cannot be compared to the magnitude of the budget of the OTAs**: all but one respondent hotel chain spent [0-10]% of its annual revenue on online advertising between 2017 and 2020, while [OTA] stated that its expenditure on search engine advertising amounted to [10-20]% of its 2019 revenues from EU accommodations.

3.2.9. Hotels' use of bed wholesalers/bed banks

Hotel chains and independent hotels provided qualitative and quantitative evidence for this indicator.

Bed wholesaler/bed banks are the least used sales channel **for independent hotels: only 14% of the respondent hotels said they use bed wholesalers/bed banks, and the share of sales made by independent hotels through bed wholesalers/bed banks accounts on average for 2% of their total bookings** (see Table 9 and Table 12).

As regards variations between the study countries, the share of bookings made through bed wholesalers/bed banks ranges from 5% for independent hotels in Spain to 0.7% for hotels in Poland. Bigger hotels generally make a higher share of their sales through this channel.

Table 48 Share of total sales made through bed wholesalers/bed banks by hotel size (independent hotels, 2021)

Hotel size	Estimated share of total sales made through bed wholesalers/bed banks (%)	Number of hotels
Less than 10 employees	1.64	171
Between 10 and 49 employees	2	91
Between 50 and 249 employees	5	21
More than 250 employees	15	2
Average/Grand Total	2.1	285

Source: CATI survey

The respondent **hotel chains** make a similar share of sales through this channel: three hotel chains made an average of 1% of their sales through bed wholesalers/bed banks, while this share was not available for one hotel chain.

According to all the hotel chains surveyed, the main bed wholesaler in the EU is Hotelbeds, and there is no difference between EU countries in the provision of rates and availability to bed wholesalers.

3.2.10. Relative cost of sales channels for hotels

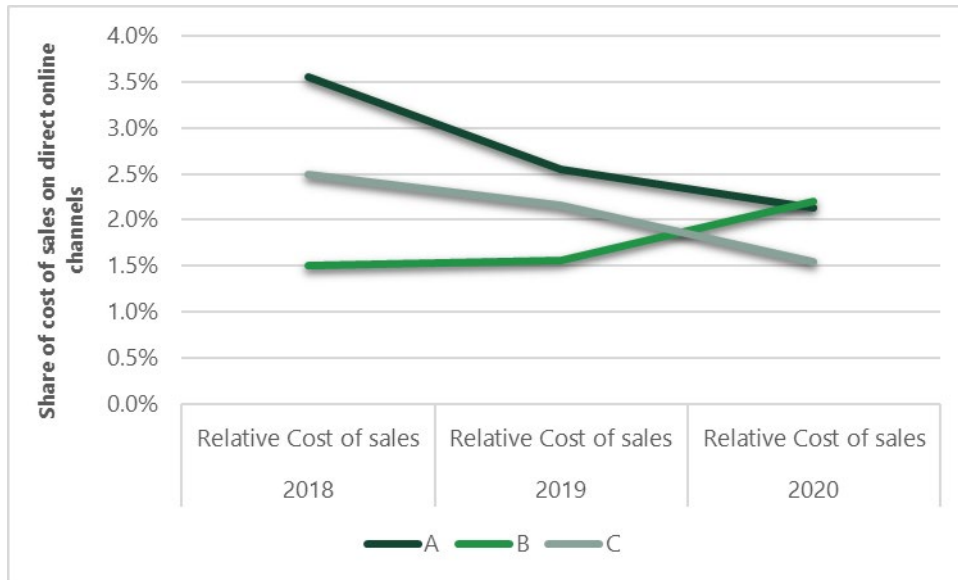
As described in Section 3.1.1.2, it is difficult to obtain a precise estimate of the cost borne by hotels for each room sold through the various sales channels. This is due to the fact that **not every channel has a cost element** that is **directly linked to a room sold**. For example, when a hotel sells a room through an OTA, a clear link can be made between the sale of the room and the cost to the hotel (the OTA's commission). However, there is no such 'direct' cost when, for example, hotels sell rooms at a net price using wholesalers (merchant model). This also applies to marketing expenses: marketing expenditure may translate into better visibility and traffic on the hotel's website, but there may be no direct link between such expenditure and individual room sales.

Hotel chains were asked to provide cost estimates for this indicator. Unfortunately, it was not possible to gather information on this indicator from independent hotels, as the follow-up online survey intended for these hotels was ultimately not sent (see Section 2.3.1).

The evidence collected for this indicator regarding hotel chains does not show meaningful differences between the study countries, hence specific data for each country are not presented in this section.

Hotel chains provided an estimate of their **marketing costs for direct online channels**, including, for example, the costs of using metasearch, AdWords, social media, website design and maintenance. The figure below shows that the **relative cost of sales** for hotel chains A, B and C on their own websites ranges **from 1.5% to 3.5%** in the period 2018 – 2020⁷⁴.

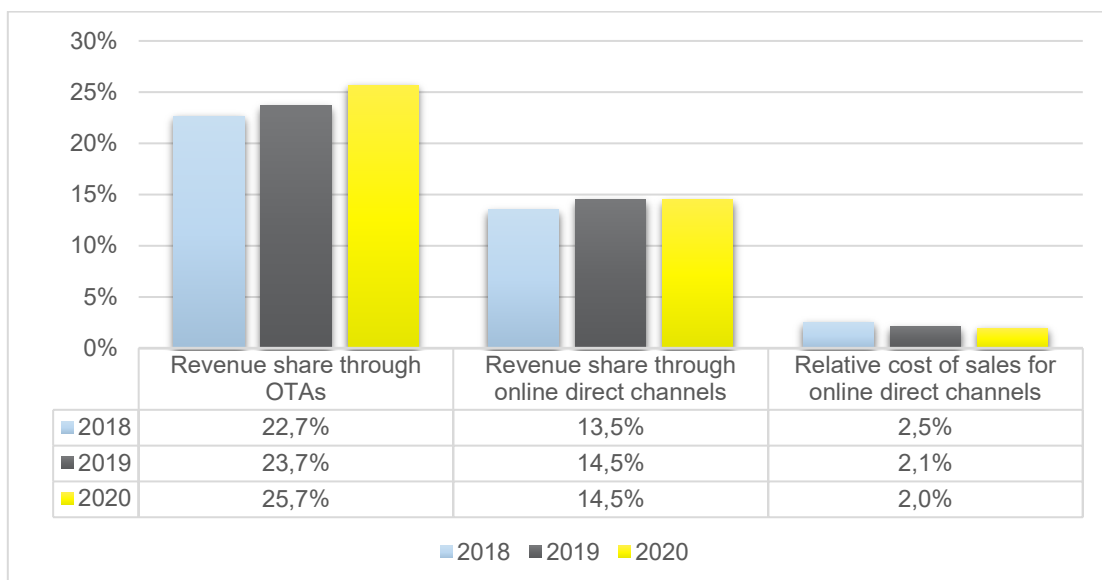
Figure 6 Relative cost of sales for direct online channels



Source: written questionnaire to hotel chains⁷⁵

Hotel chains' replies enable a rough comparison between the relative cost of sales across sales channels, as presented in Figure 7.

Figure 7. Hotel chains' revenues through OTAs and direct channels and relative cost of sales for direct online channels⁷⁶



⁷⁴ Data for 2017 and January – May 2021 were not available across the three chains which provided these data.

⁷⁵ Data from [0-5] hotel chains that operate hotels in the study countries over the study period January 2017-May 2021

⁷⁶ The chart above provides average values for the following indicators across the period 2018 - 2020: 1) hotel chains' share of revenues through OTAs; 2) hotel chains' share of revenues through online direct channels; and 3) the relative cost of

Source: written questionnaire to hotel chains⁷⁷

The data may help to explain a finding discussed in the economic literature, namely the perceived high commission rates paid by hotels to OTAs. In fact, according to the evidence presented in Section 0, accommodation providers frequently believe that OTAs are very expensive compared to other sales channels, and furthermore that OTAs have increased their commission rates in recent years. As shown in Figure 7, the average cost of sales for online direct channels born by the hotel chains are much lower than the effective commission rates they likely pay to OTAs. (Although it did not prove possible to gather reliable data on the effective commission rates paid by the respondent hotel chains, due to discrepancies in how the chains reported this information, it can be safely assumed that they pay effective commission rates that are similar to those presented in Section 3.2.4 for independent hotels.) Thus, while the relative cost of sales for online direct sales channels ranges between [0-5]%, this figure is much lower than an effective commission rate of [10-20]%. However, the data provided by hotel chains **do not show any increase in OTA commission rates**: on the contrary, the information they provided showed that both the cost of sales for online direct channels and the commission rates charged by OTAs decreased slightly between 2018 and 2020, for almost all the sampled OTAs. This information is confirmed by the data collected from OTAs, as shown in Table 21.

Unfortunately, the lack of cost of sales data from independent hotels makes it impossible to test the discussion in the literature on whether the OTAs are a cost-efficient way to increase the reach of a hotel (as claimed by EY-Parthenon (2021)) or the finding of (Raab et al., 2018) that there is a certain hesitancy for hotel managers to develop relationships with OTAs due to the perceived high rates of commission.

3.2.11. OTA parity clauses

Hotel chains, independent hotels and OTAs provided qualitative and quantitative evidence for this indicator.

As mentioned in Section 3.1.3, two types of parity clauses have been used by OTAs in the hotel sector in the EU, namely 'wide' and 'narrow'. **Wide** parity clauses **restrict** hotels **from offering better prices (or other conditions) through any other sales channel** than through the contracted OTA. By contrast, **narrow** parity clauses **restrict** hotels from **displaying better prices on their own website**, but do not prevent the hotel from offering lower room prices on OTAs other than the contracted one.

OTAs

[OTA] reported that it uses narrow parity clauses in its standard contracts with EU accommodation providers, unless the provider is located in a country where narrow parity is regulated or prohibited (i.e. Germany, Italy, France, Austria and Belgium). As highlighted in Section 3.1.3, **parity clauses** (both wide and narrow) have been **prohibited** in some Member States, in particular **Austria** and **Belgium** as regards the study countries.

Similarly, [OTA] explained that as of August 2015, it unilaterally waived its wide price, conditions and availability parity clauses in its contracts with EEA accommodation providers. It stated that the remaining parity clauses in its standard contracts with accommodation providers in the EU are narrow price and conditions clauses.

[<].

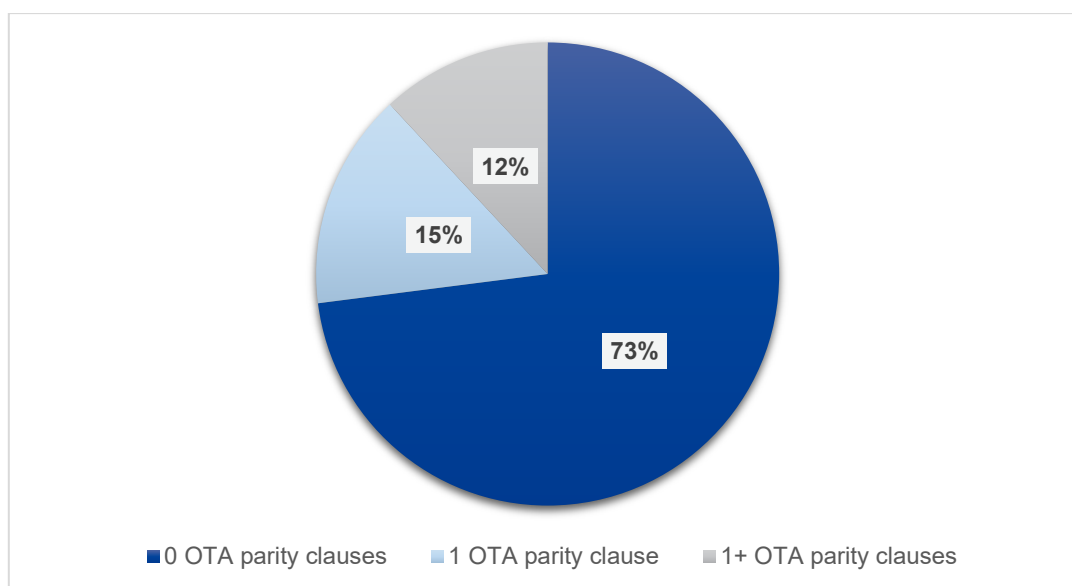
sales for hotel chains' online direct channels. The cost of sales for hotel chains through OTAs (i.e. the commission rates) are not visually presented in this chart as the data reported by the chains do not allow a meaningful comparison: in fact, the information on commission rate is reported differently by some chains and data availability on OTAs' commission rates is heterogeneous.

⁷⁷ Data on [0-5] hotel chains that operate hotels in the study countries over the study period January 2017-May 2021

Independent hotels

Figure 8 shows the shares of independent hotels that reported being subject to one or more OTA parity clauses: **27% of the 285 independent hotels reported that they were subject to at least one OTA parity clause**⁷⁸. **12% of the independent hotels (33) reported that they are subject to more than one OTA parity clause**. Two hotels reported being subject to the parity clauses of five different OTAs.⁷⁹

Figure 8. Share of independent hotels reporting that their OTA contracts contained parity clauses (2021)



Source: CATI survey

Independent hotels were also asked about the parameters (price, availability) and the sales channels (direct, indirect) covered by the OTA parity clauses:

Table 49. Types of parity clauses used by OTAs with independent hotels (2021)

Type of parity clause	Number of mentions ⁸⁰ per type of OTA parity clause	% of independent hotels subject to at least one parity clause (n=77) reporting this type of OTA parity clause	% of total # of independent hotels (n=285) reporting this type of OTA parity clause
Parity with your hotel website/chain website for room prices	38	49%	13.3%
Parity with other OTAs for room prices	31	40%	10.9%
Parity with other OTAs for room availability (type of rooms, quantity of rooms, 'last room' availability, etc.)	22	29%	7.7%
Parity with your hotel website/chain website for room availability	15	19%	5.3%

⁷⁸ Data elaboration based on CATI survey's question: "Do the OTAs used by your hotel use parity clauses?"

⁷⁹ All 285 independent hotels replied to the question

⁸⁰ As this was a multiple choice question, the total number of mentions (117) is higher than the number of hotels that are subject to at least one parity clause (77, Figure 8).

Don't know which type of parity clause	10	13%	3.5%
Relationships with OTAs, including parity clauses, are managed by the parent company/central management of my hotel chain, not by my hotel	1 ⁸¹	1%	0.4%

Source: CATI survey

Table 49 shows that the two most frequently used types of **OTA parity clause** are **those relating to price differentiation** between the hotel website and the OTA (i.e. narrow parity clauses), and clauses relating to price differentiation between OTAs.

Finally, the table below shows differences in the reported frequency of OTA of parity clauses between countries. **Cyprus** is the country where independent hotels reported the least use of parity clauses by OTAs (only 2 out of 25 hotels reported that they were subject to OTA parity clauses), followed by Spain and Austria where 22% and 23% of hotels reported that they were subject to OTA parity clauses.

Table 50 Use of parity clauses by country (as reported by independent hotels, 2021)

Country	Share of independent hotels reporting that their OTA contract(s) contained parity clauses	Number of hotels
Austria	23%	12
Belgium	28%	14
Cyprus	8%	2
Poland	24%	12
Spain	22%	12
Sweden	46%	24
Average/total	27%	76

Source: CATI survey

This table reveals that in **Austria and Belgium**, despite being **forbidden by national legislation**, 23% and 28% of independent hotels respectively reported that their **OTA contracts contain parity clauses**. Moreover, according to these data, Belgium features the second-highest share of hotels subject to OTA parity clauses.

Hotel chains

Although **hotel chains** stated that [OTAs] do not apply their parity clauses in EU countries where such clauses have been prohibited by law, hotel chains reported different information from the OTAs regarding the scope of the OTA parity clauses. In fact, hotel chains reported that they are not allowed to offer better prices or conditions through their own websites (i.e. a narrow parity clause), but, similar to what independent hotels said, **they also claim not to be allowed to offer better prices or conditions on other OTAs**.

In addition to parity clauses, according to some hotel chains, the contracts with OTAs include inventory requirements: these require the hotel to offer, under certain conditions (e.g. a specific time period) a minimum number of bookable rooms on the OTA.

Finally, another key insight provided by hotel chains is their understanding of the 'enforcement' of OTA parity clauses, [X]. In fact, [X] **hotel chains** claim that **parity clauses**

⁸¹ This answer (i.e. relationships managed by parent company/central management) is surprising, since all the answers displayed in Table 49 are from independent hotels, thus not subject to relationships with chain parent companies. The most likely explanation is that the person who responded to the survey did not have this information and chose the option most similar to "Don't know".

are [36] **enforced** through other mechanisms, notably **parity and performance scores**. A detailed discussion on this issue follows in Sections 3.2.12 and 3.2.14.

3.2.12. Compliance with and enforcement of OTA parity clauses

OTAs and hotel chains provided insights on this indicator. Unfortunately, it was not possible to gather information on this indicator from independent hotels, as the follow-up online survey intended for these hotels was ultimately not sent (see Section 2.3.1).

The evidence collected for this indicator does not show meaningful differences between the study countries, hence specific data for each country are not presented in this section.

As highlighted by both hotel chains and OTAs, all OTAs monitor to varying degrees price, availability and conditions differentiation by hotels across sales channels. They do this using manual and automated website checks on all devices (computer, mobile, tablet) and data purchases from third-party vendors or provided by metasearch sites.

From the OTAs' perspective, metrics such as the difference between the price offered on the OTA website and the price (for the same type of room on the same dates) offered on other OTAs/hotels' own websites, are relevant indicators of competitiveness of the platform. However, **according to OTAs, monitoring does not correspond to 'enforcement'** or to any other invasive behaviour: the information on pricing gathered by OTAs is shared with hotels to provide insights on their competitiveness on the OTA's website, compared with other similar accommodation offers available on the same OTA. [36].

As confirmed by hotel chains, they have access to an extranet interface provided by the OTAs, showing the results of the OTA's monitoring activity: hotels receive an overview of each offer found at better rates in another online channel. Moreover, hotel chains observe that this online interface is complemented by targeted communications via email or phone calls from sales representatives of the OTAs. Here the perspective of the hotel chains is different from that of the OTAs, as, according to the chains, even if the OTAs do not enforce their parity clauses, the market reality is that hotels have little or no choice but to grant full parity in exchange for prominence in the OTA's search results. Moreover, **hotel chains claim that parity is still widely enforced through the mechanism of the 'quality score'** (see Section 3.2.14), a high quality score being necessary to achieve a prominent position in the leading OTAs' search results.

The diverging opinions of hotel chains and OTAs, therefore, flag an underlying issue that goes beyond the existence of a legal requirement of parity. According to hotels, a real **option to engage in online price differentiation does not exist**, as any online price that deviates from the one offered to an OTA negatively affects the ranking and the visibility of the hotel on the OTA. Moreover, hotel chains claim that the rules applied by OTAs to set the quality score are opaque and may vary between OTAs. All in all, **quality scores are seen by hotel chains as a tool used by OTAs to adjust search results and rankings on their websites in order to discipline hotels and discourage them from meaningfully differentiating their prices and inventories across channels.**

[36]

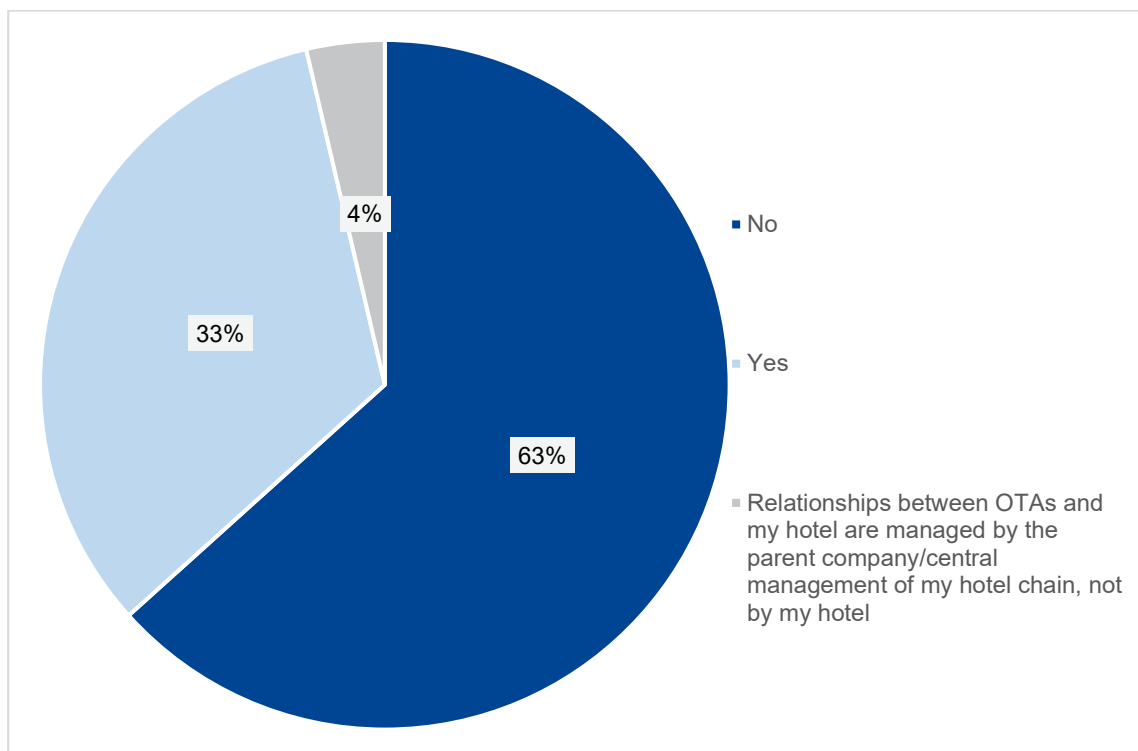
A more detailed discussion of OTA quality scores is contained in Section 3.2.14.

3.2.13. Use of other measures by OTAs to incentivise hotels to offer favourable room prices and inventory

Hotel chains, independent hotels and OTAs provided qualitative and quantitative evidence for this indicator. The evidence collected for this indicator does not show meaningful differences between the study countries, hence specific data for each country are not presented in this section.

Independent hotels provided information about the commercial interactions between their hotels and OTAs, describing measures implemented by the OTAs (beyond the terms of their contract) to incentivise the hotel to offer favourable terms.

Figure 9. Do OTAs try to incentivise your hotel to offer them favourable room prices or penalise your hotels in case of unfavourable prices? (independent hotels, 2021)⁸²



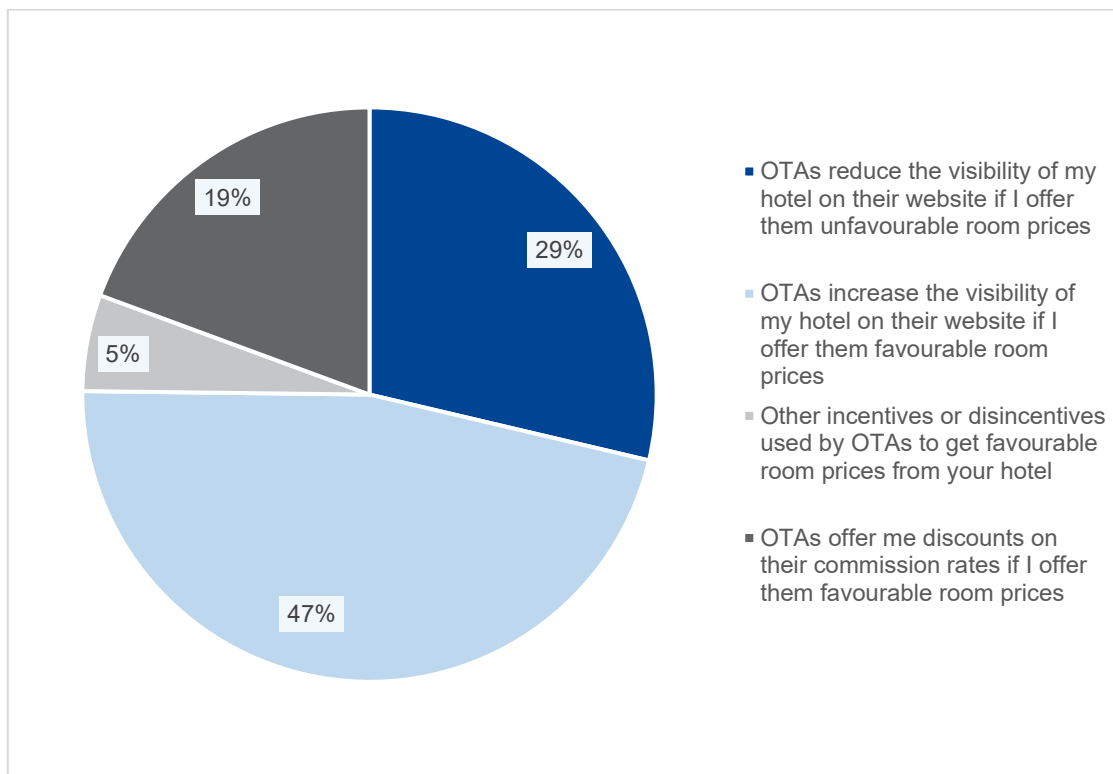
Source: CATI survey

33% of independent hotels and half of the respondent hotel chains stated that OTAs try to incentivise them to offer them favourable room prices or penalise them in case of unfavourable prices. The hotel chains noted that *“even in countries where hotels are legally authorised to price differentiate between direct and indirect channels, hotels are strongly disincentivised to do so given the high risks of losing in visibility”* and claimed that in case of unfavourable prices on one OTA, the OTAs could deliberately de-rank the accommodation provider.

When asked about the type of incentives or disincentives applied by OTAs, **visibility on the OTA was the most frequent incentive identified by independent hotels** (Figure 10).

⁸² The answer *“Relationships between OTAs and my hotel are managed by the parent company/central management of my hotel chain, not by my hotel”* is surprising, since all the answers displayed in Figure 10 are from independent hotels. The most likely explanation is that the person who replied to the survey did not have this information and chose the reply option closest to “Don’t know”.

Figure 10. Incentives and disincentives used by OTAs to obtain favourable room prices (independent hotels, 2021)



Source: CATI survey

76% (97 out of 129 answers)⁸³ observed that OTAs increase (or decrease) the visibility of the hotel on the OTA website in exchange for more favourable (less favourable) room prices. A **smaller share** (19%, i.e. 25 out of 129 replies) instead **identify these incentives as monetary**, namely a **discount on the OTA's commission rate**. In that sense, one respondent OTA stated that it offers hotels the possibility to participate in a program that automatically adapts and matches accommodation providers' prices on the platform to the lowest public channel rate available on another online booking channel and that **accommodation providers that participate in this program may be offered a discount on the commission paid to the OTA**.

Similarly to what was stated in the previous section in relation to the enforcement of OTA parity clauses, OTAs and hotels have differing perceptions of what is meant by 'incentives'. If an incentive is defined as a monetary amount (or a discount) transferred from an OTA to a hotel, **OTAs claim that they do not offer incentives to accommodation providers** in order to obtain the same or better prices, room availability or other conditions relative to other sales channels. However, OTAs do occasionally run time-limited marketing campaigns in selected countries and types of destinations and hotels that participate in such campaigns can obtain lower commission rates and discounts. Moreover, OTAs offer loyalty programmes to accommodation providers, whose participation has a defined and well-communicated impact on their visibility on the OTA's website (see Section 3.2.16 for a detailed discussion of this topic).

[OTA] denied any direct correlation between price differentiation by hotels and the imposition of retaliatory measures on them. However, as explained in the following Section 3.2.14, [OTA] does rank accommodations in its search results based partly on whether the

⁸³ The 96 respondents who said that OTAs use incentives/disincentives were allowed to give multiple answers to this question. Thus, the total number of answers is higher than the absolute number of respondents.

accommodation provider offers it favourable/unfavourable room prices relative to other websites. While the majority of hotels seem to agree with OTAs that monetary incentives are not common, **hotels argue that ranking and visibility are indirect, but very significant, incentives (or disincentives)** used by OTAs to actively influence hotels' pricing or room availability on OTAs. In this respect one OTA stated that: "*good prices lead to better conversion and more bookings*"⁸⁴. What remains unclear is the exact impact of room prices on the ranking algorithms used by OTAs, as discussed in the following section.

3.2.14. Use of performance/parity scoring by OTAs and display of hotels in OTA search results

OTAs and hotel chains provided insights on this indicator. Unfortunately, it was not possible to gather information on this indicator from independent hotels, as the follow-up online survey intended for these hotels was ultimately not sent (see Section 2.3.1).

The evidence collected for this indicator does not show meaningful differences between the study countries, hence specific data for each country are not presented in this section.

The major OTAs use performance/parity scoring in their relationships with hotels. These OTAs measure hotels' performance based on different factors and, as indicated in Section 3.2.12, **communicate the performance results to hotels** via the extranet tool provided by the OTA to enable the hotel to manage its listing on the OTA's platform. The hotel uses this tool to manage its prices and room availability, to update the information visible to customers and keep track of the rooms sold through the OTA. One of the key features of this interface is the **information on price performance**, i.e. an overview of the prices of the hotel published on other online channels (including metasearch sites).

Based on any price differences between online channels identified by the OTA, the hotel receives a score, together with suggestions on how this score can be improved: for instance, by updating the price listed on the OTA and offering a more competitive price compared to other OTAs or online channels.

As regards OTA display algorithms, OTAs stated that they **inform hotels properly** about their display algorithms, 'educating' them on how the variables included in the algorithm may allow the hotel to maximise its visibility on the OTAs' websites. However, **hotel chains** described the OTAs' **ranking algorithms** as **vague** and pointed out that OTAs do not share the exact criteria used to determine a hotel's position in the ranking.

According to the OTAs' replies, the variables used in their algorithms do not rely solely on pricing considerations; they also include several customer conversion parameters which are tailored to travellers' search **preferences** and which combine customer demands and desired hotel characteristics: these include, for instance, the desired length of stay, booking dates, destination, type of accommodation, size and composition of the group of travellers, previous searches/bookings made by the traveller on the OTA, availability of rooms on high demand dates, quality of photos, and reviews by other travellers.

The core of the discussion though is about **how prices are factored into the OTAs' algorithms**. For example, [OTA] **states that its ranking mechanism includes a comparison with pricing on other sites as one of several criteria that impacts the display of search results**. [X] By contrast, [OTA] **states that hotels do not receive different treatment depending on their price performance**, i.e. their ranking is not reduced as a penalty for a low score as a result of the hotel offering lower prices on other online channels. However, [X] clarifies that the **room price** may have **an indirect effect on ranking** because of **conversion**, i.e. whether the hotel is able to turn a traveller that is

⁸⁴ Answer to question 17 of the written questionnaire to OTAs

looking for a room into a customer that books a room. Thus, as observed by [38], it could be assumed that typically, when a hotel increases its room price on an OTA compared to other channels, its conversion rate is likely to decrease. Thus, the price of the room should always be seen in conjunction with customer conversion.

3.2.15. Use of consumer best price guarantees by OTAs and hotels

OTAs and hotel chains provided insights on this indicator. Unfortunately, it was not possible to gather information on this indicator from independent hotels, as the follow-up online survey intended for these hotels was ultimately not sent (see Section 2.3.1).

The evidence collected for this indicator does not show meaningful differences between the study countries, hence specific data for each country are not presented in this section.

All the respondent hotel chains offer a best price guarantee and state that they advertise the guarantee. The guarantee works differently for each chain, but all the guarantees have in common that they **refund the price difference to the consumer** if he/she finds a **cheaper price through other providers**.

In addition, all the respondent chains offer an extra bonus on top of the refund of the price difference to the consumer: in some cases, the room is further discounted; in others, the customer earns extra points under the hotel's bonus programme.

Best price guarantees have also been studied in the mystery shopping exercise, with data coming from 40 hotels belonging to chains.

Table 51 Does the hotel chain website offer a consumer best price guarantee?

Yes	No
70%	30%

Source: mystery shopping

As regards the number of claims made by customers under these guarantees, most hotel chains did not provide detailed figures. However, one chain mentioned that less than 1% of its total bookings are subject to claims under the best price guarantee.

[OTAs] also offer a best price guarantee. [38].

Figure 11 shows the evolution of the number of customer claims and the total reimbursements made under the best price guarantees of the respondent OTAs in respect of EU accommodations between 2017 and 2020:

Figure 11. Number of claims and total reimbursements made under best price guarantees of the respondent OTAs (2017 – 2020)

[38]

Source: written questionnaire to OTAs

[38].

3.2.16. Use of loyalty schemes by hotels and OTAs

This section looks at the use of loyalty schemes by hotel chains and OTAs, mostly relying on the in-depth interviews and the mystery shopping.

All the respondent **hotel chains** have customer loyalty schemes. These give customers points in return for bookings and can then be exchanged for further bookings once they

reach a certain value. Some loyalty schemes now also give points for other services within the hotel group (e.g. restaurant visits). Hotel chains indicated that loyalty schemes can play an important role in relation to OTA parity clauses: as these clauses often do not require parity with loyalty scheme prices. Chains are therefore allowed to offer preferential rates to customers through loyalty schemes. However, hotel chains also reported facing contractual problems with OTAs when they advertise their discounted loyalty scheme prices via metasearch websites.

Most of the chains have updated their loyalty schemes since 2017. Respondents also note that the proportion of customers using loyalty schemes has increased since 2017.

Loyalty schemes were also studied using the mystery shopping exercise:

Table 52. Does the hotel/chain website offer a customer loyalty scheme?

Yes	No
88%	13%

Source: mystery shopping

According to the data gathered in the mystery shopping exercise, almost all hotel chains have loyalty schemes and those not offering such schemes are predominantly in the low-price segment.

[OTAs] indicated they operate loyalty schemes for accommodation providers and final customers [X]. [X]. [X]. Depending on the characteristics of the loyalty scheme, the cost of this price reduction is either borne by the OTA or by the accommodation provider. The OTAs have not changed their loyalty schemes substantially since 2017. Apart from the tougher months of the COVID-19 pandemic, the respondent OTAs have seen an **increase in the number of bookings made by consumers who are loyalty programme members over the last four years.**

None of the respondent hotel chains participates in OTAs' loyalty schemes at chain level. Some chains, however, leave this decision to their franchisees, although they do not encourage them to **participate in the OTA loyalty schemes. Chains argue that the benefits of these OTA loyalty schemes are ultimately paid for by member hotels,** through higher commission rates or lower room rates, thereby **increasing distribution costs.** Although hotel chains do not have central data on this, they believe that the number of member hotels participating in OTA loyalty schemes has increased since 2017, due to strong market pressure.

3.2.17. Commission sharing and room price discounting by OTAs

OTAs and hotel chains provided insights on this indicator. Unfortunately, it was not possible to gather information on this indicator from independent hotels, as the follow-up online survey intended for these hotels was ultimately not sent (see Section 2.3.1).

The evidence collected for this indicator does not show meaningful differences between the study countries, hence specific data for each country are not presented in this section.

[OTA] reported that it applies different types of consumer-facing discounts to accommodation prices. Accommodation providers that fulfil certain criteria are eligible to join [X]'s closed user group. Through this user group, they can offer a 10% discount on their best-selling rooms and/or cheapest rooms to increase their bookings from [OTA]'s regular customers. According to [OTA], it is up to the accommodations themselves to decide whether they wish to join this loyalty scheme. [OTA] said that it does not have such a loyalty scheme

for accommodation providers; instead, it offers an *ad hoc* service (at the discretion of the accommodation provider), for enhanced visibility of the provider's offers on [OTA]'s websites. [X].

These price incentives are customer-facing and aim to provide consumers with lower prices while the accommodation provider receives the full price it has uploaded on the OTA. [X].

None of the hotel chains that provided evidence to the study stated that they participate in OTA loyalty schemes. Some of the respondent hotel chains expressed concerns about the OTAs' practice of unilaterally offering their rooms at discounted rates, **claiming that this happens without their authorisation.** The chains that reported this type of behaviour by OTAs also noted that this situation has worsened in recent years.

3.2.18. Other consumer-facing and hotel-facing commercial strategies used by OTAs

The data collection exercise did not gather specific insights on OTA commercial strategies other than loyalty programs, with the exception of tools for accommodation providers to improve their visibility on the OTAs: this is the case of [OTA]'s automatic rate-matching service, through which accommodation providers can choose to instruct [OTA] to automatically match the rate offered on the [OTA]'s websites with the lowest rate available on any other public online booking channel (e.g. another OTA, the accommodation's own website, etc.). [OTA] said that it runs **small-scale marketing campaigns** for limited periods and selected destinations. For example, it offers **commission discounts** to a limited number of accommodations if the accommodation providers offer certain services to customers (e.g. having a flexible or mobile-devices only rate) and meet certain short-term performance targets. These **accommodation providers** are generally **located in destinations where it is less common to use an OTA** and where the market largely consists of travel package operators. In addition, following the COVID-19 pandemic, [OTA] has run some small-scale campaigns to kick-start travel and help accommodation providers. For instance, as part of this 'post-pandemic' incentive program, eligible accommodation providers could receive a discount on their commission rate, on the condition that they participate in [OTA]'s loyalty programmes for at least a few months. However, [OTA] notes that it has **no established and continuous incentive scheme on a global scale** as these campaigns very much depend on the season and on the destination. Finally, [OTA] stated that its campaigns are not exclusive (i.e. the accommodation provider can participate in other incentives offered by other OTAs) and are completely voluntary.

3.2.19. Evidence of recent or expected entry or expansion by platforms offering price comparison or booking services for hotel or other short-term accommodation, including Google and Airbnb

The literature review (Section 3.1.1) and our fieldwork highlighted a significant trend in recent years, namely the **push by technology companies**, such as **Google**, to **enter the accommodation sector and to start competing with OTAs and metasearch/PCWs.** As observed in Section 3.1.1, Schegg (2020) finds that 41% of hotels in Europe used metasearch engines in 2019. Whilst TripAdvisor used to be the most prominent metasearch engine in 2013, Schegg (2020) claims that **Google with its Hotel Ads service became the market leader in most recent years.**

This finding is confirmed by hotel chains [36]: all except one of the respondent chains [36] identified **Google Hotel Ads as the metasearch engine generating the highest number of bookings for EU accommodations.**

The payment models used by Google Hotel Ads are similar to the ones used by other metasearch engines, i.e. CPC (cost-per-click), where OTAs or hotels pay a fee for each click on an accommodation offer, and CPA (cost-per-acquisition), where the payment to Google occurs upon the finalisation of a booking by a traveller⁸⁵ or after the traveller's stay at the accommodation⁸⁶.

[36]. The **key feature of Google Hotel Ads that differentiates this platform from a traditional metasearch** is that, since 2021, **Google has introduced free listings on its platform.** Therefore, in the Google Hotel Ads search results, users can find a set of free listings next to paid ads (that have the highest visibility in the list of results displayed). Even if the visibility of the free listings is lower compared to the paid ads, notably, **Google Hotel Ads' interface poses a limit to the number of paid listings** that are visualised on top of the search results: only the first two listings are paid, while the rest of the listings are organic (i.e. not paid). This solution represents something ground-breaking for the accommodation sector. In fact, for each accommodation displayed on OTAs and metasearch engines, **OTAs and metasearch require the payment of a fee/commission by the accommodation providers**, either when customers click on a search result, or when a booking or stay is finalised. On Google Hotel Ads, unless an accommodation (or an OTA or metasearch) decides to pay to have better visibility for its ad, **hotels can advertise their room for free on the platform, without paying any fee to Google for each booking finalised through Google Hotel Ads.** In order to list rooms on Google Hotel Ads, accommodation providers simply have to create a Google account. They then have access to an online portal to manage the information about the hotel (e.g. types of rooms, pictures, prices, etc.).

Google indicated that in 2020, [400 000-600 000] accommodations in the EU were advertised on Google Hotel Ads. Notably, this figure refers only to those accommodations that are displayed on the platform through a paid ad: the total number of accommodations advertised on Google Hotel Ads, including free listings, may reasonably be much higher, despite the recent launch of this service.

The growth of Google in the accommodation sector has thus raised some concerns for hotel chains and OTAs. On one hand, hotels recognise that Google may have a **pro-competitive effect** (at least in the short term) because it represents another distribution channel for hotels to reach consumers and, with **free listings**, could **impose competitive pressure on more costly distribution channels, such as OTAs and metasearch.**

On the other hand, Google is scaling up its operations in the hotel sector and with an intense marketing presence towards accommodation providers (e.g. seminars in association with hotel associations). Besides the newly launched Google Hotel Ads, Google offers a bundle of services for travellers: a flight metasearch product (Google Flights), Google Travel, a planning tool that aggregates its flight, hotel and packages products in one website, restaurant metasearch products and its navigation app, Google Maps.

Therefore, **hotel chains and OTAs fear that the long-term effect of Google's impact on the accommodation sector could be detrimental for both platforms and accommodation providers.** This concern is explained by the peculiar position of Google which, as a search engine, is the online entry point of every traveller's research: even if a booking is finalised on a hotel's own website or via an OTA or a metasearch, most consumers start their journey searching for hotels on Google. Since the launch of Google Hotel Ads, the **results page of Google's search engine** (i.e. the 'plain' search engine

⁸⁵ Cost per conversion

⁸⁶ Cost per stay

accessed by most users to browse the web) **displays at first paid ads** (by OTAs, hotels or metasearch) and just below **an attractive interface with hotel listings that when clicked, re-directs the user to Google Hotel Ads.**

As this interface is prominently featured in Google's search results, and considering that online users rarely scroll down the search results pages, hotels and OTAs argue that Google Hotel Ads could push OTAs, metasearch and hotels further down in the organic (i.e. unpaid) search results.

This might ultimately lead to an **increase in competition for ad spending, to get paid listings leading to more visible results in the ranking**: since only the first two listings on Google Hotel Ads are paid, this 'race' to hold the first two spots might increase the overall distribution costs for OTAs and hotels, which might pass them on to consumers.

3.2.20. Limitations of the data collection exercise

The results of the data collection with stakeholders are subject to the following caveats.

Firstly, the CATI survey collected data from mostly SMEs: it may be the case that some stakeholders did not fully understand the questions, as there are inconsistencies in some of the replies. Moreover, some questions (i.e. the question on shares of sales per sales channel) are intended to be broad estimates and may not fully correspond to hotels' administrative data.

Secondly, the written questionnaires to hotel chains, OTAs and PCWs received a lower number of responses than expected: this was mainly due to the fact that the data collection was performed during the months of June-August 2021 when stakeholders were facing increased workloads and lower capacity due to the holiday season.

Thirdly, in aggregating the data collected from different stakeholders, the research team had to make sure that the data were homogenous between stakeholders; in some cases, this was not easy, since the rationale of the questionnaires and the data request did not correspond to the way stakeholders collect their own data internally. For example, in the questionnaires to hotels, sales channels were divided between online/offline channels and direct/indirect channels. Some stakeholders were not able to fully adhere to these categories, as they break down their sales in different ways, which take into account consumer segments (i.e. leisure, corporate and group) and do not always distinguish between direct and indirect sales channels.

Concerning the relative cost of sales through each sales channel, the research team analysed the costs incurred by hotel chains in selling their rooms through their direct sales channels and OTAs. However the questionnaire did not look into the relationship between the hotel chain parent company and member hotels in terms of costs (i.e. contribution fees and other costs related to the franchise contracts), thus it may underestimate the cost of direct online sales.

Finally, the data collection started in the midst of the COVID-19 crisis: this had an impact in terms of significance for the data collected for 2020 and January-May 2021, as these were not typical tourist seasons.

4. Conclusions

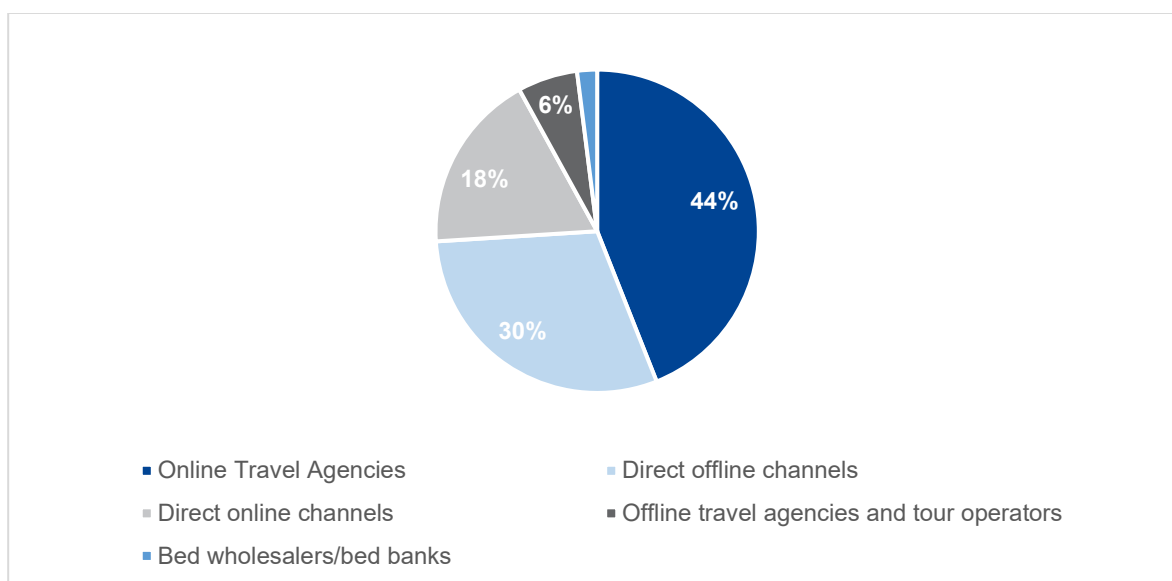
4.1. Main features of hotel distribution

4.1.1. Sales channels – relative importance

Hotels use several distribution channels. These include online and offline channels, which can be further divided into direct (phone, hotel website, walk-in) and indirect (OTAs, brick and mortar travel agents) channels.

For **independent hotels**, direct channels (online and offline together) still account for the highest share of sales (48%), but OTAs are the largest single sales channel (44%).

Figure 12. Share of hotel accommodation sold offline, online, direct and indirect



Source: CATI survey

The share of rooms sold through each channel does not differ significantly according to the typology of the hotel's customers (business/leisure) or the hotel's star rating⁸⁷.

Instead, the size of the hotel (number of employees) seems to be relevant: **micro and small hotels** make a **higher share of their sales through OTAs** (46.2% and 40.5%), while **medium-sized hotels** make a **lower share of their sales through OTAs** (27,1%). Hotel chains' use of sales channels does not differ greatly from this pattern, but chains rely on OTAs to a lesser extent than independent hotels.

4.1.2. Hotels' use of OTAs

The majority (72%) of independent hotels use more than one OTA. In fact, only 28% of the surveyed independent hotels said that they use only one OTA; 39% use two OTAs; 17% use three OTAs and 15% use more than three OTAs. The four main OTAs used by independent hotels in the six study countries are Booking, Expedia, HRS and Airbnb, in that order of priority. **Almost all the independent hotels surveyed (88%) use Booking.com** and over half (61%) use Expedia. **A large majority of independent hotels (80%) said that OTAs increase their total volume of bookings.** Regarding the effect of using OTAs on

⁸⁷ Though the sample size was too small to produce meaningful results for some star ratings.

their direct sales, **63% of independent hotels said that listing their rooms on OTAs also increases the number of bookings they get on their direct sales channels.**

All of the respondent hotel chains said that they use more than one OTA. This was confirmed by the replies from individual hotels belonging to chains. The views of the hotel chains diverged from those of the independent hotels regarding the effect of using OTAs on their total volume of bookings, **Only half of the respondent hotel chains considered that using OTAs increased their total volume of bookings, whereas the other half considered that using OTAs had no impact on their total bookings.** Rather, they considered that OTAs diverted traffic from their direct sales channels to indirect channels: this led to a **reduction of the share of bookings made through their direct sales channels** (“cannibalisation” of direct sales) and to an overall increase in their distribution costs, without significantly improving their occupancy rates.

4.1.3. OTA commission rates and costs of other sales channels

The evidence presented in this study distinguishes ‘**basic**’ OTA commission rates, i.e. the commission paid by a hotel to be listed on an OTA, from their ‘**effective**’ OTA commission rates, meaning the actual rate of commission paid by the hotel, taking into account any optional extra commissions paid in order to obtain extra services, for example, improved visibility on the OTA’s website.

The independent hotels reported on average a basic OTA commission rate of [10-20]% and an effective commission rate of [10-20]%.

Data on the basic and effective commission rates paid by the respondent hotel chains was difficult to compare, due to differences in reporting methods. Nonetheless, the **basic OTA commission rates reported by the hotel chains are on average lower than the rates reported by independent hotels** (approximately [10-20]%) and most of the respondent chains indicated that the effective rates charged by [OTAs] are **approximately [0-10] percentage points higher than their basic rates.**

The cost associated with each hotel sales channel varies widely due to the differing extent of the marketing activities and risks undertaken by the various stakeholders. The analysis in Section 3.2.10 shows that the **costs of the different sales channels are difficult to compare** because not every sales channel has a cost element that can be directly attributed to each room sold. In fact, while OTA commissions can be identified as being the cost of securing a successful OTA booking, there is no direct cost to the hotel when it sells rooms to wholesalers at a reduced price. This also applies to hotel marketing expenses: marketing expenditure may translate into better visibility and traffic on the hotel’s website, but there may be no direct link between such expenditure and individual room sales. Therefore, whereas the costs for hotels of using OTAs are relatively straightforward to identify and fairly well reported, the other types of marketing costs incurred by hotel chains and independent hotels were not documented as accurately in the survey replies.

All in all, as shown in Section 3.2.10 and Figure 7, the **average effective OTA commission rates reported by the respondent hotel chains ([10-20]%) are much higher than the average cost of sales reported by the chains for their direct online sales channels ([0-5]%).**

4.1.4. Hotels’ use of metasearch and online advertising

41% of the respondent independent hotels and all the respondent hotel chains use metasearch websites. The metasearch websites most commonly mentioned by independent hotels are TripAdvisor and Trivago. However, the literature review and the survey responses of the hotel chains and OTAs point to the growing importance of Google

Hotel Ads and its evolving business model (Section 3.1.1 and 3.2.19). It should nonetheless be noted that, according to the survey responses, metasearch operators derive less than [X] of their hotel-related revenue directly from accommodation providers and more than [X] from OTAs.

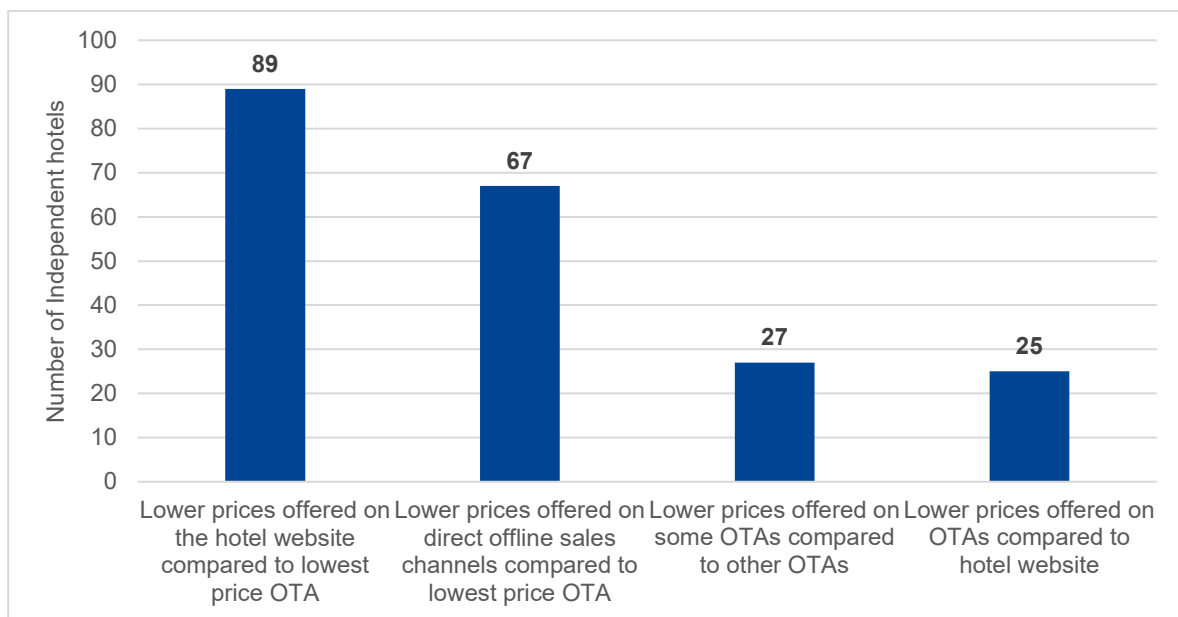
Slightly less than half of the independent hotels said that they use search engine/keyword advertising, whereas all of the respondent hotel chains and 60% of the 15 individual hotels belonging to chains said that they use this form of advertising.

As regards advertising on social media, all the respondent OTAs and hotel chains stated that they used this, while 60% of both independent hotels and individual hotels belonging to chains said they use this marketing tool.

4.1.5. Price (and availability) differentiation between sales channels

More than 50% of all **independent hotels** (144 hotels out of 285) price-differentiate between sales channels. The most common form of price differentiation is to offer lower prices on the hotel website relative to the prices offered on OTAs (31% of independent hotels). This is followed by price differentiation in favour of the hotel’s direct offline channels relative to OTAs (24%) and price differentiation between OTAs (9%). 6 hotels reported that they apply another non-specified type of price differentiation.

Figure 13. Types of room price differentiation by independent hotels (2021)⁸⁸



Hotel chains stated that they apply price differentiation mostly through their loyalty schemes.

In addition to pricing, some hotels also differentiate between sales channels for room types and availability. However, the majority of **independent hotels** said they do not do this (over 61%). The proportion of those that said they regularly differentiate between channels for room availability is significantly lower than for price differentiation. The most common reason for not differentiating room availability between sales channels was “I see no reason to treat my OTA partners differently for room availability”. This answer was given by 24% of the independent hotels. Hotels that differentiate between channels for room availability do so

⁸⁸ Multiple replies were possible

most often in favour of their own website. 8% of independent hotels said they do not differentiate room availability between channels because they fear being penalised by OTAs.

As regards **hotel chains**, [the majority] of the respondent chains said that they do not differentiate between channels for room availability, whilst one chain stated that it leaves this decision to its individual member hotels.

4.1.6. Loyalty programmes

All the respondent **hotel chains** have customer loyalty programmes: [the majority] of respondents stated that the proportion of customers using these loyalty programmes has increased since 2017. The other respondent saw no change.

All the **OTAs** indicated they have loyalty programmes for hotels and consumers. 3% to 4% of the hotels listed on the OTAs are enrolled in these programmes and consumers obtain price reductions of 6% to 7% on average through these programmes. Depending on the terms of the loyalty programme, the cost of these price reductions is borne by either the OTA or by the hotel. With the exception of certain months during the COVID-19 pandemic, OTAs have seen an increase in the number of bookings made by loyalty programme members over the last four years.

None of the respondent hotel chains participate in OTA loyalty programmes. Some chains, however, said that they leave this decision to their franchisees, although they do not encourage them to participate.

The respondent hotel chains observed that loyalty programmes can play an important role in relation to parity clauses (see Section 4.2): as these clauses often do not apply to prices offered through these programmes, this enables the **chains to offer lower prices to customers**.

4.2. Differences in distribution arrangements between the study countries

This sub-section focuses on indicators for which the study observed differences between the study countries. The first indicator is the use of OTAs and other forms of marketing. The second indicator is OTA parity clauses and how these are used. Lastly, the section focuses on country-specific differences in OTA basic and effective commission rates.

4.2.1. Use of OTAs and other forms of marketing

The **proportion of hotels using OTAs varies significantly between the study countries**. In Cyprus, almost all independent hotels use OTAs, whereas in Poland only two-thirds of independent hotels use OTAs.⁸⁹ The analysis shows two general relationships. First, OTAs are used more frequently by hotels in more technologically advanced and bigger markets. Using the size of the tourism industry as a share of the country's GDP as a proxy, in Poland this share was the second lowest in the EU in 2019. In all other study countries except Belgium, this value is above 10%.⁹⁰

Significant differences between the six study countries are also observed in the share of sales generated by OTAs. OTAs account for 55% of independent hotels' sales in Belgium,

⁸⁹ This is in line with the literature review, which suggests that only 10% of hotels in Austria, Germany and Switzerland did not sell through OTAs in 2011 (Stangl, Inversini & Schegg, 2016). In a study for Warsaw (Poland), the figure was higher, with almost 19 % in 2014 (Pawlicz & Napierala, 2017) .

⁹⁰ <https://www.statista.com/statistics/1228395/travel-and-tourism-share-of-gdp-in-the-eu-by-country/>

followed by 48% in Spain and 44% in Cyprus. Austrian hotels generate the lowest share of sales through OTAs (34%).

Moreover, although [OTAs] have a strong presence in all the study countries, **[OTA] is comparatively weak in Sweden** whereas **[OTA] is comparatively weak in Austria**. These differences are likely to be due to historical differences in the development of the national markets and do not appear to be attributable to specific drivers of a commercial or legal nature.

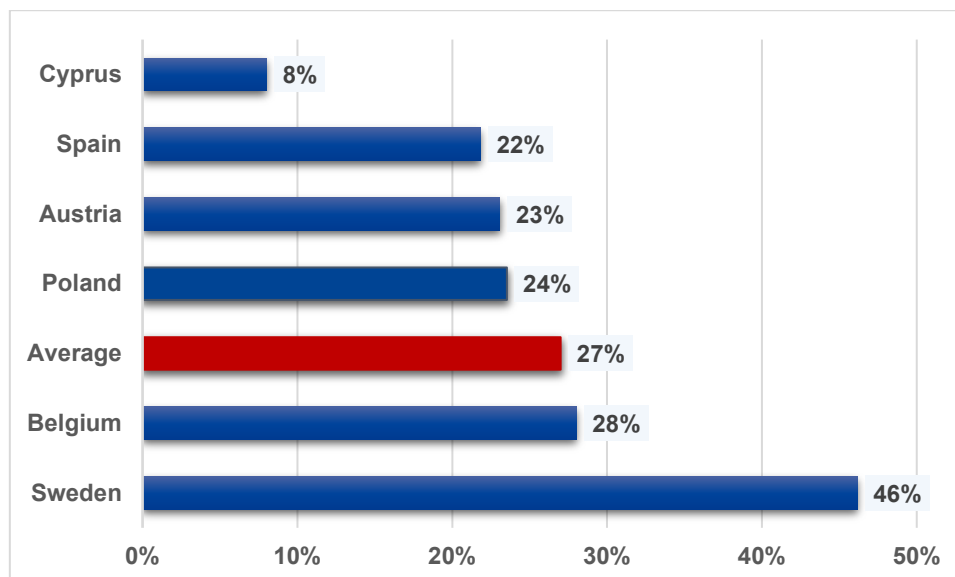
As regards online advertising, search engine/keyword advertising is used more often by independent hotels in Sweden (58%) and significantly less often by independent hotels in Spain (36%), but otherwise the frequency of use is similar in all the study countries.

4.2.2. OTA parity clauses

OTAs use two types of parity clauses in their contracts with EU hotels: wide and narrow. Wide parity clauses prevent the hotel from offering better prices or conditions (including availability) on sales channels other than the contracted OTA. Narrow parity clauses prevent the hotel from offering better prices on its own website.

Independent hotels in all the study countries reported that their contracts with OTAs contained parity clauses: this is the case for **46% of Swedish hotels (the country with the highest share of hotels reporting that they were subject to OTA parity clauses), and for only 8% of Cypriot hotels**. Across the other four study countries, the share of independent hotels that reported that they were subject to OTA parity clauses ranged between 22% and 28%.

Figure 14. Use of OTA parity clauses by study country, as reported by independent hotels (2021)



Source: CATI survey

4.2.3. Basic and effective OTA commission rates

OTAs reported differences in their basic and effective commission rates between the study countries, as shown in Figure 15 below:

Figure 15. Basic and effective commission rates per study country in 2021

[Figure showing basic and effective OTA commission rates of 10-20%.]

Source: written questionnaires to OTAs

The OTAs state that the reasons for these differences are [X]. Nevertheless, it is noteworthy that the basic commission rate in [X] is higher than in other study countries.

Independent hotels reported paying higher average basic commission rates than the basic rates reported by the OTAs, but the basic commission rates reported by the hotels generally confirmed the national differences shown in Figure 15, with the exception of [X], where independent hotels reported the lowest basic commission rates.

All in all, the analysis of distribution arrangements shows some **sizable differences** across the study countries in relation to the three indicators assessed: **penetration and share of sales generated by OTAs, presence of OTA parity clauses** in hotel contracts and **average OTA commission rates**.

4.3. Changes in distribution arrangements relative to the results of the 2016 ECN Monitoring Exercise

This section analyses the changes in hotel distribution arrangements over time, compared with the situation described in the ECN Monitoring Exercise, which covered the period July 2015 to June 2016.

In comparing the results of the two studies, two main caveats should be borne in mind:

- The two studies had different purposes. On one hand, the ECN Monitoring Exercise aimed to measure the effects of changes to OTA parity clauses in the period preceding the Exercise, while the present fact-finding study aims to answer a set of research questions and to collect data on a broad set of indicators.
- The studies have differing geographical scopes: the ECN Monitoring Exercise covered 10 countries (Belgium, Czech Republic, France, Germany, Hungary, Ireland, Italy, the Netherlands, Sweden and the United Kingdom), whereas this study covers six countries (Austria, Belgium, Cyprus, Poland, Spain and Sweden). Only Belgium and Sweden were covered in both exercises.
- The two studies applied different methodologies in terms of sampling and data collection tools, and so the results are not fully comparable⁹¹.

Bearing in mind the above, the following sections present a comparative analysis of the shares of hotel accommodation sold offline, online, direct and indirect; OTA commission rates; room price and room availability differentiation and; finally, hotels' use of metasearch websites.

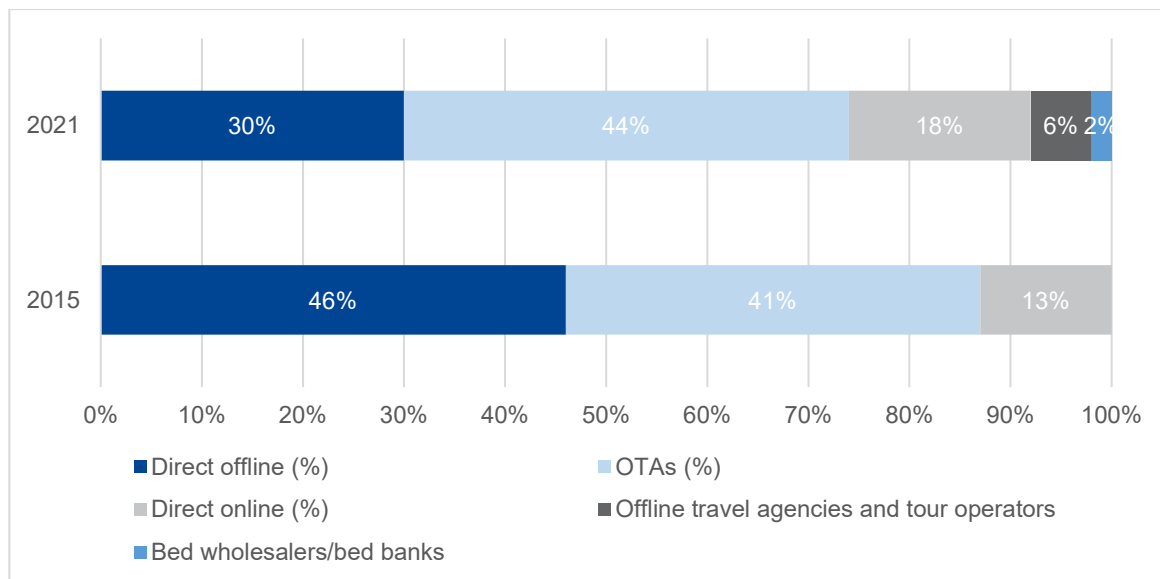
4.3.1. The share of hotel accommodation sold offline, online, direct and indirect

The share of rooms booked through OTAs and through direct online channels has increased slightly since 2015. It is difficult to make a statement about the change in offline bookings, as the 2016 ECN Monitoring Exercise did not include the categories offline travel agencies and tour operators and bed wholesalers/bed banks. However, even if these two categories

⁹¹ For example, the sample of hotels used in the 2016 ECN Monitoring Exercise contained both independent hotels and hotels belonging to chains – see Appendix 2 of the monitoring report: https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&ved=2ahUKEwiXgZHR-tz0AhWI8rsIHaMTAYcQFnoECAkQAQ&url=https%3A%2F%2Fec.europa.eu%2Fcompetition%2Fecnr%2Fhotel_monitoring_report_en.pdf&usq=AQvVaw0dB1nJfGDnrxSind5J9uJP

are counted as offline distribution channels, a decrease in the number of offline bookings can be seen.

Figure 16: Share of sales per channel for independent/individual hotels: comparison with ECN Monitoring Exercise



Source: ECN Monitoring Exercise (2016), CATI survey⁹²

4.3.2. OTA commission rates

Consistently with the results of the 2016 ECN Monitoring Exercise, the vast majority of independent hotels reported paying **basic OTA commission rates ranging from 10% to 20% (76% of the commission rates reported)**: on average, independent hotels reported **paying basic OTA commission rates of [10-20]%**.

As reported in the 2016 ECN Monitoring Exercise, OTAs may charge additional commission for providing optional additional services. Independent hotels reported using these additional services in only a minority of cases (23% of the total number of OTA contracts reported by the independent hotels). The independent hotels that pay additional commission reported that, on average, they pay an **effective commission rate of [10-20]%**, therefore [0-10] percentage points higher than the basic rate.

The evidence presented in this study confirms the trend shown by the 2016 ECN Monitoring Exercise, i.e. the average effective rates of OTA commission paid by hotels remained relatively stable or slightly decreased in almost all participating Member States in the period from January 2014 to June 2016. According to the replies of OTAs in the present study, their average effective commission rates have also remained stable or slightly decreased in all the study countries in the period 2017-2021 (Table 25).

4.3.3. Room price and room availability differentiation between sales channels

Price differentiation

In the present study, more than half of **independent hotels** (144 hotels out of 285) reported that they price-differentiate between sales channels.

⁹² Offline Includes all other sales channels (telephone, email, reception desk) and tour operators, bed banks, groups, corporate, GDS and other channels.

The most common form of price differentiation, in both 2016 and in 2021, is to offer lower prices on the hotel website relative to the prices offered on OTAs. In 2016, across the ten participating Member States, 40% of the hotels said that they had undercut the OTAs they used by publishing lower room prices on their hotel website. In 2021, in the six study countries, 31% of independent hotels said that they offer lower room prices on their website than on OTAs. **Compared to 2016, a slightly smaller share of hotels are offering lower prices on their own website compared to OTAs.**

By contrast, price differentiation between OTAs is not common. In fact, only 9% of independent hotels reported that they price-differentiate between OTAs: this is an even smaller share than in the 2016 ECN Monitoring Exercise, where 21% of the hotels said that they price-differentiated between OTAs. **Compared to 2016, a smaller share of hotels is price differentiating between OTAs.** Both in 2016 and 2021 the reason most frequently given for not doing so is that the hotel saw no reason to treat its OTA partners differently. However, in the present study, 41% of the respondent independent hotels linked the decision not to price-differentiate between OTAs to the OTAs' reaction. 14% mentioned that if they price-differentiated between OTAs, the parity clause in their OTA contract(s) would oblige them to offer higher room prices on their hotel website than on the lowest-price OTA. 7% said that if they price differentiated between OTAs, the OTAs to which they gave higher prices would penalise them. Furthermore, 20% stated that their OTA contract(s) do(es) not allow them to price-differentiate.

In 2021, 9% of independent hotels said that they offered lower room prices on at least one OTA compared to the prices on their own website: in 2016, 20% of hotels said they did so.

As regards **hotel chains**, both in 2016 and in 2021, the majority said that they do not price-differentiate between OTAs or between the hotel chain website and OTAs. In 2016, the reasons most frequently given were that their OTA contracts did not allow them to do so or that their chain website did not enable this. In 2021 hotel chains stated that, even in countries where hotels are legally authorised to price differentiate between direct and indirect channels, hotels are strongly discouraged to do so, given the high risks of losing visibility on the OTAs. Since it is possible to price-differentiate through loyalty programmes, and OTA parity clauses do not apply to loyalty rates, it appears that most hotel chains prefer to offer better prices to customers this way instead of applying open price differentiation.

Availability differentiation

In the 2016 ECN Monitoring Exercise, 31% of independent hotels said that they differentiated between OTAs as regards room availability and 30% said that they offered better availability on their hotel website than on OTAs. In 2021, only 11% of independent hotels differentiated availability between OTAs, while 19% of independent hotels reported that they favour their direct online sales channels with better room availability.

With regard to hotel chains, in the 2016 ECN Monitoring Exercise, almost none of the respondents said that they offered different room availability on different OTAs, and only one third differentiated for room availability in favour of their own website. In 2021, the respondent hotel chains generally reported that they do not differentiate between sales channels for room availability.

4.3.4. Use of metasearch websites by hotels

In 2016, 30% of independent hotels stated that they advertised their rooms on metasearch websites. In 2021, 41% of independent hotels say that they advertise on metasearch websites: this suggests that hotels' use of metasearch advertising has increased amongst small and medium-sized hotels.

TripAdvisor was the leading metasearch website in the hotel sector in 2013. The 2016 ECN Monitoring Exercise found that the other metasearch websites used most frequently by

hotels were Trivago, Google and Kayak, without indicating their market share. All of the hotel chains that participated in the present study advertise on Google, Trivago, Kayak and TripAdvisor and they reported a share of total bookings generated by metasearch of [0-10]%. Comparing metasearch shares is difficult, because in 2016 hotels did not indicate shares. The literature review indicated that in 2019 Google Hotel Ads was used by 59.8% of hotels, while Trivago and Tripadvisor were used by 54.2% and 50.8% respectively. On this basis, it appears that Google with its **Hotel Ads service has become the leading metasearch in the hotel sector in recent years.**

Overall, the analysis indicates some changes in hotel distribution arrangements relative to the results of the 2016 ECN Monitoring Exercise. The **share of independent hotel rooms booked through OTAs and through direct online channels has increased slightly since 2015.** Moreover, compared to the ECN Monitoring Exercise, the present study shows that a **lower share of independent hotels are offering lower prices on their own website compared to the prices they offer on OTAs, and that a lower share are price-differentiating between OTAs.**

Finally, the present study finds that the share of independent hotels that advertise on metasearch websites has increased, and that Google Hotel Ads has become the leading metasearch website for hotels, followed by Tripadvisor, Trivago and Kayak.

4.4. Impact of laws prohibiting OTA parity clauses on hotel distribution arrangements

Of the six countries included in the study, only **Austria and Belgium have adopted laws prohibiting OTA parity clauses.** The laws came into force in 2016 in Austria and 2018 in Belgium. The research team has therefore examined the data gathered on the various indicators to see whether there are differences for these two countries, compared to the other four study countries, based on data covering the period 2017-2021. In particular, the indicators discussed in this section include:

- use of OTAs;
- share of sales through OTAs;
- OTA commission rates;
- price differentiation across OTAs and across sales channels;
- hotels' use of metasearch; and
- explicit and implicit use of OTA parity clauses.

Based on the responses from independent hotels, it **does not appear that the prohibition of OTA parity clauses in Austria and Belgium is associated with a greater or lesser use of OTAs by hotels.** The level of use of OTAs is similar in both countries (81% and 85%) and the average level of use of OTAs across all six study countries is 80% (Table 10).

Nor is there any clear trend in the **share of sales generated through OTAs in Austria and Belgium relative to the other study countries:** Austrian hotels reported making an average of 34.7% of their sales through OTAs and this share was 55.1% for Belgian hotels, whereas the average share for hotels in all six study countries was 44% (Table 12).

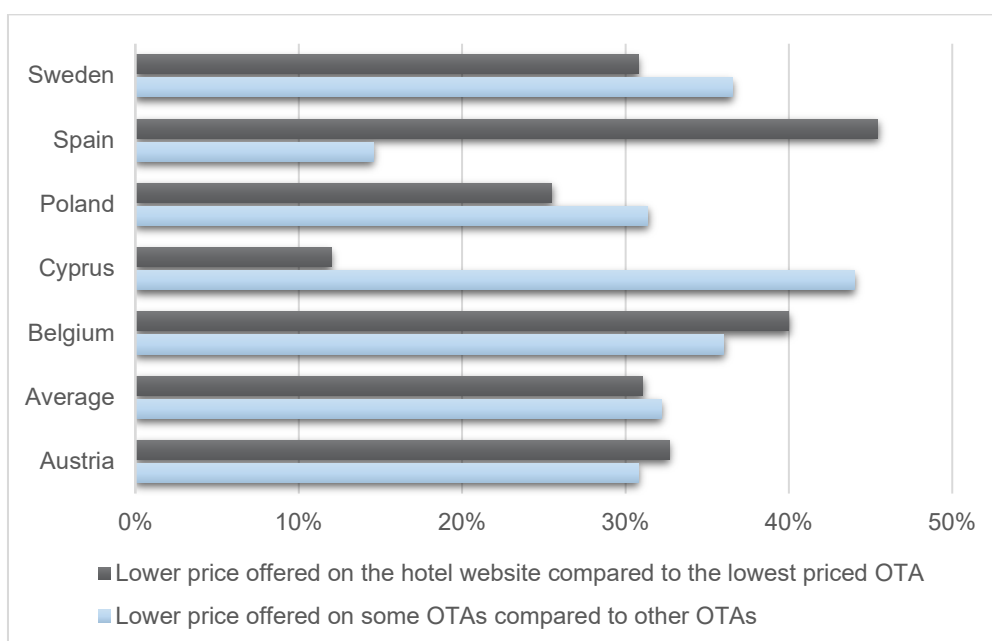
[X].

As regards **effective OTA commission rates** for the period 2017-2021, the average effective rates reported by the respondent OTAs were higher for [X] and [X] than for the other study countries. [X] (Table 25). [X].

All in all, the six study countries experienced a slight decreasing trend in OTA basic and effective commission rates over the period 2017-2021, but the levels and patterns observed for Austria and Belgium do not appear to differ significantly from those observed across the other study countries.

The impact of the laws prohibiting parity clauses can also be assessed in terms of **price differentiation between sales channels**. In countries where parity clauses have been prohibited, it might be expected that hotels would have a greater tendency to offer lower prices on their direct online channels relative to those offered on OTAs, as compared with countries where the use of (narrow) parity clauses is permitted. Overall, the practice of **offering lower room prices on the hotel website** and on hotel offline channels **than on OTAs** was relatively common among the respondent independent hotels (Table 32). Figure 17 below shows some key trends: price differentiation between the hotel website and OTAs was **most common in Spain and Belgium, and least common in Cyprus**. Austria is in the mid-range for this indicator.

Figure 17. Price differentiation between sales channels reported by independent hotels



Source: CATI survey

As regards price differentiation between OTAs, this was least common in Spain and most common in Cyprus. Austria and Belgium are in the medium range. Therefore, the results of our survey of independent hotels **do not show that the laws prohibiting OTA parity clauses have a noticeable effect on hotels' price differentiation strategies**.

Nor there was any notable difference between Austria and Belgium and the other study countries as regards the evolution in the share of metasearch operators' revenue that is derived directly from hotels (Table 45). This share has [3<] over the period 2018-2020 for all the study countries except [3<], and it [3<] most significantly in [3<] and in [3<].

According to the independent hotels, the **use of parity clauses by OTAs varied quite widely between countries**, but again there was no meaningful difference in the trend for Austria and Belgium, compared with other study countries or with the six study countries as a whole. Austrian and Belgian hotels reported that 23% and 28% respectively of their OTA contracts contained parity clauses, while this share was 46% in Sweden and 8% for Cyprus. The average share of OTA contracts reported to contain parity clauses across all six study countries was 27% for (Table 50).

The perceptions of OTAs and hotel chains differed regarding the reality of OTAs' use of parity clauses. Whilst the OTAs insisted that hotels were free to set different prices [3<], hotels considered that this freedom was not real. Hotels considered that deviations from parity relative to an OTA were likely to negatively affect the ranking and visibility of the hotel on the OTA. The hotel chains also considered that the rules used by OTAs to define their 'quality scores' are opaque and that the OTAs use the quality scores to adjust search results and rankings in order to discipline hotels and discourage them from meaningfully differentiating their prices and inventories across channels. However, neither OTAs nor hotel chains referred to differences in scoring or ranking practices in Austria and Belgium relative to the other study countries.

Overall, as discussed in this Section 4.4, the evidence collected in this study **does not establish any significant causality between the laws prohibiting OTA parity clauses in Austria and Belgium and differences in hotel distribution arrangements in those countries relative to other study countries**. In fact, for all the indicators discussed here, the trends observed in Austria and Belgium are overall consistent with the trends observed in the other study countries, where there are no laws prohibiting OTA parity clauses.

4.5. Impact of the COVID-19 pandemic on hotel distribution arrangements

The disruptive impact of the COVID-19 pandemic on the hotel industry has been highlighted throughout the different research tools used in this study. One of the key observable trends, exacerbating the debate on the role of OTAs and their relationship with accommodation providers, is the fact that **in times of low demand**, such as the slump due to the pandemic, **OTAs typically carry more weight** (Stein, 2020). This is also explained by the fact that while OTAs are able to diversify their geographic portfolio of revenues, independent hotels cannot do so and they are much more impacted by a volatile demand. While more hotels are turning to OTAs to recover demand, evidence highlighted from the literature review suggests that some of the large OTAs have been more selective in terms of onboarding new listings during the pandemic (Sorrells, 2021b). On the other hand, new digital solutions have helped smaller distribution channels, such as Hotelbeds and Webbeds, to introduce more efficient onboarding processes during the pandemic and helped them gain some terrain in the sector and expand their listings.

The fieldwork conducted for this study also indicated, as noted by hotel chains, that **OTAs have borne a less severe impact compared to accommodation providers**. During lockdowns and today in these early days of recovery after the pandemic, **recovery comes predominantly from leisure** (as opposed to group/corporate) travellers: this has a major impact on hotel chains which heavily rely on business customers. On the other hand, since **OTAs are predominantly active** in the online distribution of hotel rooms to **individual customers travelling for leisure or work**, they are less impacted by the contraction of corporate travel segments.

Finally, another impact on consumer demand and preferences sparked by the COVID-19 pandemic and confirmed by the fieldwork of this study is the significant **increase in travellers' requests** (to hotels and OTAs) for **flexible options** to book their accommodation. As shown by a global survey performed by an OTA, nervousness around the prospect of having to cancel a trip means flexibility will be key in the future, as three-quarters (74%) of global travellers highlighted the beneficial role played by transparent cancellation policies, refund processes, and trip insurance options.

Nonetheless, the COVID-19 pandemic affected the whole hotel accommodation sector, including OTAs and metasearch, as travel activities and consumer demand for related

services experienced an unprecedented decline. Evidence from the fieldwork highlighted that both OTAs and hotels experienced a sharp reduction in gross bookings, room nights booked, total revenues, net income and cash flow from operations.

What clearly emerges from this study is the cut in advertising and marketing expenses across the board, for OTAs, hotels and metasearch engines. **Hotel chains and OTAs significantly reduced their expenditure on search engine and metasearch advertising, whilst metasearch websites maintained a stable level of marketing expenses.** However, the overall trend is a reduction of marketing and sales activities due to limitations in travel, limited funds and lack of customer interaction. However, an interesting trend highlighted by hotel chains is that the **share of online advertising expenditure spent on social media has significantly increased over the past years, including during the COVID-19 pandemic.** As explained by one chain, this is because consumers are more and more looking at travel options in social platforms: this has pushed hotel chains to better target and build content optimised for social media that improve customer experience. Nonetheless, the **budget spent by the chains on 'online advertising'** (i.e. use of metasearch websites, search engine advertising, social media advertising and expenditure on the chain's website(s)) **cannot be compared to the magnitude of the budget of the OTAs:** all but one hotel chain spent [0-10]% of its annual revenue on online advertising between 2017 and 2020, while [OTA] explained that its expenditure on search engine advertising amounted to [10-20]% of 2019 revenues from EU accommodations.

Finally, as a consequence of the uncertainty on travel limitations and widespread booking cancellations, a trend is emerging on the payment model offered to hotels by metasearch engines: there has been a shift from the **pay-per-click (PPC) model towards the pay-per-acquisition model (PPA)**, meaning that the metasearch only charges the hotel when it generates a booking on the hotel website. PPA model is now almost as used by metasearch websites as PPC (Table 42).

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Annex 2: Sampling methodology including Sample of hotels (independent and chains) OTAs and metasearch

Sample of independent hotels

This methodology note describes how the sample of independent hotels has been compiled. It provides information on the underlying data, outlines the sampling approach and describes the characteristics of the representative sample. The sample is meant to be representative in terms of hotel size, star rating and OTA listing.

Data selection

Independent hotels

The sample of independent hotels is based on a hotel database (GARD) provided by DELTA CHECK⁹³. “GARD” – the Global Accommodation Reference Database is a commercial database of 2.2 million accommodation properties worldwide. The database covers all property types from luxury resorts to youth hostels and holds detailed information on 402,933 star-rated hotels across 254 countries and territories (as of January 2019). As such, the database provides an almost comprehensive image of the entire population of hotels in the world, and therefore provides a solid basis for the production of a representative sample.

The dataset provided by Delta Check includes all properties in the accommodation industry in Austria, Belgium, Cyprus⁹⁴, Poland, Spain and Sweden. In order to create a sample of independent hotels, all properties that belong to a chain, cooperation or brand have been removed.

Hotel categories

The GARD database includes a wide range of property types, including hotels, apartments and pensions. This study seeks to analyse the distribution of hotel accommodations. For this reason, the data has been restricted to properties that are relevant for this purpose.

The selection has been made based on categories and subcategories that have been assigned to each property. It is important to note that these are not official categories but have been determined by Delta Check.

The categories that are relevant for this study and have been included in the final data are: “Hotels”, “Resorts” and “Inns”. All subcategories have been included with the exception of “Train Hotel”, “Ship Hotel, Cruise ship”, “Hotel-Pension” and “Bed-and-breakfast hotel”. “Hotel-Pension” and “Bed-and-breakfast hotel” have not been included in the sample because there are similar categories and subcategories (“Pensions”, “Bed-and-breakfast pensions”) that also do not form part of the sample. Including one but not the other could cause inconsistencies in the sample. Table 1 shows the list of categories and subcategories included in the final dataset.

Table 1 Hotel categories included in the sample

Property category	Property subcategory
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⁹³ <http://www.delta-check.com/en/hotel-database-worldwide/>

⁹⁴ The sample for Cyprus does not include hotels from the Turkish Republic of Northern Cyprus.

Hotels	Hotel & Restaurant
	Spa Hotel
	Motel, Motor Lodge
	Parador, pousada, village-hotel
	Congress / Conference Center
	Youth Hostel
	Unique Hotels (e.g. Ice Hotel, Crane hotel)
	Hotel & Coffee Shop
	Apartment Hotel, Services apartments
	Hostel, Backpackers Hotel, Lobby
	Adults only Hotel
	Hotel
Resorts	Lodge, Safari Lodge, Game Lodge
	Vacation City, Amusement Park, Holiday Village
	Resort
Inns	Inn

Source: London Economics' analysis of Delta Check (2021)

Data preparation

Star ratings

The dataset by Delta Check includes star ratings that originate from different official and unofficial sources. Due to various reasons, some hotels do not have an officially recognised star rating. Drawing on unofficial ratings, where available, allows to compare hotels with similar quality that target a similar customer market. The sources for the hotel ratings include:

- 1) Instituto de Turismo de España
- 2) Wirtschaftskammer Österreich
- 3) Tourist Information (local tourist information websites)
- 4) Tripadvisor
- 5) former TISCOVER (before taken over by HRS)
- 6) HRS
- 7) North Star Travel Media
- 8) Self-assessment by properties

While the use of the 1 through 5-star rating is a common practice for many hotels, there is no uniform, international system. This means that there are varying systems across rating agencies and/or countries. In order to facilitate a cross-country analysis and reduce the number of categories for the sampling process, the star ratings from the raw data have been harmonised. Table 2 shows the assignment of star labels to the harmonised categories that are used in the further sampling process.

Table 2 Star rating categories

Harmonised star ratings	Star labels in the raw data
-------------------------	-----------------------------

5*	5, 5S, 6 ⁹⁵
4*	4, 4S
3*	3, 3S, Class A, Lvl. III
2*	2, 2S, Class B
1*	1, Class C
Missing	No label, "Without"

Source: London Economics' analysis of Delta Check (2021)

- 9) The letter "S" at the end of a number stands for "superior".
- 10) The "Class" system is sometimes used in Cyprus and the assignment to the star rating is based on information published by the European Consumer Center for Services⁹⁶.
- 11) Despite drawing on numerous sources for star ratings, there is still a relatively large number of hotels without a rating (5,673 out of 19,391). This might be because the hotels do not have a star rating or because the information has not been collected by Delta Check. These observations have been aggregated in a separate category labelled "Missing".

Figure 1 shows the distribution of hotels by star rating. The 3-stars rating is the category with the highest number of hotels in all countries. Austria and Spain appear to have a particularly high share of 4-star hotels. It also becomes apparent that for a large number of hotels in the data no rating is available. The information is particularly limited for hotels in Poland and Sweden, while the data is most complete for Spanish hotels.

⁹⁵ There is only one hotel with a 6-star rating. Due to the small number, it has been included in the 5-star category.

⁹⁶ <https://www.ukecc-services.net/service.cfm/article/315/#:~:text=Cyprus%20uses%20a%20'star'%20rating,by%20the%20Cyprus%20Tourism%20Organisation.&text=Hotels%20can%20be%20rated%20from%201%20to%205%20stars>

Figure 1 Distribution of hotels – by star rating



Source: London Economics' analysis of Delta Check (2021)

Hotel size

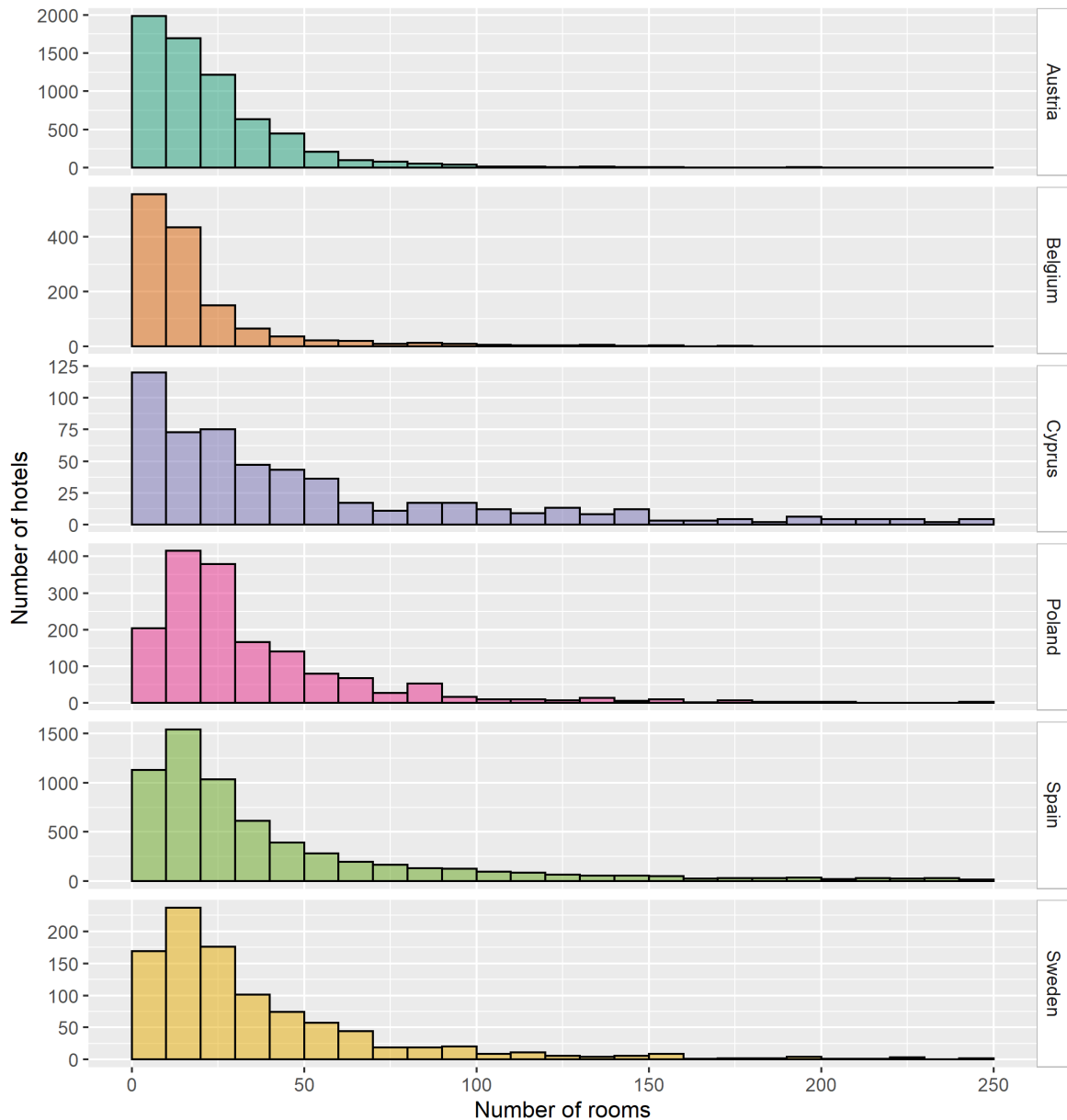
In order to capture hotels of different sizes, hotels are being categorised as small, medium and large hotels. This assignment is made based on the number of rooms in a hotel.

In some cases, the data from Delta Check does not have information on the number of hotel rooms but on the number of beds (3,390 out of 19,391 observations). In these cases, the number of rooms has been estimated by dividing the number of beds by the average number of beds per room in the data. In order to take account of the heterogeneity in the data, the average number of beds has been computed for the property type categories separately. On average, hotels had 2.3 beds per room, resorts 3.1 and inns 2.4.

Figure 2 shows the distribution of hotels by the number of rooms. The figure does not include observations, for which neither the number of rooms nor the number of beds was available

(1,902 out of 19,391 observations). Furthermore, it does not show hotels with more than 250 rooms, which make up about 1% of the population.

Figure 2 Distribution of hotels – by number of rooms



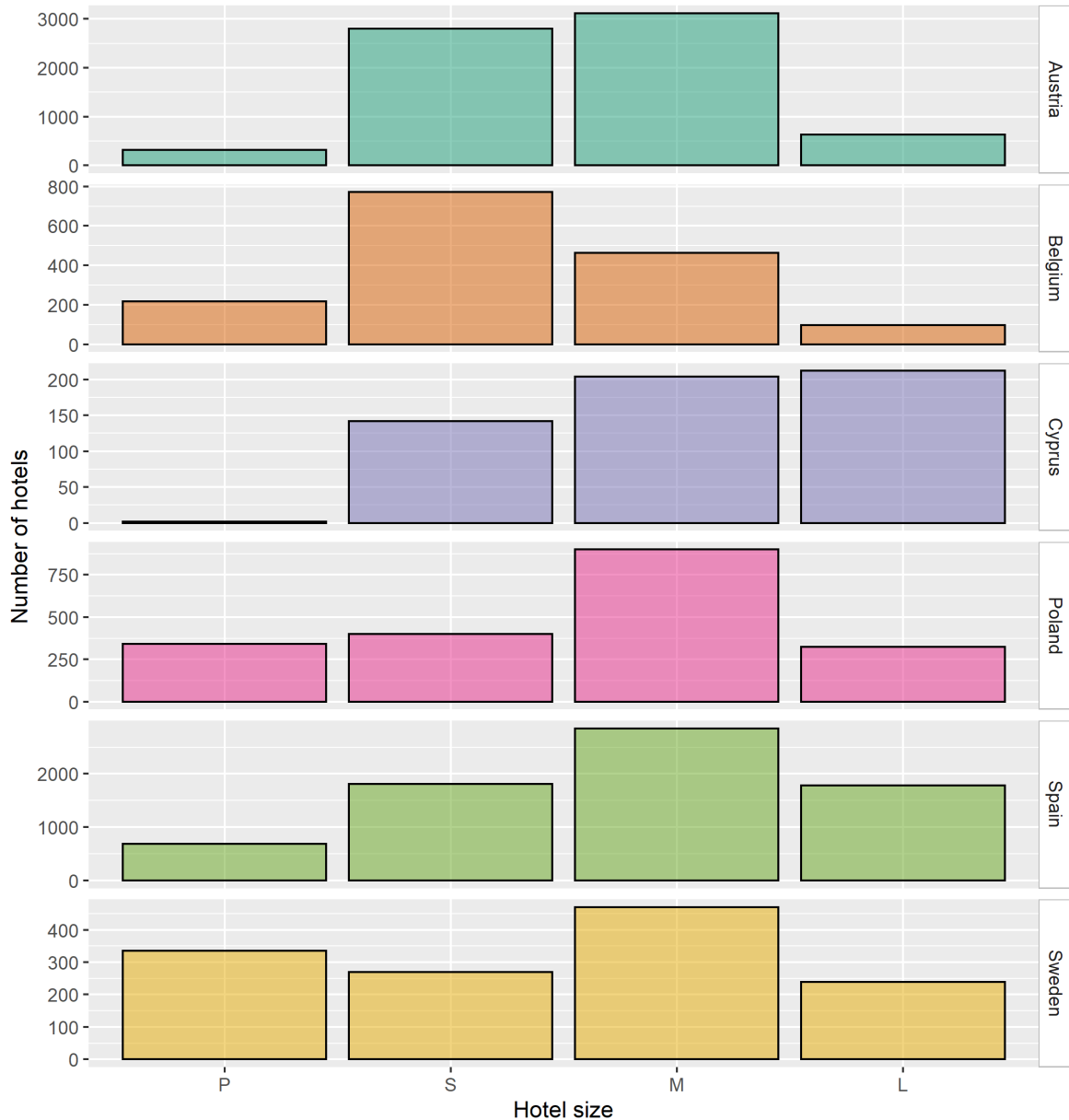
Source: London Economics' analysis of Delta Check (2021)

Figure 2 shows that the vast majority of independent hotels have less than 50 rooms in each country. The median for all hotels with information on the number of rooms in the sample is 21 with the 25th percentile at 11 and the 75th percentile at 40. This information is being used to define the thresholds for small, medium and large hotels:

- 12) Small hotels (S) – less than 15 rooms
- 13) Medium hotels (M) – at least 15 rooms and less than 50 rooms
- 14) Large hotels (L) – at least 50 rooms
- 15) Missing (P) – no information available on the number of rooms and beds

Figure 3 shows the frequency of the different hotel size categories per country. It shows that Austria and Belgium have a relatively high frequency of small hotels and Cyprus has a relatively high frequency of large hotels.

Figure 3 Distribution of hotels – by size categories



Source: London Economics' analysis of Delta Check (2021)

OTA listing

Another variable that is used to create the representative sample is related to the hotel's use of online travel agencies (OTAs). The variable, which is shown in Figure 4, indicates whether a hotel is listed on one of the following OTAs:

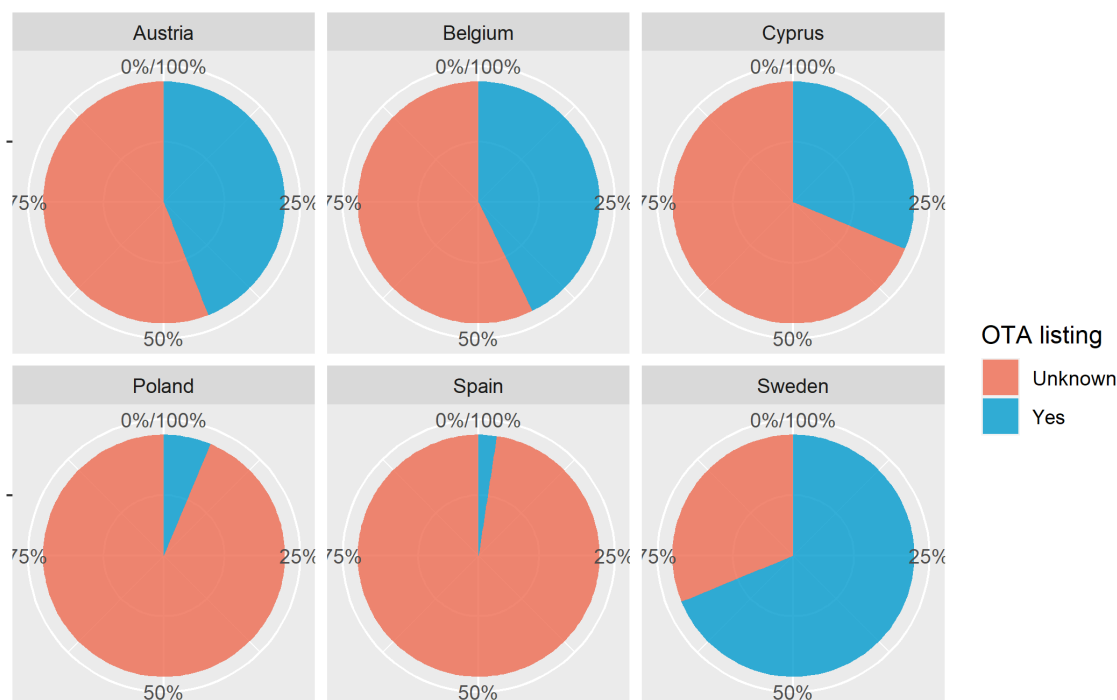
- 16) Booking
- 17) HRS

The information collected by Delta Check regarding OTA listings is not comprehensive. "yes" means that Delta Check has identified that a particular hotel is listed on one of the OTAs, while "unknown" does not necessarily imply that the hotel is not listed on an OTA.

Figure 4 shows that Sweden is the country with the highest confirmed share of hotels with an OTA listing. The particularly low shares in Spain and Poland highlight that the data is not complete, and no statement can be made for the “unknown” category.

Nonetheless, the data can be used to identified hotels, for which it is confirmed that they use online travel agencies.

Figure 4 Share of hotels with at least one OTA listing



Source: London Economics' analysis of Delta Check (2021)

Sampling approach

This section describes the methodology used to construct a representative sample of independent hotels for each country. Sampling is a method that allows researchers to infer information about a population based on results from a subset of the population, and thus without having to investigate each and every individual. In order for such a sample to provide valid information of a given population it has to be a 'representative' sample. Our research must seek to select a sample of hotels that is representative of the whole population, in each country of focus.

The samples, which are supposed to consist of 600 hotels for each country⁹⁷, are meant to be representative along three criteria:

- 18) Hotel size
- 19) Star rating
- 20) OTA listing

The proposed approach for this study is a quasi-probabilistic stratified sampling. In this method, the population of hotels is first divided into subgroups (strata) that share a similar characteristic. A random selection of a proportional number of independent hotels has been made within each of these strata. This method improves the accuracy and representativeness of the results by reducing sampling bias.

⁹⁷ The sample for Cyprus consists of only 300 hotels due to the smaller size of the country.

The strata are built based on all three variables of interest (hotel size, star rating, OTA listing (yes/no)). This means that a stratum includes hotels from a specific room size category within a specific star rating that either list or do not list on an OTA. Each row in Table 3 illustrates the composition of a single strata. This approach ensures that the overall country samples are representative along the three criteria, but it also ensures that the distribution of stars is representative within each hotel size and that the distribution of OTA listing is representative within each star rating.

Table 3 Example composition of the stratified samples

Country	Hotel size	Star rating	OTA listing
A	Small	1	Yes
A	Small	1	No
A	Small	2	Yes
A	Small	2	No
A	Small	...	...
A	Medium	1	Yes
A	Medium	1	No
A	Medium	2	Yes
A	Medium	2	No
A	Medium	...	...
A	Large	1	Yes
A	Large	1	No
A	Large	2	Yes
A	Large	2	No
A	Large	...	...
B	...	...	...
C	...	...	...
D	...	...	...
E	...	...	...
F	...	...	...

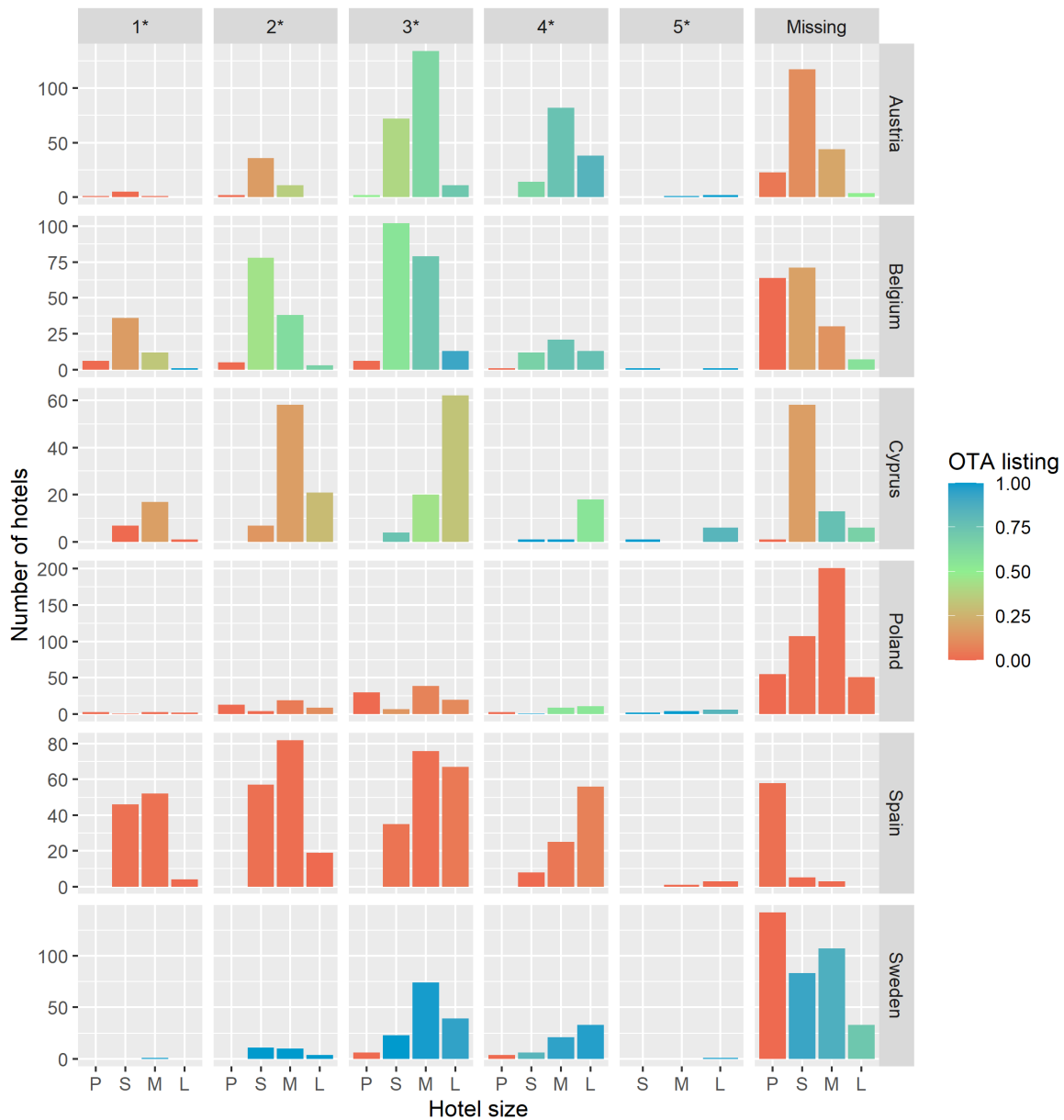
Source: London Economics

Due to the fact that the GARD database is one of the most comprehensive sources of hotel data, the representative samples has been constructed based on the distribution of star ratings, hotel size and the use of OTAs (yes/no) from the population of hotels in this database.

Sample description

Figure 5 shows the distribution of the hotel size, star rating and OTA listing for the representative sample of independent hotels. The figure is structured as a grid that shows multiple graphs. Each row presents the data for a different country and each column shows data for a different star rating. For example, the graph in the top right corner shows the hotels in Austria, for which no star rating information was available. The bars within each of the graphs stand for different hotel size categories (S/M/L/P). Each of the bars have a different colour depending on the share of hotels that list on an OTA. Red implies a low share of identified OTA listings and blue a high share.

Figure 5 Descriptive statistics – representative sample



Source: London Economics' analysis of Delta Check (2021)

The figure confirms that a high number of hotels do not have an assigned star rating. This is particularly pronounced in Poland and Sweden. It also shows that the majority of hotels with star ratings have 3 stars.

In terms of the hotel size, the most frequent category appears to vary across countries and star rating. For example, Cyprus has a particularly high number of large hotels and in Belgium, Cyprus and Spain hotels tend to be smaller in lower star ratings.

It can also be seen in Figure 5 that for the majority of hotels, it is unknown whether they list on an OTA or not. The share of identified OTA listings is particularly low in Spain and Poland and among the group of hotels with missing star ratings. Interestingly, the identified share is higher for hotels with 3 or 4 stars compared to 1 or 2 stars within Austria, Belgium and Cyprus.

Comparing the distribution of the entire population in Figure 6 with the representative sample in Figure 7 shows that the two pictures are basically identical. The only difference is the fact that the figures have different scales on their axes. This illustrates that the sample is representative along the three criteria: star ranking, size and OTA listing.

Figure 6 Entire population



Figure 7 Representative sample



Source: London Economics' analysis of Delta Check (2021)

Sample of hotel chains

This section outlines how the sample of hotel chain undertakings has been compiled. It describes the sample composition, provides information on the selection criteria and the underlying data.

The study team has identified a sample of 20 hotel chain undertakings, each of which operates in at least one of the market studies' six countries of interest. This sample does not have any overlap with the sample of independent hotels, as the latter does not include any hotels belonging to a chain or brand.

The main criteria for assembling the sample of hotel chain undertakings are:

- 21) Capturing the largest hotel chain undertakings (in terms of number of rooms in the EU)
- 22) Including hotel chain undertakings with a reasonably large presence in the countries of interest
- 23) Capturing a range of business models amongst the hotel chain undertakings

Table 4 presents the sample of hotel chain undertakings as well as an overview of the main criteria for each undertaking. The numbers presented in this table provide an indication of the size, the geographical coverage and the business model(s) of the sample of hotel chain undertakings. While the table provides a good understanding of the different hotel chain undertakings, the figures should be interpreted with caution. Due to the complex ownership structures and limited public information, the collected data is likely to include most but not all information.

The following sections provide more detail on the distribution of the main three criteria in the sample and the data underlying it.

Table 4 Sample of hotel chain undertakings

No	Hotel chain undertaking	Largest groups ^{xcviii}	Country coverage ^{xcix}						Business model					
			AT	BE	CY	ES	PL	SE	Franchised	Managed	Owned/leased/other	Year	Region	Note/Source
1	AccorHotels								48%	45%	8%	2018	Europe	HVS ^c
									63%	35%	2%	2020	Europe	ci
2	Jinjiang Hotels								88%	12%	0%	2019	Worldwide	cii
3	IHG Hotels & Resorts								56%	42%	0%	2018	Europe	HVS
									90%	?	?	2020	Europe	ciiiciv
4	Marriott International								39%	57%	4%	2018	Europe	HVS
									43%	55%	3%	2020	EMEA	cv
5	BWH Hotel Group								100%	0%	0%	2021	Europe	cviicviiicviii
6	Hilton Worldwide								51%	32%	17%	2018	Europe	HVS
									87%	11%	2%	2020	Worldwide	cix
7	Melia Hotels International								11%	8%	81%	2018	Europe	HVS
									37%	11%	52%	2019	EMEA	cx

^{xcviii} <https://hospitality-on.com/en/hotel-ranking/ranking-hotel-group-offers-europe-market-attractive-ever?dossier=27745>

^{xcix} <https://www.lookingforbooking.com/hotel-chains>

^c <https://www.hvs.com/article/8505-hotel-franchising-in-europe-2019-the-push-continues-for-new-ways-to-expand>

^{ci} <https://group.accor.com/-/media/Corporate/Investors/Documents-financiers/2021/02-24-FY/Hotel-Portfolio-ENG-31122020-def.pdf>

^{cii} <https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0428/2020042802146.pdf>

^{ciii} <https://www.ihgplc.com/-/media/571F47353C07404EB40463F0B3946588.ashx>

^{civ} <https://www.ihgplc.com/en/investors/annual-report>

^{cv} <https://www.sec.gov/ix?doc=/Archives/edgar/data/1048286/000162828020012272/mar-20200630.htm>

^{cvi} <https://www.bestwesterndevelopers.com/why-best-western/>

^{cvii} https://www.bwhhotelgroup.com/content/bwh-hotelgroup/en_US/about.html#:~:text=Global%20President%20and%20CEO%20BWH%20Hotel%20Group&text=Under%20his%20leadership%2C%20BWH%20Hotel,across%20all%20chain%20scale%20segments

^{cviii} <https://www.franchisedirect.co.uk/franchise-information/best-western-franchise/>

^{cix} <https://www.sec.gov/ix?doc=/Archives/edgar/data/1585689/000158568920000149/hlt-20200630.htm>

^{cx} https://www.meli-hotels-international.com/en/ourCompany/Documents/Hist%C3%B3ricoInforme/mhi_integrated_report_2019.PDF

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8	Fattal Hotel Group							0%	4%	96%	2020	Europe	^{cxix}
9	Minor International							0%	0%	100%	2021	Europe	Equity owned ^{cxix}
10	Wyndham							93%	7%	0%	2018	Europe	HVS
								65%	4%	31%	2020	Worldwide	^{cxix}
11	Choice							100%	0%	0%	2018	Europe	HVS
								100%	0%	0%	2021	Europe	^{cxix}
12	Hyatt							9%	81%	10%	2018	Europe	HVS
								36%	57%	7%	2021	Worldwide	Based on rooms ^{cxix}
13	TUI							34%	0%	66%	2021	Worldwide	34% concept hotels ^{cxix}
14	Scandic Hotels							8%	1%	91%	2019	Europe	^{cxix}
15	Huazhu Hotels Group							90%		10%	2020	Worldwide	^{cxix}
16	EasyHotel							93%	0%	7%	2021	Europe	^{cxix}
17	B&B Hotels							?	?	?	2021	Europe	Mostly owned ^{cxix,cxxi}
18	Preferred Hotels & Resorts							0%	0%	100%	2021	Europe	Independent ^{cxix}
19	Motel One							0%	68%	32%	2020	Europe	Rented=managed ^{cxix}
20	Meininger Hotels							0%	0%	100%	2020	Europe	^{cxix}

Source: London Economics' analysis based on various sources

^{cxix} https://www.fattalhotelgroup.com/wp-content/uploads/2020/12/Fattal_Holdings_Ltd_30092020_isa.pdf

^{cxix} <http://mint.listedcompany.com/misc/factsheet/20210106-mint-factsheet.pdf>

^{cxix} <https://annualreport.stocklight.com/NYSE/WH/20611134.pdf>

^{cxix} <http://investor.choicehotels.com/investor-home>

^{cxix} http://s2.q4cdn.com/278413729/files/doc_downloads/2021/March-2021-Investor-Presentation-FINAL-WEBSITE.pdf

^{cxix} https://www.tuigroup.com/en-en/responsibility/sus_business/hotel#:~:text=TUI%20Group%20owns%20and%20operates,Magic%20Life%20and%20TUI%20Blue.&text=These%20include%20TUI%20Sensatori%2C%20TUI,d esigned%20for%20specific%20customer%20segments

^{cxix} <https://www.scandichotelsgroup.com/files/mfn/Main/13379/3119352/1253212.pdf>

^{cxix} <https://ir.huazhu.com/news-releases/news-release-details/huazhu-group-limited-announces-preliminary-results-hotel-3>

^{cxix} https://ir.easyhotel.com/portfolio/our-locations/?country=*&status=*

^{cxix} <https://thpt.co.uk/goldman-sachs-nears-e2bn-purchase-of-economy-hotel-chain-bb/>

^{cxix} <https://www.hotel-bb.com/en>

^{cxix} <https://preferredhotels.com/search?region=europe>

^{cxix} https://www.motel-one.com/en/corporate/finance-1/file-download/Q3_2020_financial_report_Motel_One.pdf/download-file.html

^{cxix} <https://www.meininger-hotels.com/en/expansion/>

The largest hotel chain undertakings have been identified via a European hotel ranking presented by Hospitality ON. The ranking is based on the number of rooms in 2020. Table 5 shows the top 10 hotel groups. 9 out of the top 10 groups (highlighted in blue) form part of the sample.

The number of hotel rooms shown in the table below are likely to include hotels in the UK because the figures relate to the Brexit transition period. As a result, the number of rooms ought to be lower in the EU27. Whitbread is the chain undertaking, which is mostly likely to be affected by this, as it owns the UK's biggest hotel brand¹²⁵.

Table 5 Largest hotel groups in Europe in 2020

Rank	Name	Number of rooms
1	The Accor Group	306,200
2	The Jin Jiang Group	123,300
3	The IHG Group	107,200
4	The Marriott International Group	100,000
5	Best Western Group	83,600
6	Whitbread Group	78,300
7	Hilton Worldwide Group	69,400
8	TUI Hotels & Resorts Group	51,200
9	Meliá Hotel International Group	50,100
10	Minor Hotels group	48,00

Source: Hospitality ON (2020)¹²⁶

The country coverage is based on the lists of hotel chains per country from the comparison site LookingforBooking¹²⁷. The information has been supplemented for some hotel groups based on the information provided on their company websites.

The information in relation to the country coverage might not be complete, as no extensive search has been undertaken to complement the data. For this reason, it is possible that the hotel chains undertakings have operations in more countries than indicated in Table 4.

Nonetheless, the information presented establishes that all hotel chain undertakings have operations in at least two of the six countries of interest and the majority of groups have a significantly larger presence.

The hotel industry commonly applies one of four different operating business models: franchise agreements, hotel management agreements, owner operation and hotel leases. "From these four, hotel management agreements and owner operation are currently the most common."¹²⁸ The market has, however, seen a shift from management to franchise agreements over the last couple of years. In most cases, the business model varies across the hotel chains within a hotel chain undertaking's portfolio of brands.

¹²⁵ <https://www.whitbread.co.uk/~media/Files/W/Whitbread/report-and%20presentations/2020/whitbread-ar-19-20.pdf>

¹²⁶ <https://hospitality-on.com/en/hotel-ranking/ranking-hotel-group-offers-europe-market-attractive-ever?dossier=27745>

¹²⁷ <https://www.lookingforbooking.com/hotel-chains>

¹²⁸ <https://www.hospitalitynewsmag.com/en/event/hotel-operating-business-models/>

HVS (2018)¹²⁹ presents the share of franchised hotels in 10 hotel chains in Europe. It also shows the share of managed hotels. This information has been supplemented based on data collected from the hotel chain undertakings' websites and annual reports. In most cases, the share of franchised, managed and owned/leased/other hotels is based on the number of hotels (rather than the number of rooms).

8 out of the 20 hotel chain undertakings (e.g. Accor, BWH, Choice) in the sample operate mostly with a franchising system. In 3 hotel chain undertakings (Marriott, Hyatt, Motel One), the largest share of properties are managed by the undertaking. The remaining 9 hotel chain undertakings (e.g. Melia, Minor, Scandic) rely mostly on other business models, such as owning the hotels or leasing them.

¹²⁹ <https://www.hvs.com/article/8505-hotel-franchising-in-europe-2019-the-push-continues-for-new-ways-to-expand>

Sample of OTAs and PCWs

The contractor built a sample of OTAs of **more than 10 undertakings, including the five undertakings whose hotel booking websites have the highest market share and the highest traffic share in the six countries.** With the agreement of DG COMP, the metrics used to capture the largest hotel OTAs operating in the EU have been changed relative to the Tender Specifications. This is because the contractor could not identify any data on the hotel booking websites that list the highest number of hotels located in the EU.

Each undertaking included in the sample lists hotels located in a minimum of 3 of the six Member states in scope. The sample have been used for the written questionnaire.

For the sample of OTAs, a combination of sources was used to determine which are the most relevant platforms. We followed the same approach as the one presented in the technical offer, meaning that we combined different sources in order to construct the sample. We used the publicly available data from SimilarWeb (the five most visited platforms per country) and the most recent data on the distribution of hotel accommodation in Europe, from HOTREC.¹³⁰

The table below illustrates the refined sample of the main hotel booking platforms operating in Europe. The table combines data from HOTREC on the market shares and the top ranked platforms in terms of site visits. For the final sample, we considered mainly the data on the market shares from HOTREC since the methodology is more representative at EU level. The data from SimilarWeb was used to identify additional platforms that operate in at least three of the six countries in scope. To complement the data, we inserted an additional column where we inserted the results of the qualitative search on what are the main platforms displayed on metasearch engines in the countries in scope. This approach has allowed us to identify additional platforms which were not captured by the HOTREC study or by the SimilarWeb data rankings. The sample selected ten platforms as part of the final sample (marked with ✓) while the remaining platforms (marked with (✓)) can be used as a back-up option in case the minimum number of interviews is not reached.

¹³⁰ HOTREC (2020). European Hotel Distribution Study. Results of the reference year 2019. Available at: https://www.hotrec.eu/wp-content/customer-area/storage/98a3ffbd8aae43948f117d4d8ab7e8e/2020_European_Hotel_Distribution_Survey_HOTREC_16072020_KeyFigures.pdf

Table 53: Sample of hotel booking platforms

Group	Unweighted relative market shares (in %) of major OTAs in Europe (2019) ¹³¹		Top OTAs according to traffic share (worldwide ranking) ¹³²	Countries covered from the sample ¹³³	Presence of platforms on metasearch engines (qualitative research) ¹³⁴						OTAs retained for the sample
	Platform name	Share			Austria	Belgium	Poland	Spain	Sweden	Cyprus	
Booking Holdings	Agoda	0.8	8	All countries from the sample	✓		✓	✓	✓		✓
	Priceline	-	9	All countries from the sample							✓
	Booking.com	67.7	1	All countries from the sample	✓	✓	✓	✓	✓		✓
HRS	HRS	6.3	313	All countries from the sample							✓
	Hotel.ch	0.1	-	Switzerland							
	Hotel.de	0.8	371	All countries from the sample							✓
	Tiscover	0.1	5,336	All countries from the sample							
Expedia Group	Expedia	12.8	7	All countries from the sample	✓	✓	✓	✓	✓		✓
	Hotels.com	2.1	6	All countries from the sample	✓	✓	✓	✓	✓		✓
	eBookers	1.2	1,149	All countries from the sample							✓
	Orbitz Travel	0.2	94	All countries from the sample							✓
Flixtavel GmbH <i>(not included in the HOTREC study)</i>	Flixtavel	-	-	All countries from the sample				✓		✓	(✓)
Others <i>(not included in the HOTREC study)</i>	Airbnb	-	Ranking differs on the country, but all countries from the sample are covered	All countries from the sample							✓
	Lastminute	-	26	All countries from the sample							✓

¹³¹ HOTREC (2020). The data is based on 1,760 hotels from various European countries, such as: Slovakia, Croatia, Czech Republic, Switzerland, Greece, Italy, Austria, Germany, Spain, Ireland, Sweden, Finland and Hungary.

¹³² SimilarWeb data (worldwide). When looking at individual countries, in almost all cases the same platforms are displayed at the top. Therefore, we use the worldwide data in order to capture also other platforms operating in the countries.

¹³³ According to SimilarWeb data and individual research on the platforms

¹³⁴ The research was carried out on one metasearch engine with the aim of identifying the most prevalent travel booking websites whose offers are displayed. The research was not exhaustive – if a platform is not ticked, it is not necessarily because it is not available on the metasearch engine, but only because it was not displayed in our search results.

TUI	-	Ranking differs on the country	Sweden, Belgium, Poland							(✓)
Hotelopia	-	1,359 ¹³⁵	Poland, Spain, Sweden			✓		✓		(✓)
TiCati	-	-	All countries from the sample	✓		✓				(✓)
Troovel	-	-	All countries from the sample	✓						(✓)
lol.travel	-	-	All countries from the sample	✓		✓	✓	✓	✓	(✓)
TravelUp	-	47	All countries from the sample	✓		✓	✓	✓	✓	✓
Stayforlong	-	754	All countries from the sample		✓	✓	✓		✓	✓
eDreams	-	75	All countries from the sample		✓					✓
ZenHotels	-	154	All countries from the sample		✓					✓
Trip.com	-	57	All countries from the sample			✓		✓		✓
Prestigia	-	339	All countries from the sample	✓	✓		✓			(✓)
Hotelwiz	-	-	All countries from the sample				✓	✓	✓	(✓)

¹³⁵ Although not in top ranking, our individual research shows that the platform is available widely on metasearch engines.

A similar approach to the one used to construct the sample of hotel booking platforms was used to identify the metasearch engines. The sample contains 13 metasearch engines (reaching the minimum of 10 undertakings that list hotel accommodations). The HOTREC study provides some indication of which are the biggest metasearch engines used by European hotels and OTAs and, having consulted DG COMP, we used this as a primary source, given that there is no indication on which platform lists the highest number of hotels listed in the EU (the metric contained in the Tender Specification).

Each undertaking in the sample list hotels located in a minimum of three of the six Member States identified above (this could only be checked through manual search on the websites).

The data provided by SimilarWeb does not provide sufficient insights on what are the most relevant metasearch engines. This is because the platform does not differentiate between metasearch engines and OTAs, placing them both under the same category – *Accommodation and Hotels* – or mixing them with other types of travel websites under *Travel and Tourism*.

Also, given the wide geographical scope of metasearch engines, the decision on which metasearch engines to include in the sample was mainly based on the HOTREC study and other grey literature sources indicating which are the most relevant websites.¹³⁶

Table 54: Sample of metasearch engines / price comparison websites

Group	The most used metasearch engines by hotels in Europe (2019) ¹³⁷		Top Metasearch engines according to traffic share (worldwide ranking) ¹³⁸	Countries covered from the sample ¹³⁹	Metasearch engines that could be selected for the sample
	Name	Share			
Tripadvisor, Inc.	TripAdvisor	50.8%	1	All countries from the sample	✓
Google LLC	Google Hotel Search	59.8	-	All countries from the sample	✓
Expedia Group	Trivago ¹⁴⁰	54.2%	41	All countries from the sample	✓
Booking Holdings	Kayak ¹⁴¹	8.9%	16	All countries from the sample	✓
Others		7.9%			
Trip.com Group	Skyscanner ¹⁴²	-	6	All countries from the sample	✓
HolidayCheck Group AG	Holidaycheck	-	21	All countries from the sample	✓

¹³⁶ See for instance, D-EDGE (2019). The State of Hotel Advertising: The Rise of Display in the World of Meta Available at: <https://www.d-edge.com/the-state-of-hotel-advertising-the-rise-of-display-in-the-world-of-meta/>;

Revfine, List of Hotel Metasearch Engines to Grow Your Hotel Bookings. Available at: <https://www.revfine.com/hotel-metasearch-engines/>

Hospitality Tech News (2019). The Rapid Rise of Hotel Metasearch – 2019 & Beyond. Available at: <https://hospitalitytechnews.com/2019/08/06/the-rapid-rise-of-hotel-metasearch-2019-beyond/>

Slant (2020). What are the best travel search engines? Available at: <https://www.slant.co/topics/22/~best-travel-search-engines>

¹³⁷ HOTREC (2020). The data is based on 1,760 hotels from various European countries, such as: Slovakia, Croatia, Czech Republic, Switzerland, Greece, Italy, Austria, Germany, Spain, Ireland, Sweden, Finland and Hungary.

¹³⁸ SimilarWeb data (worldwide) – the data search ranking does not differentiate between OTAs, metasearch engines and individual websites

¹³⁹ According to SimilarWeb data and individual research on the platforms

¹⁴⁰ Part of Expedia Group

¹⁴¹ Part of Booking Holdings

¹⁴² Part of Trip.com Group

Lastminute.com Group	Jetcost	-	176	All countries from the sample	✓
	Hotelscan	-	107	All countries from the sample	✓
eDreams ODIGEO	Opodo	-	993	All countries from the sample	✓
Booking Holdings	Hotelscombined	-	225	All countries from the sample	✓
	Momondo	-	437	All countries from the sample	✓
Travelzoo	Travelzoo	-	37	All countries from the sample	✓
WeGo	WeGo	-	338	All countries from the sample	✓

Annex 3: Stakeholder questionnaires

Questionnaire to individual hotels: CATI interview

Name:

Your position/responsibility:

Hotel name:

If your hotel is part of a chain, please name the chain:

Annual revenue of your hotel in 2019:

In which language do you want to be interviewed?

- [Local language]
- English

Introduction

Thank you for contributing to the market study on the distribution of hotel accommodation in the EU. The study is being conducted by VVA Consortium for the European Commission. The study is intended to provide the European Commission with an objective picture of distribution practices in the hotel sector.

The study covers the period January 2017 to May 2021 and focuses on the following EU countries: Austria, Belgium, Cyprus, Poland, Spain and Sweden.

The information you provide will be treated as confidential and will only be shared with the Directorate General for Competition of the European Commission. The results of the study will be published in aggregated, anonymized form only. Your replies will not be used in any investigation. If you have any concerns about the treatment of your information, please do not hesitate to contact the study team at: hotelbookingstudy@vva.it

Introductory questions

1. In which country is your hotel?
 - Austria
 - Belgium
 - Cyprus
 - Poland
 - Spain
 - Sweden
2. Is your hotel part of a chain of hotels?

- Yes
 - No
3. If Q11 'Yes', please describe the relationship between your hotel and the chain:
- My hotel is owned by the chain.
 - My hotel is a franchise of the chain.
 - My hotel is managed by the chain.
 - Other relationship (please specify)
4. Please indicate the type of your hotel: (*multiple options*)
- City hotel
 - Countryside/rural hotel
 - Seaside hotel
 - Mountain or ski resort hotel
 - Other type of hotel (please specify)
5. How many employees does your hotel have?
- Less than 10 employees
 - Between 10 and 49 employees
 - Between 50 and 249 employees
 - More than 250 employees
6. What is the star rating of your hotel?
- One star
 - Two stars
 - Three stars
 - Four stars
 - Five stars
 - My hotel does not have a star rating
 - Other (please specify)
7. Is your hotel used mostly by leisure customers or business customers?
- Only leisure/holiday customers
 - Mostly leisure/holiday customers
 - Mostly business customers (including meetings, conferences and exhibitions)
 - Only business customers (including meetings, conferences and exhibitions)
 - Other types of customers (please specify)

8. Does your hotel have a website which allows real-time reservations, with instant confirmation?

- Yes
- No

Sales channels

Advertising channels, for example metasearch websites, Google Adwords and social media are covered in a separate question.

9. Which sales channels does your hotel use? (*multiple options*)

- Direct online sales channels (hotel website, chain website)
- Direct offline sales channels (bookings by telephone, by email, at reception)
- Online Travel Agencies (for example, Booking.com, Expedia, etc.)
- Offline travel agencies and tour operators
- Bed wholesalers/bed banks (for example, Hotelbeds)
- Other sales channels (please specify)

10. Please estimate the share (%) of your total bookings that are made through each sales channel:

Sales channel	Estimated share of total bookings through each sales channel
[Total = 100%]	
Direct online channels (hotel website, chain website)	[please specify %]
Direct offline channels (bookings by telephone, by email, at reception)	[please specify %]
Online Travel Agencies (Booking.com, Expedia, etc.)	[please specify %]
Offline travel agencies and tour operators	[please specify %]
Bed wholesalers/bed banks (Hotelbeds, etc.)	[please specify %]
Other sales channels (please specify)	[please specify %]

11. Do you use IT services such as a channel manager or connectivity provider (for example, D-Edge, Bookassist, Profitroom) to allow you to manage in real time bookings from different sales channels (including bookings from your website and OTAs)?

- Yes
- No

Use of Online Travel Agencies ('OTAs')

12. Which OTAs does your hotel / your hotel chain use? Please rank the OTAs you use according to how many bookings they generate:

Ranking	Name of OTA
1	[please specify]
2	[please specify]
3	[please specify]
4	[please specify]
5	[please specify]
[...]	[please specify]
[...]	[please specify]

13. *[If Q11 (“part of a chain”) ‘Yes’]* Please indicate who manages the agreements between your hotel and OTAs:

- My hotel manages its agreements with OTAs independently.
- The parent company/central management of the chain manages the agreements with OTAs, including the commission rates paid by my hotel.
- The parent company/central management of the chain manages the agreements with OTAs, including the basic commission rate, but my hotel is free to pay optional extra commission to the OTA to get additional services (better visibility, ranking, etc.).
- Other arrangements (please specify, including if you have different arrangements for different OTAs).

14. *[If Q4 has more than one OTA selected]* Why do you use more than one OTA? (*multiple options*)

- To increase the visibility and findability of my hotel.
- To increase my number of bookings.
- To gain leverage in the negotiation of commission rates with OTAs.
- To reach customers in different countries or regions.
- To reach different types of customers (for example, business or leisure customers)
- Other (please specify)

15. *[If Q4 has only one OTA selected]* Why do you use only one OTA? (*multiple options*)

- Too difficult/costly to manage multiple OTAs.
- We already get enough bookings by using only one OTA and our other distribution channels.
- Other reason (please specify)

16. Do you use OTAs all the time or only for some periods of the year? (*single option*)

- All the year
- For out of season/off-peak periods only
- Other type of usage/different usage periods for different OTAs (please specify)

17. Considering the OTAs that you use, what effect do you think the OTAs have on your total number of bookings: *(single option)*

- The OTAs increase my total number of bookings
- The OTAs have no effect on my total number of bookings
- The OTAs reduce my total number of bookings
- Other effect of the OTAs (please specify)
- Don't know

18. Considering the OTAs that you use, what effect do you think the OTAs have on the number of bookings you get on your direct sales channels (hotel/chain website, email bookings, telephone bookings, bookings at reception): *(single option)*

- The OTAs increase the number of bookings I get on my direct sales channels
- The OTAs have no effect on the number of bookings I get on my direct sales channels
- The OTAs reduce the number of bookings I get on my direct sales channels
- Other effect of the OTAs (please specify)
- Don't know

OTA commission rates

'Basic commission' means the commission you pay to be listed on the OTA's website. It does not include any optional extra commission you pay to get optional additional services or benefits, such as better ranking or membership of a preferred partner program.

19. For each OTA used by your hotel, please indicate the **basic commission** rate that you pay.

Name of OTA	Basic commission rate (percentage)
OTA ranked N1 in Q4	
OTA ranked N2 in Q4	
OTA ranked N3 in Q4	
OTA ranked N4 in Q4	
OTA ranked N5 in Q4	
Don't know /OTA commission is paid by the parent company/central management of my hotel chain, not by my hotel.	//

20. Does your hotel pay optional extra commissions to any OTA ("commission override", "accelerator", etc.) to obtain optional additional services (for example, processing of payments, better visibility, participation in the OTA's customer loyalty scheme)?

- Payment of extra commission is managed by the parent company/central management of my hotel chain, not by my hotel.
- All the time
- Frequently (more than half the time)

- Sometimes (less than half the time)
- Never

Name of OTA	Frequency of paying extra commission
OTA ranked N1 in Q4	
OTA ranked N2 in Q4	
OTA ranked N3 in Q4	
OTA ranked N4 in Q4	
OTA ranked N5 in Q4	
Don't know /OTA commission is paid by the parent company/central management of my hotel chain, not by my hotel.	//

21. [If Q12 = All the time, Frequently (more than half the time), Sometimes (less than half the time)] Taking into account the extra commission that you pay, what is the effective rate of commission that your hotel pays on average to the OTA? (Please only answer this question if you know that the effective rate you pay is different from the basic rate for that OTA.)

Name of OTA	Effective rate of commission (percentage)
OTA ranked N1 in Q4	
OTA ranked N2 in Q4	
OTA ranked N3 in Q4	
OTA ranked N4 in Q4	
OTA ranked N5 in Q4	
Don't know /OTA commission is paid by the parent company/central management of my hotel chain, not by my hotel.	//

22. [If Q12 = All the time, Frequently (more than half the time), Sometimes (less than half the time)] Please indicate what additional services/benefits your hotel gets from the OTA in return for paying additional commission (*multiple options*)

- Better visibility (for example higher ranking)
- Membership of a privileged/special partner program
- Other services/benefits (please specify)

OTA parity clauses

A *'parity clause'* is a clause in an OTA contract which requires the hotel to give the OTA room prices, room availability or booking conditions that are at least as good as on certain other sales channels. These clauses are sometimes called MFN clauses.

23. Please indicate which OTA(s) used by your hotel use parity clauses. What types of parity clauses do the OTAs use? (multiple replies possible)

- Parity with other OTAs for room prices
- Parity with your hotel website/chain website for room prices
- Parity with other OTAs for room availability (type of rooms, quantity of rooms, 'last room' availability, etc.)
- Parity with your hotel website/chain website for room availability
- Other type of parity clause (*please specify*)

- Don't know which type of parity clause
- Relationships with OTAs, including parity clauses, are managed by the parent company/central management of my hotel chain, not by my hotel. [Go to next section.]

OTA	Do the OTAs used by your hotel use parity clauses	[If Yes] What type of parity clause does the OTA use?
OTA ranked N1 in Q4	[Y/N]	[please select]
OTA ranked N2 in Q4	[Y/N]	[please select]
OTA ranked N3 in Q4	[Y/N]	[please select]
OTA ranked N4 in Q4	[Y/N]	[please select]
OTA ranked N5 in Q4	[Y/N]	[please select]
Don't know/OTA commission is paid by the parent company/central management of my hotel chain, not by my hotel.	//	//

Differentiation between sales channels for room prices

Room price differentiation means offering different prices for the same type of room, on the same dates and with the same booking conditions (for example, cancellation, breakfast included).

24. Do you offer **different** room prices **on different sales channels** (prices for the same type of room, same dates, same booking conditions)?
- Never
 - Sometimes (less than half the time)
 - Frequently (more than half the time)
 - Always
 - Price differentiation between sales channels is managed by the parent company/central management of my hotel chain, not by my hotel. [Go to the incentives question (Q29) at the end of this price differentiation section].
25. [If Q16 'sometimes/frequently/always'] As regards the **room price differentiation**, do you: (*multiple options*)
- Offer **lower room prices on some OTAs than on other OTAs**
 - Offer **lower room prices on your hotel website/chain website than on OTAs**
 - Offer **lower room prices on OTAs than on your hotel website/chain website**
 - Offer **lower room prices on your direct offline sales channels** (for example, for telephone or email bookings) **than on OTAs**
 - Other (please specify)
26. [If Q17 'Offer **lower room prices on some OTAs than on other OTAs**] **On which OTAs** do you offer lower prices compared to other OTAs? (*multiple options*)
- Booking.com
 - Expedia/Hotels.com
 - HRS
 - Lastminute.com

- Trip.com
 - Other OTA (Please specify)
27. [If Q17 'Offer **lower room prices on some OTAs than on other OTAs**] **Why** do you price-differentiate between OTAs? (*multiple options*)
- I offer lower room prices to OTAs that charge lower commission rates
 - I offer lower room prices to some OTAs to increase my visibility on the OTA (higher ranking, 'recommended' status, etc.)
 - I offer lower room prices to the OTAs that generate the most bookings for my hotel
 - Other reasons (please specify)
28. [If Q17 'Offer **lower room prices on some OTAs than on other OTAs**] **How much lower** are the room prices you offer on the lowest price OTA relative to the highest price OTA?
- 0-5 %
 - 6-10 %
 - 11-20 %
 - 21-30 %
 - more than 31 %
29. [If Q16 'Never' OR Q17 is NOT 'Offer **lower room prices on some OTAs than on other OTAs**], **why** do you **not** price-differentiate between OTAs? (*multiple options*)
- I only use one OTA
 - My OTA contract(s) do(es) not allow me to do this
 - If I price-differentiate between OTAs, the parity clause in my OTA contract(s) will oblige me to offer higher room prices on my hotel website/chain website than on the lowest-price OTA
 - I see no reason to treat my OTA partners differently
 - It is too difficult to manage/I do not have the IT tools to price-differentiate between OTAs
 - If I price-differentiated between OTAs, the OTAs to which I gave higher prices would penalise my hotel (for example, less visibility, loss of preferred/special status, higher commission)
 - Other reasons (please specify)
30. [If Q17 'Offer **lower room prices on your hotel website/chain website than on OTAs**], **Why** do you offer lower room prices on your hotel/chain website than on OTAs? (*multiple options*)
- I want to attract customers away from OTAs to my hotel website/chain website
 - I don't have to pay commission on sales on my hotel website/chain website
 - Other reasons (please specify)
31. [If Q17 'Offer **lower room prices on your hotel website/chain website than on OTAs**] **How much lower** are the room prices you offer on your hotel website/chain website than the prices on the lowest price OTA?

- 0-5 %
 - 6-10 %
 - 11-20 %
 - 21-30 %
 - more than 31 %
32. [If Q16 'Never' OR Q17 is NOT 'Offer lower room prices on your hotel website/chain website than on OTAs'] **Why** do you **not** offer lower prices on your hotel website/chain website than on OTAs? (multiple options)
- One or more of the OTAs I use does not authorise me to do this
 - Offering different room prices on different sales channels is too difficult to manage/I don't have the IT tools to do this
 - I see no reason to do this
 - If I offered lower prices on my hotel website/chain website, OTAs would penalise my hotel (for example less visibility, loss of preferred/special status, higher commission)
 - Other reasons (please specify)
33. [If Q17 'Offer lower room prices on OTAs than on your hotel website/chain website'] **Why** do you offer lower prices on OTAs than on your hotel website/chain website? (multiple options)
- To obtain better visibility (for example higher ranking) on the OTA(s) in question
 - To attract consumers that I cannot reach by using my hotel website/chain website
 - My hotel website/chain website doesn't allow instant booking
 - Other reasons (please specify)
34. [If Q17 'Offer lower room prices on OTAs than on your hotel website/chain website'] **How much lower** are the room prices you offer on the lowest price OTA relative to your hotel website/chain website?
- 0-5 %
 - 6-10 %
 - 11-20 %
 - 21-30 %
 - more than 31 %
35. [If Q17 'Offer lower room prices on your direct offline sales channels (for example, for telephone or email bookings) than on OTAs'] **Why** do you offer lower room prices on your direct offline sales channels (for example, telephone or email bookings) than on OTAs? (multiple options)
- To attract customers away from the OTAs
 - Because I don't have to pay commission on sales on my direct offline channels
 - Other reasons (please specify)

36. [If Q17 'Offer lower room prices on your direct offline sales channels (for example, telephone or email bookings) than on OTAs'] How much lower are the room prices you offer for direct offline bookings relative to the lowest price OTA?

- 0-5 %
- 6-10 %
- 11-20 %
- 21-30 %
- more than 31 %

37. **Do OTAs try to incentivise** your hotel to offer them **favourable room prices** or penalise your hotel when you offer them unfavourable room prices?

- Yes
- No
- Relationships between OTAs and my hotel are managed by the parent company/central management of my hotel chain, not by my hotel.

38. [If Q29 'Yes'] How do OTAs use incentives or disincentives to obtain favourable room prices from your hotel? (*multiple options*):

- OTAs increase the visibility of my hotel on their website if I offer them favourable room prices (for example, higher ranking or displaying the hotel as a 'top pick' or 'recommended')
- OTAs reduce the visibility of my hotel on their website if I offer them unfavourable room prices (for example, lower ranking or removing my hotel's 'recommended' status)
- OTAs offer me discounts on their commission rates if I offer them favourable room prices
- Other incentives or disincentives used by OTAs to get favourable room prices from your hotel (please specify)

Differentiation between sales channels for room availability

Room availability includes different types of rooms, quantities of rooms and 'last room' availability for the same dates.

39. Do you offer **different room availability** on **different sales channels**?

- Never
- Sometimes (less than half the time)
- Frequently (more than half the time)
- Always
- Room availability differentiation between sales channels is managed by the parent company/central management of my hotel chain, not by my hotel. [Go to the incentives question at the end of this section.]

40. [If Q31 'sometimes/frequently/always'] as regards **room availability differentiation**, do you: (*multiple option*)

- Offer **better room availability on some OTAs than on other OTAs**

- Offer **better room availability on your hotel website/chain website than on OTAs**
 - Offer **better room availability on OTAs than on your hotel website/chain website**
 - Other (please specify)
41. [If Q31 'Sometimes/Frequently/Always'] Please explain why you offer different room availability on different sales channels: (*multiple options*)
- I offer better room availability to some OTAs than other OTAs because they charge lower commission rates
 - I offer better room availability to some OTAs than other OTAs because they give my hotel better visibility (higher ranking, 'recommended' status, etc.)
 - I offer better room availability to some OTAs than other OTAs because they generate more bookings for my hotel
 - I offer better room availability on my hotel website than on OTAs because I don't have to pay commission on my website sales
 - I offer better room availability on my hotel website than on OTAs because I want to attract customers away from the OTAs
 - Other reasons for offering different room availability on different sales channels (please specify)
42. [If Q31 'Never'] Please explain why you do not offer different room availability on different sales channels: (*multiple options*)
- I see no reason to offer different room availability on different sales channels
 - I see no reason to treat my OTA partners differently for room availability
 - Offering different availability on different sales channels is too difficult to manage/I don't have the IT tools to do this
 - My OTA contracts do not allow me to offer better room availability on one OTA than on another OTA
 - If I offer better room availability on one OTA compared to another OTA, the first OTA is likely to penalise my hotel (less visibility, lower ranking, etc.)
 - My OTA contracts do not allow me to offer better room availability on my hotel website than on the OTA
 - Other reasons for not offering different room availability on different sales channels (please specify)
43. **Do OTAs try to incentivise** your hotel to offer them **favourable room availability** or penalise your hotel when you offer them unfavourable room availability?
- Yes
 - No
 - Relationships between OTAs and my hotel are managed by the parent company/central management of my hotel chain, not by my hotel.

44. [If Q35 'Yes'] How do OTAs use incentives or disincentives to obtain favourable room availability from your hotel? (*multiple options*):

- OTAs increase the visibility of my hotel on their website if I offer them favourable room availability (for example, higher ranking or displaying the hotel as a 'top pick', 'recommended', etc.)
- OTAs reduce the visibility of my hotel on their website if I offer them unfavourable room availability (for example, lower ranking on their website, removing my hotel's 'recommended' status)
- OTAs offer me discounts on their commission rates if I offer them favourable room availability
- Other incentives or disincentives used by OTAs to get favourable room availability from your hotel (please specify)

Use of online advertising, metasearch websites and social media

45. Does your hotel/hotel chain advertise on metasearch or price comparison websites (such as TripAdvisor, HotelsCombined, Trivago or Kayak)?

- Yes
- No

46. [If Q37 'Yes'] Please rank the metasearch website(s) you use, according to how many bookings they generate for your hotel and indicate the payment method for each metasearch (*multiple options*)

- Pay-per-click (PPC)
- Pay-per-impression (PPI)
- Pay-per-acquisition (PPA)
- Other (please specify)

Name of metasearch	Metasearch payment method
1. [Please specify]	
2. [Please specify]	
3. [Please specify]	
4. [Please specify]	
5. [Please specify]	
Don't know/relationships with metasearch are managed by the parent company/central management of my hotel chain	

47. Does your hotel/hotel chain use search engine/keyword advertising (for example, Google AdWords)?

- Yes
- No

48. Does your hotel/hotel chain use social media for commercial purposes?

- Yes
- No

49. Does your hotel/hotel chain advertise on its website(s) or elsewhere to inform customers that they can obtain lower room prices by contacting the hotel directly?

- Yes
- No

Final question

50. We would like to send you a short follow-up online survey containing questions about how your distribution practices have changed since 2017, including during the pandemic. Do you agree to participate in the survey?

- Yes
- No

If yes, please provide us with your email address:

Email address: [open-ended]

We will collect, keep, and process your private information in compliance with the General Data Protection Regulation (GDPR) (EU) 2016/679.

Thank you for your time!

Questionnaire to individual hotels: online survey

Name:

Your position/responsibility:

Hotel name:

If your hotel is part of a chain, please name the chain:

Annual revenue of your hotel in 2019:

In which language do you want to be surveyed?

- Dutch
- English
- French
- German
- Greek
- Polish
- Spanish
- Swedish

Introduction

Thank you for contributing to the market study on the distribution of hotel accommodation in the EU. The study is being conducted by VVA Consortium for the European Commission. The study is intended to provide the European Commission with an objective picture of distribution practices in the hotel sector.

The study covers the period January 2017 to May 2021 and focuses on the following EU countries: Austria, Belgium, Cyprus, Poland, Spain and Sweden. The impact of the pandemic is covered at the end of the questionnaire.

The information you provide will be treated as confidential and will only be shared with the Directorate General for Competition of the European Commission. The results of the study will be published in aggregated, anonymized form only. Your replies will not be used in any investigation. If you have any concerns about the treatment of your information, please do not hesitate to contact the study team at: hotelbookingstudy@vva.it

Introductory questions

- I. In which country is your hotel?
 - Austria
 - Belgium
 - Cyprus
 - Poland
 - Spain
 - Sweden

- II. Is your hotel part of a chain of hotels?
 - Yes
 - No

- III. If QII 'Yes', please describe the relationship between your hotel and the chain:
 - My hotel is owned by the chain.
 - My hotel is a franchise of the chain.
 - My hotel is managed by the chain.
 - Other relationship (please specify)

- IV. Please indicate the type of your hotel: (*multiple options*)
 - City hotel
 - Countryside/rural hotel
 - Seaside hotel

- Mountain or ski resort hotel
 - Other type of hotel (please specify)
- V. How many employees does your hotel have?
- Less than 10 employees
 - Between 10 and 49 employees
 - Between 50 and 249 employees
 - More than 250 employees
- VI. What is the star rating of your hotel?
- One star
 - Two stars
 - Three stars
 - Four stars
 - Five stars
 - My hotel does not have a star rating
 - Other (please specify)
- VII. Is your hotel used mostly by leisure customers or business customers?
- Only leisure/holiday customers
 - Mostly leisure/holiday customers
 - Mostly business customers (including meetings, conferences and exhibitions)
 - Only business customers (including meetings, conferences and exhibitions)
 - Other (please specify)

Sales channels

Advertising channels (metasearch, AdWords, social media, etc.) are covered in a later section.

1. Which sales channels does your hotel use? (*multiple options*)
 - Direct online channels (hotel website, chain website)
 - Direct offline channels (bookings by telephone, by email, at reception)
 - Online Travel Agencies (for example, Booking.com, Expedia, etc.)
 - Offline travel agencies and tour operators
 - Bed wholesalers/bed banks (for example, Hotelbeds)
 - Other sales channels (please specify)

2. Please estimate the share (%) of your hotel's total bookings that were made through each sales channel in 2019 (before the Covid-19 pandemic) and four years ago in 2017.

Sales channel	Year 2019	Year 2017
	Share of total bookings through each sales channel	Share of total bookings through each sales channel
Total number of bookings	[please specify]	[please specify]
Direct online channels (hotel website, chain website)	[please specify %]	[please specify %]
Direct offline channels (bookings by telephone, by email, at reception)	[please specify %]	[please specify %]
Online Travel Agencies (Booking.com, Expedia etc.)	[please specify %]	[please specify %]
Offline travel agencies and tour operators	[please specify %]	[please specify %]
Bed wholesalers/bed banks (Hotelbeds, etc.)	[please specify %]	[please specify %]
Other sales channels (please specify)	[please specify %]	[please specify %]

Use of Online Travel Agencies ('OTAs')

[Ask the following questions if Q1 'Online indirect channels (for example Online Travel Agencies 'OTAs')']

3. Which OTAs did your hotel use in 2019 (before the Covid-19 pandemic) and four years ago, in 2017? For each OTA you used, please estimate the **share (%) of your total OTA bookings** made via that OTA.

Year	Booking.com	Expedia/Hotels.com	HRS	Lastminute.com	Trip.com	Other OTAs
2017						
2019						

4. [If Q3 'Other OTAs' was selected] Please identify the OTAs, the years you used them, and the **share of your total OTA bookings** made via each OTA:

Year	Name of OTA	Share of total OTA bookings (%)
[please specify]	[please specify]	[please specify]
[please specify]	[please specify]	[please specify]
[please specify]	[please specify]	[please specify]
[please specify]	[please specify]	[please specify]
[please specify]	[please specify]	[please specify]

5. Have you started using any new OTAs since the start of 2017?
- Yes
 - No
6. [If Q5 'Yes'] Please explain why you started using the OTA(s) in question? (multiple options)

- The OTA provides access to new customers (for example different nationalities).
- The OTA provides additional/different services.
- The OTA charges lower commissions.
- Other reasons (please specify).

	Booking.com	Expedia/Hotels.com	HRS	Lastminute.com	Trip.com	Other OTAs (please identify)
We started using the OTA because... ...						
Date	[insert year]	[insert year]	[insert year]	[insert year]	[insert year]	[insert year]

7. Have you stopped using any OTA since the start of 2017?

- Yes
- No

8. [If Q7 'Yes'] Please identify the OTA(s) you stopped using and specify the reasons and date (*multiple options*)

- OTA was too expensive (for example high commission rate).
- Contractual dispute with the OTA.
- The OTA's parity clauses were too restrictive.
- To reduce our administrative costs.
- The OTA didn't generate enough sales.
- Other reason (please specify).

	Booking.com	Expedia/Hotels.com	HRS	Lastminute.com	Trip.com	Other OTAs (please identify)
We stopped using the OTA because... ...						
Date	[insert year]	[insert year]	[insert year]	[insert year]	[insert year]	[insert year]

OTA commission rates

'Basic commission' means the commission you pay to be listed on the OTA's website. It does not include any optional extra commission paid in return for optional additional

services or benefits, such as better ranking or membership of a preferred partner program.

[Ask the following questions if Q1 'Online indirect channels (for example Online Travel Agencies 'OTAs')']

9. Since the start of 2017, has any OTA changed the basic commission rate it charges to your hotel?

- Yes
- No

10. [If Q9 'Yes'] Please specify which OTA(s) and the change in percentage points (for example, if the commission rate changed from 15% to 20%, the percentage change will be +5 %)

Name of OTA	% change (+/-)	Date of change (MM/YYYY)
[please specify]	[please specify]	MM/YYYY
[please specify]	[please specify]	MM/YYYY
[please specify]	[please specify]	MM/YYYY
[please specify]	[please specify]	MM/YYYY
[please specify]	[please specify]	MM/YYYY

11. Since the start of 2017, has your hotel/your hotel chain negotiated a lower basic commission rate from any OTA in return for offering lower room prices on that OTA compared with other OTAs (same type of room, same dates, same booking conditions)?

- Yes
- No

12. [If Q11 'Yes'] Please indicate on which OTA(s) you have offered lower room prices in return for a lower basic commission rate: (multiple options)

- Booking.com
- Expedia/Hotels.com
- HRS
- Lastminute.com
- Trip.com
- Other OTA (Please specify)

13. Since the start of 2017, has your hotel changed its policy on paying **extra OTA commissions for extra OTA services** ("commission override", "accelerator", etc.)?

- No change
- Yes, my hotel has started paying extra OTA commission or has increased the frequency of its extra commission payments.
- Yes, my hotel has stopped paying extra OTA commission or has decreased the frequency of its extra commission payments.

14. [If Q13 'Yes'] Please indicate for which OTA(s) you have started or increased paying extra commission for extra services or stopped or decreased paying extra commission:

OTA	Increased/decreased payment of extra commission (please specify)
Booking.com	
Expedia/Hotels.com	
HRS	
Lastminute.com	
Trip.com	
Other OTA (please specify)	

15. Do any OTAs charge **other compulsory fees** to your hotel apart from commission on bookings? (Please note that this question does not relate to optional extra fees for extra services.)

- Yes
- No

16. [If Q15 'Yes'] What are these other fees and charges? (*multiple options*)

- Listing fees
- Other types of fees and charges (*please specify*)

Room price discounting by OTAs

[Ask the following questions if Q1 'Online indirect channels (for example Online Travel Agencies 'OTAs')']

17. Do you allow OTAs to discount the price of your hotel rooms (for example, the OTA gives discounts to members of its loyalty scheme)? (This question is about discounting that you **agree** with the OTA.)

- Yes
- No

18. [If Q17 'Yes'] Please provide details of the discounts:

- The name of the OTA
- The type of discounts offered by the OTA (for example, discounts for the OTA's loyalty scheme members)
- The average level of discount (%) compared with the normal room price.
- The share (%) of your hotel's total bookings via the OTA that are discounted by the OTA.

Name of OTA	Type of discount	Average level of discount	Share bookings from that OTA that are discounted
[please specify]			

[please specify]			
[please specify]			
[please specify]			
[please specify]			

19. Does any OTA discount the price of your hotel rooms unilaterally, without your hotel's agreement (for example, discounts funded using the OTA's commission)?

- Yes
- No

20. *[If Q19 'Yes']* Please provide details, including the name of the OTA, the type, frequency and level of the discounts, including whether the OTA applies the discounts to penalise your hotel for particular practices.

21. If applicable, please indicate whether any OTA has started or changed its discounting policy since the start of 2017 and, if so, the nature and date of the changes.

[open-ended]

OTA parity clauses

A 'parity clause' is a clause in an OTA contract which requires the hotel to give the OTA room prices, room availability or booking conditions that are at least as good as on certain other sales channels. These clauses are sometimes called MFN clauses.

[Ask the following questions if Q1 'Online indirect channels (for example Online Travel Agencies 'OTAs')']

22. Has any OTA you use changed its parity clauses since the start of 2017?

- Yes
- No
- Don't know

23. *[If Q22 'Yes']* Please identify the OTA and indicate the nature and date of the changes:

[open ended]

24. Does your hotel comply with the OTA parity clauses?

- All the time
- More than half the time
- Less than half the time
- No
- It depends on the OTA (please give details)

25. How do the OTAs monitor and enforce their parity clauses?

[open ended]

26. Does any OTA use a parity performance or parity scoring system to inform you about whether your hotel is observing price parity or availability parity relative to other sales channels?

- Yes
- No

27. [If Q26 'Yes'] Please identify the OTA and describe the parity scoring system and any measures applied by the OTA on the basis of the parity performance or score.

[open ended]

Differentiation between sales channels for room prices and room availability

Room price differentiation means offering different prices for the same type of room, on the same dates and with the same booking conditions (cancellation, breakfast included, etc.).

Room availability includes types of rooms, quantities of rooms and 'last room' availability for the same dates.

28. Have you **changed your policy** regarding offering different prices on different sales channels since the start of 2017?

- Yes
- No
- Room price differentiation between sales channels is managed by the parent company/central management of my hotel chain, not by my hotel.

29. [If Q28 'Yes'] **How** have you changed your room price differentiation policy and what were the **reasons** for the change?

[open ended]

30. Have you **changed your policy** regarding offering different room availability on different sales channels since the start of 2017?

- Yes
- No
- Room availability differentiation between sales channels is managed by the parent company/central management of my hotel chain, not by my hotel.

31. [If Q30 'Yes'] **How** have you changed your room availability differentiation policy and what were the **reasons** for the change?

[open ended]

Customer loyalty schemes and best price guarantees

32. Does your hotel or hotel chain have a customer loyalty scheme offering lower room prices or other benefits?

- Yes
- No

33. [If Q32 'Yes'] How has the share of bookings made via the loyalty scheme evolved since the start of 2017?

- Increased
- Decreased
- No significant change
- The loyalty scheme is managed by the parent company/central management of my hotel chain, not by my hotel.

34. Does your hotel or hotel chain offer a best price guarantee?

- Yes
- No

35. [If Q34 'Yes'] Please indicate the number of claims made by customers under the best price guarantee as a share (%) of your total direct bookings.

- Less than 1% of total direct bookings
- 1-5 %
- 6-10 %
- More than 11%
- The best price guarantee is managed by the parent company/central management of my hotel chain, not by my hotel.

36. [If Q34 'Yes'] How has the level of claims under the best price guarantee evolved since the start 2017?

- Increased
- Decreased
- No significant change
- The best price guarantee is managed by the parent company/central management of my hotel chain, not by my hotel.

Use of bed wholesalers

[Ask the following questions if Q1 'Bed wholesalers/bed banks']

37. Does your hotel or hotel chain sell any rooms to bed wholesalers/bed banks?

- Yes
- No
- Relationships with bed wholesalers are managed by the parent company/central management of my hotel chain, not by my hotel. [Go to next section.]

38. [If Q37 'Yes'] What share (%) of your hotel's total sales are made to bed wholesalers?

- Less than 10%
- Between 10% and 20%
- Between 20% and 30%

- More than 30%
39. [If Q37 'Yes'] Do you allow the bed wholesalers to distribute your hotel rooms using OTAs (sale of room only – not as part of a package)?
- Yes
 - No

Use of online advertising, metasearch websites and social media

40. Does your hotel use any of the following means of online advertising? (*multiple options*)
- **Metasearch sites**
 - **Search engine advertising (for example, AdWords)**
 - **Social media**
 - **Hotel website**
 - **None of above**
 - **Online advertising is managed by the parent company/central management of my hotel chain**

[Ask following questions if question *is not* 'None of above' or 'Managed centrally by hotel chain'. Otherwise, go to next Section.]

41. What share (%) of your hotel's total revenue do you spend on online advertising (including metasearch sites, search engine advertising (AdWords), social media, design and operation of the hotel website)?
- [insert percentage]

42. [If Q40 'Metasearch sites'] Please estimate the approximate share of your hotel's bookings that is generated by metasearch websites in 2019 (before the Covid-19 pandemic) and four years ago in 2017.

Year	Share of total bookings
2017	
2019	

43. [If Q40 "Metasearch sites"] How has your hotel's spending on metasearch websites evolved since the start of 2017?
- Increased
 - No significant change
 - Decreased

44. [If Q40 Search engine advertising (for example, AdWords)] Please estimate the approximate share (%) of your hotel's bookings that were generated by search engine advertising in 2019 (before the Covid-19 pandemic) and four years ago in 2017.

Year	Share of total bookings
2017	

2019

45. [If Q40 'Search engine advertising (for example, AdWords)] How has your hotel's spending on search engine advertising evolved since the start of 2017?

- Increased
- No significant change
- Decreased

46. [If Q40 'Social media'] Which social media do you use?

Name
Facebook
Instagram
Twitter
[please specify]
[please specify]

47. [If Q40 'Social media'] Do you have social media booking options?

- Yes
- No

48. [If Q40 'Social media'] Please estimate the share (%) of your hotel's bookings that were generated by social media in 2019 (before the Covid-19 pandemic) and four years ago in 2017.

Year	Share of total bookings
2017	
2019	

49. [If Q40 'Social media'] How has your hotel's spending on the use of social media evolved since the start of 2017?

- Increased
- No significant change
- Decreased

50. [If Q40 'Hotel website'] As regards your hotel's spending on its website, how has this evolved since the start of 2017?

- Increased
- No significant change
- Decreased

51. Do you use any other advertising or marketing methods or tools to attract customers?

- Yes
- No

52. [If Q51 'Yes'] Please describe the advertising/marketing tools and state how your use of them has evolved since the start 2017:

[open-ended]

Relative cost of sales

[Ask following questions if question Q11 'No']

53. Please estimate your marketing costs for the sales on your hotel website in 2019 (before the Covid-19 pandemic) and four years ago in 2017.

Year	Revenues from bookings on hotel website in EUR	Marketing costs for website sales, including, for example, costs of metasearch, AdWords, social media, website design and maintenance. in EUR
2017		
2019		

54. Please indicate the types of marketing costs you have included.

[open-ended]

Final questions

55. How has your hotel changed its sales and marketing practices during the Covid-19 pandemic?

[open-ended]

56. How have your main commercial partners (OTAs, metasearch sites, Google, etc.) changed their sales and marketing practices during the Covid-19 pandemic?

[open-ended]

57. More generally, what has been the impact of the Covid-19 pandemic on your business?

[open-ended]

58. Do you wish to comment on any other recent or expected developments relating to the distribution of hotel accommodation?

[open-ended]

Thank you for your time!

Thank you for contributing to the market study on the distribution of hotel accommodation in the EU. The study is being conducted by VVA Consortium for the European Commission.

Please feel free to contact email@vva.it if you have any questions regarding the study or any concerns about the treatment of your information.

Questionnaire to hotel chains

Name:

Position:

Company:

Brief description of your company's activity, including geographic presence and business model:

Worldwide turnover in 2019 and 2020:

EU turnover in 2019 and 2020 (excluding UK hotels):

Total number of hotels:

Number of hotels in the EU 27:

Introduction

Thank you for agreeing to contribute to the market study on the distribution of hotel accommodation in the EU. The study is being conducted by VVA Consortium for the European Commission. It is intended to provide the European Commission with an objective picture of distribution practices in the hotel sector.

The study covers the period January 2017 to May 2021 and focuses on the following EU countries: Austria, Belgium, Cyprus, Poland, Spain and Sweden. The impact of the pandemic is covered at the end of the questionnaire.

Unless specifically indicated, all questions relate to hotels in the EU 27 only. If your chain includes hotels outside the EU, please reply only in respect of hotels located in the EU. Please exclude the UK for all periods covered by the questionnaire.

The information you provide will be treated as confidential and will only be shared with the Directorate General for Competition of the European Commission. The results of the study will be published in aggregated, anonymized form only. Your replies will not be used in any investigation. If you have any concerns about the treatment of your information, please do not hesitate to contact the study team at: hotelbookingstudy@vva.it

Introductory questions

1. In which of the following countries does your chain have hotels? (*multiple options*)
 - Austria
 - Belgium
 - Cyprus
 - Poland
 - Spain
 - Sweden
2. Please indicate the business model of your hotel chain (relationship between the chain and the member hotels). (*multiple options*):

- The individual hotels are owned by the chain.
- The individual hotels are franchisees of the chain.
- The individual hotels are managed by the chain.
- Mixed business model (please specify, including the number of EU hotels operated under each model and any significant differences between EU countries)
- Other business model (please specify)

[open-ended]

3. Has your chain made changes to its business model in the EU (owned, franchised, managed, etc.) during the period 2017-2021? If yes, please provide details of the main changes, including the EU countries affected.

[open-ended]

Sales channels

Please note that advertising channels (metasearch, AdWords, social media, etc.) are covered in a later section.

4. Please indicate the approximate share (%) of room sales that your chain makes through each sales channel (EU hotel rooms only):

- Direct online channels (chain websites, hotel websites)
- Online Travel Agencies (Booking.com, Expedia, etc.)
- Direct offline channels (bookings by telephone, email, at hotel reception)
- Offline travel agencies and tour operators
- Bed wholesalers/bed banks (for example, Hotelbeds)
- Other sales channels (please specify)

Year	Total number of bookings of EU hotel rooms	Sales through OTAs (%)	Sales through traditional travel agencies, tour operators, (%)	Sales through bed wholesalers	Sales through chain and hotel websites (%)	Sales by telephone, by email, at hotel reception (%)	Sales via other channels (please specify) (%)
2017							
2018							
2019							
2020							

Q1 2021							
------------	--	--	--	--	--	--	--

5. Please indicate whether the share of sales per channel differs significantly depending on which EU country the hotel is in. If yes, please provide details and reasons for the differences.

[open-ended]

6. Did your chain's EU room occupancy rate change (excluding normal seasonal changes) during the period from January 2017 to March 2020 (before the COVID-19 pandemic)? If yes, please provide details of the increase/decrease and the reasons for it.

[open-ended]

7. Does your chain monitor how customers reach its direct sales channels? (For example, via search engines, search engine advertising, metasearch, social media, OTAs, etc.) If yes, please provide any results of that monitoring covering the period from 2017 to 2021 inclusive.

[open-ended]

Use of Online Travel Agents (OTAs)
OTA commission rates are covered in a later section.

8. Does your chain negotiate its OTA agreements centrally or does each member hotel negotiate its OTA agreements independently? Please indicate if these arrangements differ between OTAs.

[open-ended]

9. Do your chain's agreements with OTAs cover all EU countries and do the agreements contain different terms for different EU countries? (*OTA commission rates are covered in a later section.*)

[open-ended]

10. How frequently does your chain re-negotiate its agreements with OTAs?

[open-ended]

11. Which OTAs did your chain use in the following periods? (for hotels in the EU only)

Year	Booking Holdings	Expedia Group	HRS	Trip.com	Lastminute.com	Other OTAs
2017						
2018						
2019						
2020						
Q1 2021						

12. If you selected 'Other OTAs', please specify which one(s) and in which years:

Year	Others
------	--------

2017	[please specify]
2018	[please specify]
2019	[please specify]
2020	[please specify]
Q1 2021	[please specify]

13. Please rank the five OTAs which generate the most bookings for your chain's EU hotels ('top 5 OTAs'). Please indicate any significant changes in this ranking since the start of 2017.

[open-ended]

14. If your chain has started or stopped using an OTA since the start of 2017, please identify the OTA and explain why.

[open-ended]

15. Does any OTA require your chain to offer a minimum number/type of rooms on the OTA for a minimum number of dates per year? If yes, please identify the OTAs, the EU countries/regions affected and provide details of the minimum room availability requirement.

[open-ended]

16. Subject to your reply to the previous question, does your chain use some/all OTAs only periodically (for example, outside peak season)? If yes, please identify the OTAs and provide details of your chain's policy in this respect, including any differences in your policy between EU countries.

[open-ended]

17. For each OTA used by your chain, please indicate which payment model you use:

- agency model (the customer pays the hotel directly)
- merchant model (the customer pays the OTA)
- other (please specify, for example mixed model or different model for different hotels)

[open-ended]

18. Please indicate if any OTA has made significant changes to the way it markets or sells your chain's EU hotels since the start of 2017 (new advertising or sales techniques). If yes, please identify the OTA, describe its new sales techniques and indicate when they were introduced.

[open-ended]

19. Considering the OTAs that your chain uses, what effect do you think the OTAs have on the **total number of bookings** for your chain's EU hotels: (*single option*)

- The OTAs increase our total number of bookings
- The OTAs have no effect on our total number of bookings
- The OTAs reduce our total number of bookings
- Other effect of using the OTAs (please specify)
- Don't know

20. Considering the OTAs that your chain uses, what effect do you think the OTAs have on the number of bookings made on your **direct sales channels**

(chain/hotel websites, email bookings, telephone bookings, bookings at reception): (*single option*)

- The OTAs increase the number of bookings on our direct sales channels
- The OTAs have no effect on the number of bookings on our direct sales channels
- The OTAs reduce the number of bookings on our direct sales channels
- Other effect of using the OTAs (please specify)
- Don't know

OTA commission rates

In this section, 'basic commission' means the commission paid by a hotel/chain to be listed on an OTA, excluding any extra commission paid for optional additional services or benefits, such as higher ranking or membership of a privileged partner program.

21. Please indicate the lowest **basic commission rate** paid by your chain to each of its top five OTAs (for hotels in the EU) and whether the commission rate has changed since January 2017:

Name of OTA	Lowest basic commission rate now	Percentage point change in lowest basic commission rate from Q1 2017 to Q4 2019
[please specify]		(for example, +1, -2, no change)
[please specify]		
[please specify]		
[please specify]		
[please specify]		

22. Has any OTA you use changed its basic rate during the pandemic period (since Q1 2020)? If yes, please identify the OTA and provide details of the increase or decrease.

[open-ended]

23. Please indicate if your chain or its member hotels pay optional extra commissions ("commission override", "accelerator", etc.) to any OTA to obtain additional services or benefits for EU hotels (for example, better visibility on the OTA's website, membership of a special/privileged partner program). Please also indicate if the use of extra commission is managed:

- centrally by the chain
- independently by each member hotel

[open-ended]

24. If extra commission payments are managed centrally by the chain, please indicate:

- the OTAs to which your chain pays extra commission

- the percentage increase in commission paid (for example, if the commission increases from 15% to 20%, the percentage change will be +5)
- the frequency of your chain's use of extra commission (for example, less than half the time, more than half the time, always)
- the types of additional services/benefits that your chain receives from the OTA
- any other conditions that your chain must comply with to obtain the additional services/benefits

Name of OTA	Name of the optional OTA service/ program	Extra commission rate in percentage points (+5 etc.)	Frequency of use of additional payments (less than half the time, etc.)	Additional services/benefits from OTA	Other conditions to get the extra OTA benefits/services (optional)

25. Does your chain vary its policy regarding the payment of extra OTA commission between EU countries?

[open-ended]

26. Has your chain changed its policy regarding the payment of extra OTA commission since the start of 2017? (for example, using it more/less frequently, using it with different OTAs) If yes, please provide details.

[open-ended]

27. Taking into account any variations in basic OTA commission rates between EU countries and regions and any optional extra OTA commission paid by your chain/its member hotels, what is the **average effective commission rate** paid by your chain to its top 5 OTAs for hotels in the EU? Have these effective commission rates increased/decreased/not changed since the start of 2017? Has the trend changed since Q1 2020 (during the COVID-19 pandemic)?

Name of OTA	Effective commission rate paid on average	Evolution in average effective commission rate paid from Q1 2017 to Q4 2019
[please specify]		[increased/ decreased/ unchanged]
[please specify]		
[please specify]		
[please specify]		
[please specify]		

28. Apart from commissions on bookings, does your chain or its member hotels in the EU pay any other types of fees or charges to OTAs? If yes, please identify

the OTAs concerned, describe the fees or charges and if they are managed centrally by the chain or independently by the member hotels.

[open-ended]

OTA price discounting and loyalty schemes

29. Does your chain participate in OTA loyalty schemes in which, whereby the OTA offers discounts on room prices to some of its customers (EU hotels only)? If yes, please indicate:

- The name of the OTA
- The type of discounts offered by the OTA (for example, discounts for the OTA's loyalty scheme members)
- The average level of the discount compared with the normal room price (%),
- The share (%) of your chain's bookings through the OTA that are discounted by the OTA (EU hotels only)
- Whether your chain encourages or obliges its member hotels to participate in the OTA loyalty scheme

Name of OTA	Type of discount	Average level of discount	Discounted bookings/total bookings through the OTA (%)	Member hotels encouraged/ obliged to participate in OTA loyalty scheme:
[please specify]				encouraged/ obliged/ no
[please specify]				encouraged/ obliged/ no
[please specify]				encouraged/ obliged/ no
[please specify]				encouraged/ obliged/ no
[please specify]				encouraged/ obliged/ no

30. How has your chain's participation in OTA loyalty/discount schemes evolved since 2017 and how have the OTA schemes you use evolved? Please explain.

[open-ended]

31. Does any OTA discount the price of your chain's EU hotel rooms unilaterally, without your chain's agreement (for example, discounts funded using the OTA's commission)? If yes, please provide details, including the name of the OTA, the type, frequency and level of the discounts, and whether the OTA applies to discounts to discourage particular sales or marketing practices by your hotel chain.

[open-ended]

32. If applicable, please indicate whether any OTA has changed its room price discounting policy since the start of 2017 and, if yes, the nature and date of the changes.

[open-ended]

Differentiation between sales channels for room prices and room availability

Room price differentiation means offering different prices for the same type of room, on the same dates and with the same booking conditions (cancellation, breakfast included, etc.).

Room availability differentiation means offering different types of rooms, quantities of rooms or 'last room' availability on the same dates.

33. Does your chain or its member hotels **price-differentiate between OTAs** for its hotels in the EU, for example, offering rooms at lower prices on one OTA relative to other OTAs (prices for the same type of room, same dates, same booking conditions)? If yes, please indicate:
- if price differentiation between OTAs is managed centrally by the chain or independently by each member hotel
 - if managed centrally, the name of the OTA(s) on which your chain offers lower room prices relative to other OTAs
 - if managed centrally, the frequency with which you price-differentiate between OTAs (for example, less than half the time, more than half the time, always)
 - if managed centrally, the approximate difference in room prices between OTAs (%)
 - if managed centrally, how your chain ensures that its member hotels comply with the central price differentiation policy

[open-ended]

34. Does your chain or its member hotels **price-differentiate between the chain/hotel website(s) and OTAs** (for example, offering lower room prices on the chain/hotel website(s) than on OTAs, or vice versa)? If yes, please indicate:
- if price differentiation between the chain/hotel website(s) and OTAs is managed centrally by the chain or independently by each member hotel
 - if managed centrally, the channel on which your chain offers lower room prices (either the chain website(s) or OTAs)
 - if managed centrally, the frequency with which you price-differentiate between the chain website(s) and OTAs (for example, less than half the time, more than half the time, always)
 - if managed centrally, the approximate difference in room prices between the chain website(s) and OTAs (%)
 - if managed centrally, how your chain ensures that its member hotels comply with the central price differentiation policy

[open-ended]

35. Does your chain or its member hotels **price-differentiate between its direct offline sales channels and OTAs** (for example, offering lower room prices for telephone or email bookings than on OTAs, or vice versa)? If yes, please indicate:
- if price differentiation between direct offline channels and OTAs is managed centrally by the chain or independently by each member hotel
 - if managed centrally, the channels on which lower room prices are offered (for example, telephone or email bookings vs. OTAs)
 - if managed centrally, the frequency of price-differentiation between direct offline channels and OTAs (for example, less than half the time, more than half the time, always)

- if managed centrally, the approximate difference in room prices between the direct offline channels and OTAs (%)
- if managed centrally, how your chain ensures that its member hotels comply with the central price differentiation policy

[open-ended]

36. Please explain your chain's policy regarding room price differentiation between sales channels, that is why you *do* or *do not* price-differentiate between OTAs, or between OTAs and the chain's websites, or between OTAs and the chain's direct offline channels.

[open-ended]

37. Does your chain **differentiate between OTAs** as regards **room availability**? (type of rooms, quantity of rooms or 'last room' availability) If yes, please indicate:

- if room availability differentiation between OTAs is managed centrally by the chain or independently by each member hotel
- if managed centrally, the OTAs on which your chain offers better room availability relative to other OTAs
- if managed centrally, how your chain differentiates between OTAs as regards room availability (for example, different types of rooms, last room availability)
- if managed centrally, the frequency with which your chain differentiates between OTAs for room availability (for example, less than half the time, more than half the time, always)
- if managed centrally, how your chain ensures that its member hotels comply with the central policy for room availability differentiation

[open-ended]

38. Does your chain **differentiate between its direct sales channels (online or offline) and OTAs** as regards **room availability**? If yes, please indicate:

- if room availability differentiation between direct sales channels and OTAs is managed centrally by the chain or independently by each member hotel
- if managed centrally, the channel(s) on which your chain offers better room availability (for example, chain website, hotel website, telephone or email bookings vs OTAs)
- if managed centrally, how your chain differentiates between its direct channels and OTAs for availability (for example, different types of rooms, last room availability)
- if managed centrally, the frequency with which your chain differentiates between its direct channels and OTAs for room availability (for example, less than half the time, more than half the time, always)
- if managed centrally, how your chain ensures that its member hotels comply with the central policy for room availability differentiation

[open-ended]

39. Please explain your chain's policy regarding room availability differentiation between sales channels, that is why you *do* or *do not* differentiate between OTAs or between the chain's direct channels and OTAs for room availability.

[open-ended]

40. Does your chain **apply different policies** for room price differentiation or room availability differentiation **in different EU countries**? If yes, please identify the

countries and describe the differences in policy and the reasons for the differences.

[open-ended]

41. Has your chain **changed its policy** as regards price differentiation or room availability differentiation between sales channels (including OTAs, the chain website(s) and offline channels) **since the start of 2017**? If yes, please provide details and explain the reasons for the changes in policy.

[open-ended]

42. Do OTAs try to **incentivise** your chain to offer them **better room prices** or **better room availability** compared to other OTAs or compared to your direct sales channels (for example, by offering better/worse visibility on the OTA website(s), or by applying other benefits or penalties)? If yes, please identify the OTAs, the type of incentives or penalties they apply and the outcome of any negotiations with the OTA on room price differentiation or room availability differentiation.

[open-ended]

43. Have any of the OTAs used by your chain **changed the way they incentivise** your chain to offer more favourable prices or room availability since the start of 2017?

[open-ended]

OTA parity clauses

In this section, 'parity clause' means a clause in an OTA contract which requires a hotel to give the OTA room prices, room availability or booking conditions that are at least as good as on certain other sales channels. These clauses are sometimes called MFN clauses.

44. Please indicate if the OTA(s) used by your chain use parity clauses and what type of parity clause they use, for example:

- Parity with **other OTAs** for room **prices**
- Parity with your **chain website(s)** for room **prices**
- Parity with **all online channels** for room **prices**
- Parity with **all channels** for room **prices**
- Parity with **other OTAs** for room **availability** (type of rooms, quantity of rooms, 'last room' availability, etc.)
- Parity with your **chain website(s)** for room **availability**
- Parity with **all online channels** for room **availability**
- **Other type** of parity clause (*please specify*)
- **Don't know** which type of parity clause

OTA	OTA uses parity clauses	Types of parity clause used by OTA (multiple types possible for each OTA)
Booking.com	[Y/N]	[please select]
Expedia/Hotels.com	[Y/N]	[please select]
HRS	[Y/N]	[please select]
Trip.com	[Y/N]	[please select]
Lastminute.com	[Y/N]	[please select]

Other OTA (please specify)

[Y/N]

[please select]

45. Please indicate whether the OTAs apply **different parity clauses in different EU countries**. If yes, please identify the types of parity clause used by the OTA in each country in which your chain has hotels.

[open-ended]

46. Has any OTA **changed the parity clauses that it uses with your chain since the start of 2017**? If yes, please identify the OTA and describe the changes (for example, whether the change concerns price parity or room availability parity and which channels it covered before and after the change). Please also specify the date of the changes and the **EU countries affected**.

[open-ended]

47. If OTAs use parity clauses with your chain, how does the OTA **monitor** your chain's **compliance with the parity clauses** and how does it **enforce** the parity clauses in case of **non-compliance**? Please identify the OTAs in question and provide details of their monitoring and enforcement practices.

[open-ended]

48. If OTAs use parity clauses with your chain, **how often does your chain and its member hotels comply with those clauses** (for example, always, more than half of the time, less than half the time, never, other reply – please specify)?

[open-ended]

49. Does any OTA used by your chain use a parity performance or parity scoring system to inform your chain/its member hotels about whether they are observing price parity or room availability parity relative to other OTAs or sales channels? If yes, please identify the OTA and describe the parity scoring system and any measures applied by the OTA on the basis of the parity score.

[open-ended]

Customer loyalty schemes and best price guarantees

50. Does your chain offer any **customer loyalty scheme or similar** benefits to its customers in respect of hotels in the EU? If yes, please provide details.

[open-ended]

51. If applicable, has your chain made changes to its loyalty scheme since the start of 2017? If yes, please provide details.

[open-ended]

52. If applicable, how has the share of bookings of the chain's EU hotels made via the loyalty scheme evolved since the start of 2017? (increased/decreased/no significant change) Has the trend changed since Q1 2020 (during the COVID-19 pandemic)?

[open-ended]

53. Does your chain offer customers a best price guarantee for its EU hotels? If yes, please provide details of the guarantee and the level of claims made by

customers under the guarantee in a normal year (for example, number of claims as a share (%) of total direct bookings).

[open-ended]

54. Does your chain advertise on its website(s) or elsewhere to inform customers that they can obtain lower room prices by contacting the chain or the hotel directly? If yes, please provide details, including any changes to your policy on this since the start of 2017.

[open-ended]

Use of bed wholesalers/bed banks

55. Please identify the top three bed wholesalers/bed banks used by your chain (if any) for EU hotel rooms.

[open-ended]

56. Does your chain's use of bed wholesalers/bed banks vary between EU countries? If yes, please provide details and explain the reasons for the differences.

[open-ended]

57. What rules does your chain apply to bed wholesalers/bed banks as regards how and where they can market and sell your chain's hotel rooms (for example, on metasearch and OTAs)?

[open-ended]

Online advertising

In this section, 'online advertising' includes use of metasearch websites, search engine advertising, social media advertising and expenditure on the chain's website(s).

58. What **share (%) of your chain's annual revenue from EU hotels is spent on online advertising relating to EU hotels**? How has this share evolved since the start of 2017? (increased/decreased/no significant change) Has this trend changed since Q1 2020 (during the COVID-19 pandemic)?

[open-ended]

59. Does your chain use metasearch/price comparison websites to advertise its EU hotels (for example, TripAdvisor, HotelsCombined, Trivago, Kayak)? If yes, please identify and rank the 5 metasearch engines that generate the most bookings for your chain's EU hotels and indicate the payment method for each metasearch (for example, pay-per-click/pay-per-impression/pay-per-acquisition/other).

- Pay-per-click (PPC)
- Pay-per-impression (PPI)
- Pay-per-acquisition (PPA)
- Other (please specify)

Name of metasearch	Payment method
1. [Please specify]	
2. [Please specify]	

3. [Please specify]	
4. [Please specify]	
5. [Please specify]	

60. Please indicate any evolution in this ranking since the start of 2017.

[open-ended]

61. Please estimate the share of direct bookings of your chain's EU hotels that is generated by metasearch engines:

Year	Share of total direct bookings generated by metasearch (%)
2017	
2018	
2019	
2020	
Q1 2021	

62. **What share (%) of your chain's total online advertising expenditure for EU hotels is spent on metasearch advertising?** How has this share evolved since the start of 2017? (increased/decreased/no significant change) Has the trend changed since Q1 2020 (during the COVID-19 pandemic)?

[open-ended]

63. Does your chain use search engine or keyword advertising (for example, Google AdWords) to advertise its EU hotels? If yes, please estimate the share (%) of direct bookings of your chain's EU hotels that is generated by search engine advertising:

Year	Share of total direct bookings generated by search engine advertising (%)
2017	
2018	
2019	
2020	
Q1 2021	

64. **What share (%) of your chain's total online advertising expenditure for EU hotels is spent on search engine advertising?** How has this share evolved since the start of 2017? (increased/decreased/no significant change) Has the trend changed since Q1 2020 (during the COVID-19 pandemic)?

[open-ended]

65. Do OTAs bid on the name or brands of your hotel chain or the member hotels in search engine advertising? If yes, please provide details, including the names of the OTAs, how your chain reacts to the OTA bidding, and how the bidding by each OTA has evolved since the start of 2017? (increased/decreased/no change)

[open-ended]

66. Does your hotel chain use social media for commercial purposes? If yes, which social media do you use?

Name
Facebook
Instagram
Twitter
[please specify]
[please specify]

67. Does your chain have social media booking options? If yes, please estimate the share (%) of direct bookings of your chain's EU hotels that is generated by social media:

Year	Share of total direct bookings generated by social media (%)
2017	
2018	
2019	
2020	
Q1 2021	

68. **What share (%) of your chain's total online advertising expenditure for EU hotels is spent on advertising in social media?** How has this share evolved since the start of 2017? (increased/decreased/no significant change) Has the trend changed since Q1 2020 (during the COVID-19 pandemic)?

[open-ended]

69. Please indicate how your hotel chain organises its EU website(s) (for example, single website for each EU country, single website per brand, single website for each member hotel, etc.) and describe any differences between the functionalities and the offers presented on the chain website(s) and the websites of individual member hotels.

[open-ended]

70. **What share (%) of your chain's total online advertising expenditure for EU hotels is spent on your chain's website(s)** (including member hotel websites), including search engine optimisation? How has this share evolved since the start of 2017? (increased/decreased/no significant change) Has the trend changed since Q1 2020 (during the COVID-19 pandemic)?

[open-ended]

71. Please explain how your chain's online advertising strategy is applied by the member hotels. For example, what are the rules regarding member hotels' use of metasearch engines, search engine advertising, social media, etc. and how does the chain ensure that the member hotels comply with the rules?

[open-ended]

72. Please indicate how the member hotels contribute to the costs of online advertising, for example through franchise fees and the mechanism for sharing these costs.

[open-ended]

73. Please indicate whether your chain's use of online advertising varies depending on which EU country the member hotel is in. If yes, please provide details of the differences and the reasons for them.

[open-ended]

Relative cost of sales on direct online channels

74. Please indicate the revenue from sales on your chain's websites (including member hotel websites) and the related marketing costs.

Year	Revenues from chain/hotel website in EUR	Marketing costs for website sales, including, for example, costs of using metasearch, AdWords, social media, website design and maintenance. in EUR
2017		
2018		
2019		
2020		
Q1 2021		

75. Please indicate the types of marketing costs you have included and the relative weight of these costs in the total marketing costs above.

[open-ended]

Final questions

76. Are you aware of the introduction of any new technologies or business models for the sale or marketing of hotel accommodation in the EU since the start of 2017? If yes, please provide details, including the identity of the companies in question and any impact on your hotel chain.

[open-ended]

77. How has the Covid-19 pandemic affected your chain's business?

[open-ended]

78. How has your chain changed its sales and marketing practices for EU hotels during the Covid-19 pandemic?

[open-ended]

79. How have your chain's main commercial partners (OTAs, metasearch engines, Google, etc.) changed their sales and marketing practices during the Covid-19 pandemic?

[open-ended]

80. Do you expect the Covid-19 pandemic to lead to permanent changes to sales and marketing practices in the hotel sector in the EU? If yes, please provide details.

[open-ended]

81. If you wish, you may provide us with other public or internal documents or data which you consider to be relevant to the market study. If so, please attach them to your reply or contact the study team to arrange secure sending.

[open-ended]

Thank you for your time!

In the coming days, our researchers may contact you to arrange a telephone interview. This will allow us to expand on your replies to the questionnaire and allow you to share any other information or comments on hotel distribution practices that you wish to bring to the attention of the European Commission.

Questionnaire to OTAs

Name:

Company:

Your position:

Brief description of your company's activity, including the travel sectors covered, countries where active, websites operated:

Worldwide turnover for 2019 and for 2020:

Introduction

Thank you for agreeing to contribute to the market study on the distribution of hotel accommodation in the EU. The study is being conducted by VVA Consortium for the European Commission. The study is intended to provide the European Commission with an objective picture of distribution practices in the hotel sector.

The study covers the period January 2017 to May 2021 and focuses on the following EU countries: Austria, Belgium, Cyprus, Poland, Spain and Sweden. The impact of the pandemic is covered at the end of the questionnaire.

Unless specifically indicated, all questions relate to accommodations in the EU only. Please exclude UK for all periods under analysis.

The information you provide will be treated as confidential and will only be shared with **the Directorate General for Competition of the European Commission**. The results of the study will be published in aggregated, anonymized form only. No published information will be attributable to your organization. Your replies will not be used in any investigation. **If you have any concerns about the treatment of your information, please do not hesitate to contact the study team at : hotelbookingstudy@vva.it**

In this questionnaire:

'Accommodation' means a hotel or other short-term accommodation, including guest houses, holiday houses and apartments.

'Hotel' means an accommodation which identifies itself as a hotel, hostel or apartment hotel.

'Metasearch' means an online price comparison platform that allows consumers to compare the price of an accommodation across multiple booking channels. Examples include TripAdvisor, Trivago and Kayak.

'OTA' means an online travel agency and references to **'your OTA'** include all online travel agencies and websites operated by the corporate group to which your company belongs.

The **Study Countries** means Austria, Belgium, Cyprus, Poland, Spain and Sweden.

Introductory questions

1. In which of these countries does your OTA list accommodations? (*multiple options*)
 - Austria
 - Belgium
 - Cyprus
 - Poland
 - Spain
 - Sweden

Listings and bookings of EU accommodations on your OTA

2. Who offers accommodation on your OTA? (*multiple options*)
 - Owners/operators of hotels
 - Owners/operators of other types of short-term accommodation (e.g. holiday houses and apartments)
 - Bed wholesalers/bed banks
 - Other OTAs
 - Others (please specify)
3. Please provide the following information about your OTA's turnover, listings and bookings for EU accommodations:

Year	Number of EU accommodations (all types) listed on your OTA	Number of EU hotels listed on your OTA	Number of bookings of EU accommodations on your OTA (all types)	Number of bookings of EU hotels on your OTA	Turnover from commissions paid by EU accommodations (all types)	Turnover from commissions paid by intermediaries (e.g. bed wholesalers, other OTAs) in respect of EU accommodations (all types)
2017						
2018						
2019						
2020						
Q1 2021						

4. Please provide the following information about your OTA's listings and bookings for accommodations in the Study Countries:

Austria

Year	Number of accommodations (all types) listed on your OTA	Number of hotels listed on your OTA	Number of bookings of accommodations (all types) on your OTA	Number of bookings of hotels on your OTA
2017				
2018				
2019				
2020				
Q1 2021				

Belgium

Year	Number of accommodations (all types) listed on your OTA	Number of hotels listed on your OTA	Number of bookings of accommodations (all types) on your OTA	Number of bookings of hotels on your OTA
2017				
2018				
2019				
2020				
Q1 2021				

Cyprus

Year	Number of accommodations (all types) listed on your OTA	Number of hotels listed on your OTA	Number of bookings of accommodations (all types) on your OTA	Number of bookings of hotels on your OTA
2017				
2018				
2019				
2020				
Q1 2021				

Poland

Year	Number of accommodations (all types) listed on your OTA	Number of hotels listed on your OTA	Number of bookings of accommodations (all types) on your OTA	Number of bookings of hotels on your OTA
2017				
2018				
2019				
2020				
Q1 2021				

Spain

Year	Number of accommodations (all types) listed on your OTA	Number of hotels listed on your OTA	Number of bookings of accommodations (all types) on your OTA	Number of bookings of hotels on your OTA
2017				
2018				
2019				
2020				
Q1 2021				

Sweden

Year	Number of accommodations (all types) listed on your OTA	Number of hotels listed on your OTA	Number of bookings of accommodations (all types) on your OTA	Number of bookings of hotels on your OTA
2017				
2018				
2019				
2020				
Q1 2021				

Parity clauses

In this section, 'parity clause' means a contractual clause that restricts the ability of an accommodation provider to offer its accommodation on more favourable conditions on certain other sales channels.

5. Do the agreements between your OTA and EU accommodations contain parity clauses?
 - Yes
 - No
6. [If Q5 'Yes'] Do the parity clauses relate to: *(multiple option)*
 - The **room prices** offered by the **accommodation provider on other OTAs**
 - The **room prices** offered by the **accommodation provider on its own website(s)**
 - The **types or availability of rooms** offered by the **accommodation provider on other OTAs**

- The **types or availability of rooms** offered by the **accommodation provider on its own website(s)**

- Other (please explain)

7. [If Q5 'Yes'] Please provide details of the parity clauses and please specify, for example if this applies only in certain EU countries or for certain types of accommodation.

[open-ended]

8. [If Q5 'Yes'] Has your OTA made any changes to its use of parity clauses for EU accommodation providers since the start of 2017? (*multiple option*)

- No change
- Yes, our OTA has reduced the scope of its parity clauses (e.g. they cover less sales channels, less parameters (price, availability, etc.) or less countries) (please specify below)
- Yes, our OTA has increased the scope of its parity clauses (e.g. they cover more sales channels, more parameters (price, availability, etc.) or more countries) (please specify below)
- Yes, our OTA has made changes to its parity clauses as a result of legislation

9. [If Q8 'Yes'] Please provide details of the changes made by your OTA to its parity clauses, including the EU countries affected and the date of the changes.

[open-ended]

10. [If Q5 'Yes'] How does your OTA monitor the compliance by EU accommodation providers with its parity clauses and how does your OTA enforce its parity clauses when EU accommodation providers do not comply with them? Please specify the type of parity (prices, room availability, etc.) and the sales channels (other OTAs, accommodation website, etc.) that your OTA monitors, and how it does the monitoring) and please indicate the type of enforcement measures (warnings, down-ranking, loss of recommended or preferred partner status, applying discounts to the price of the accommodation, de-listing, etc)

[open-ended]

11. [If Q5 'Yes'] What proportion of the EU accommodations listed on your OTA were subject to parity clause enforcement measures by your OTA in 2019?

[open-ended]

12. Does your OTA use a parity performance or scoring system to inform EU accommodation providers about the level of their room prices or room availability on your OTA relative to other sales channels? If yes, please describe the system, including the parameters (prices, availability, etc.) and channels (other OTAs, accommodation website, etc.) covered by the system.

[open-ended]

13. What measures does your OTA apply (if any) on the basis of the parity performance or parity score of EU accommodations and what share of the EU accommodations listed on your OTA were subject to such measures in 2019?

[open-ended]

Ranking criteria

14. Please describe your ranking criteria. Is price the only criterion used? Which other factors are taken into account?

[open-ended]

15. Please describe how you communicate your ranking policy (i.e. how ranking is affected by the factors above) to Partner Hotels.

[open-ended]

Relationship with bed wholesalers

16. Does your OTA distribute any hotel rooms in the EU provided by bed wholesalers/bed banks?

- Yes
- No

17. [If Q21 'Yes'] What share of your total sales of EU rooms are made to bed wholesalers/bed banks?

[open-ended]

18. [If Q21 'Yes'] How has this share evolved since the start of 2017? (increased/decreased/remained stable). What has been the trend since Q1 2020 (i.e. during the COVID-19 pandemic)?

[open-ended]

19. [If Q21 'Yes'] Please identify the top 3 bed wholesalers/bed banks used by your OTAs.

[open-ended]

20. [If Q21 'Yes'] Please describe the commission rate for bed banks and the main contractual conditions between you and the bed banks.

[open-ended]

21. [If Q21 'Yes'] Does your use of bed wholesalers/bed banks vary depending on which EU country the hotel is in? If yes, please provide details and explain the reasons for the differences.

[open-ended]

Incentives relating to room prices, room availability and booking conditions

In this section, positive/negative incentives include incentives and disincentives relating to display ranking, display filters, recommendations, ratings, visibility, commission rates, preferred partner status and room price discounting.

22. Does your OTA apply positive/negative incentives to EU accommodation providers that depend on (*multiple options*):

Room availability includes types of rooms as well as availability of rooms for booking.

- Whether they offer your OTA **room prices** that are **no higher** than the room prices that they offer on **other OTAs**

- Whether they offer your OTA **room prices** that are **no higher** than the room prices that they offer on their **own website**
- Whether they offer your OTA **room availability** that is **at least as good** as the availability they offer on **other OTAs**
- Whether they offer your OTA **room availability** that is **at least as good** as the availability that they offer on their **own website**
- **Other conditions** (please specify). **Please take into account any other positive/negative incentives** to EU accommodation providers to incentivise them to offer favourable room prices, favourable levels of room availability or favourable booking conditions on your OTA. (i.e. positive/negative incentives that do not relate to the level of room prices/room availability/booking conditions offered on other OTAs or on the accommodation's website)
- None of above

23. *[If Q22 is NOT 'None of above']*, please describe the positive/negative incentives and the conditions that apply to them.

[open-ended]

24. Does your OTA's policy regarding the application of positive/negative incentives to EU accommodation providers relating to room prices, room availability or booking conditions vary depending on which country the accommodation is in? In particular, does your OTA's policy vary between the Study Countries?

- Yes
- No

25. *[If Q24 'Yes']* Please describe the differences and the reasons for them.

[open-ended]

26. Has your OTA made any significant changes to the positive/negative incentives it applies to EU accommodation providers relating to room prices, room availability or booking conditions since the start of 2017?

- Yes
- No

27. *[If Q26 'Yes']* Please describe the changes, the dates they were made and the reasons for them.

[open-ended]

28. Does your OTA require EU accommodation providers to offer a minimum number of rooms on your OTA for a minimum number of dates per season/per year?

- Yes
- No

29. *[If Q28 'Yes']*, please provide details of the minimum availability requirement and the reasons for this requirement.

[open-ended]

30. Since the start of 2017, have you observed any general changes in the policy of EU **hotels** listed on your OTA as regards room price differentiation or room

availability differentiation between sales channels? If yes, please describe the changes.

[open-ended]

Loyalty schemes and best price guarantees

31. Does your OTA offer any customer loyalty scheme or other benefits to its customers? (in respect of EU accommodations)

- Yes
- No
- It depends (please specify)

32. [If Q31 'Yes/It depends'] Please describe the customer benefits, including the conditions applicable to obtain the benefits and which party assumes the cost of providing the benefits, e.g. your OTA, the accommodation provider, etc.

[open-ended]

33. [If Q31 'Yes/It depends'] Has your OTA made changes to its loyalty scheme since the start of 2017? If yes, please provide details.

[open-ended]

34. [If Q31 'Yes/It depends'] How has the share of your OTA's total bookings of EU accommodations made via the loyalty scheme evolved since the start of 2017?

[open-ended]

35. Does your OTA offer its customers a best price guarantee, whereby it offers to reimburse the price difference if the customer finds the same room at a lower price elsewhere?

- Yes
- No

36. [If Q35 'Yes'], please provide details of the guarantee.

[open-ended]

37. [If Q35 'Yes'] Has your OTA changed the conditions of its best price guarantee since 2017? If yes, please explain the changes.

[open-ended]

38. [If Q35 'Yes'] Please indicate the total number of claims made and the total amount reimbursed under the best price guarantee? (for EU accommodations)

Year	Claims under best price guarantee)	Total amount reimbursed
2017		
2018		
2019		
2020		
Q1 2021		

Display algorithms

In this section, '**display**' includes all aspects of website display, including ranking and filters.

39. Does your OTA's display algorithms take into account differences between the room prices offered by EU accommodations on your OTA? *(multiple options)*

- Yes, the algorithm takes into account the **prices offered on other OTAs**
- Yes, the algorithm takes into account the **prices offered on the accommodation's website**
- **Yes, other** (please specify)
- No, our algorithm does not take into account the **prices offered on other channels**

40. *[If Q39 'Yes']* Please indicate how such differences in room prices relative to other channels impact the display of the accommodation on your OTA's websites.

[open-ended]

41. Do your OTA's display algorithms treat room price differentiation by EU accommodation providers between sales channels differently depending on which EU country the accommodation is in?

- Yes
- No

42. *[If Q41 'Yes']*, please explain the differences in treatment, in particular any differences in treatment between the Study Countries.

[open-ended]

43. Has your OTA made any significant changes since the start of 2017 to the way its display algorithms treat room price differentiation between sales channels by EU accommodations?

- Yes
- No

44. *[If Q43 'Yes']* Please describe the changes, the EU countries affected and the date of the changes.

[open-ended]

45. *[If Q39 'Yes']* Please describe how your OTA communicates to EU accommodation providers its policy of linking the display of accommodations to the prices offered for the accommodation on other sales channels.

[open-ended]

46. Does your OTA display differing room prices for EU accommodations simultaneously on different websites (prices for the same accommodation, same type of room, same dates and same booking conditions)? If yes, please provide details of your OTA's policy in this respect and the rationale for the policy.

[open-ended]

Commission rates

In this section: '**basic commission rate**' means the standard, non-negotiated rate of commission charged by your OTA to listed accommodations on its website(s), excluding any additional commission charged in return for optional extra services or benefits; '**effective commission rate**' includes also any additional commission paid for extra services and benefits (total commission revenue/total price of bookings for the accommodation).

47. Please explain how your OTA sets its basic commission rates for EU accommodations, including whether these rates vary between the Study Countries and/or between regions and seasons. Please indicate whether your OTA charges commission other than as a proportion of the price of the room booked.

[open-ended]

48. Please describe any additional commission rates charged by your OTA for providing optional additional services or benefits to EU accommodation providers, including the additional rates charged for each type of benefit (e.g. improved ranking, recommended status, preferred partner programme, etc.) and any variations between the Study Countries for such additional commission rates and/or between regions and seasons.

[open-ended]

49. Please provide the following data on the commission rates applied by your OTA in each Study Country and in the EU as a whole in the period 2017-2021.

Please take into account the lowest basic commission rate that your accommodation partner use in each country and the effective commission rate (including optional fees) that is paid **on average**

Austria

Year	Lowest basic commission rate	Average effective commission rate
2017		
2018		
2019		
2020		
Q1 2021		

Belgium

Year	Lowest basic commission rate	Average effective commission rate
2017		
2018		
2019		
2020		
Q1 2021		

Cyprus

Year	Lowest basic commission rate	Average effective commission rate
------	------------------------------	-----------------------------------

	commission rate
2017	
2018	
2019	
2020	
Q1 2021	

Poland

Year	Lowest basic commission rate	Average effective commission rate
2017		
2018		
2019		
2020		
Q1 2021		

Spain

Year	Lowest basic commission rate	Average effective commission rate
2017		
2018		
2019		
2020		
Q1 2021		

Sweden

Year	Lowest basic commission rate	Average effective commission rate
2017		
2018		
2019		
2020		
Q1 2021		

Whole EU

Year	Lowest basic commission rate	Average effective commission rate
2017		
2018		
2019		
2020		
Q1 2021		

Agency / merchant model

50. Please indicate whether your OTA uses an agency model (the customer pays the accommodation provider directly) or a merchant model (the customer pays your OTA) for EU accommodations. If your OTA uses both models in the EU, please indicate the share of EU accommodations listed on your OTA that use each model

and any significant variations between EU countries in this respect, including as regards the Study Countries.

[open-ended]

51. Has your OTA made any changes as regards its use of the agency or merchant model for EU accommodations since the start of 2017? If yes, please describe the changes, the EU countries affected and the date of the changes.

[open-ended]

Conversion rates

52. Please provide the following information about conversion rates for accommodations listed on your OTA in the following countries:

Country/Region	Average conversion rate/look-to-book ratio for accommodations listed on your OTA
Austria	
Belgium	
Cyprus	
Poland	
Spain	
Sweden	
Whole EU	

53. Please explain the parameters used by your OTA to measure the conversion rate/look-to-book ratio of the EU accommodations it lists (page views, etc.).

[open-ended]

54. Have you observed any significant changes in conversion rates in the Study Countries or in the EU as a whole in the period 2017-2019 inclusive? If yes, please provide details.

[open-ended]

55. Is there any link between an accommodation's conversion rate and its display (including its ranking) on your OTA's website(s)? If yes, please explain the link and any significant changes made to this link since the start of 2017.

[open-ended]

Cancellation rates

56. Please provide the following information about cancellation rates for accommodations listed on your OTA in the following countries in **2019**:

Country/Region	Average cancellation rate for accommodations listed on your OTA in 2019
Austria	
Belgium	
Cyprus	
Poland	
Spain	
Sweden	
Whole EU	

57. Have you observed any significant changes in cancellation rates in the Study Countries or in the EU as a whole in the period 2017-2019 inclusive? If yes, please provide details.

[open-ended]

Room price discounting

58. Does your OTA apply discounts to the prices offered by EU accommodation providers on your OTA?

- Yes
- No

59. [If Q58 'Yes'] Please describe your OTA's discounting policy for EU accommodations, including:

- When your OTA discounts the price of an accommodation (e.g. whether this depends on the price of the accommodation relative to other sales channels);
- Whether the discount is offered only to particular customer groups (e.g. loyalty scheme members);
- The average level of the price discount;
- Whether your OTA applies the discounts unilaterally or in agreement with the accommodation provider;
- Which party assumes the cost of the discount (your OTA, the accommodation provider);
- What share of your OTA's total bookings of EU accommodations in 2019 were discounted by your OTA.

[open-ended]

60. [If Q58 'Yes'] Please indicate whether your OTA varies its price discounting policy for EU accommodations depending on the country where the accommodation is located, in particular whether the policy varies between the Study Countries, and whether your OTA has made changes to its discounting policy since the start of 2017.

[open-ended]

Preferred partner programmes

61. Does your OTA operate a program which grants certain EU accommodation providers special or privileged status (such as "**privileged partner**", "**preferred partner**", "**flexible rate**" programmes)?

- Yes
- No

62. [If Q61 'Yes'] Please specify **for each programme** the general terms and conditions (including the name of the program, date of creation, the benefits and obligations for EU accommodation providers and for your OTA).

[open-ended]

63. Please provide data **for each programme** on the number of participating EU accommodations and the commission generated by the participating accommodations:

Year	Number of EU accommodations participating in your OTA's privileged/preferred program(s)	Number of participating EU accommodations /total EU accommodations listed on your OTA (%)	Commission generated by participating EU accommodations/commission generated by all EU accommodations listed on your OTA (%)
2017			
2018			
2019			
2020			
Q1 2021			

64. Please indicate whether the shares indicated in columns (2) and (3) of the above table vary significantly between EU countries, in particular between the Study Countries. If yes, please provide details and the reasons for such differences (if any).

[open-ended]

65. Please describe any changes made to your OTA's preferred/special partner program(s) since the start 2017 and, if applicable, give reasons for the changes.

[open-ended]

Use of metasearch engines

66. Does your OTA advertise its offers for EU accommodations using metasearch engines?

- Yes
- No

67. [If Q66 'Yes'] Please indicate the share of your OTA's total bookings of EU accommodations that were generated by metasearch engines in the following periods:

Period	Share of total EU accommodation bookings generated by metasearch (%)
2017	
2018	
2019	
2020	
Q1 2021	

68. [If Q66 'Yes'] Please indicate which metasearch engines your OTA uses to advertise its offers of EU accommodations and the payment method for each metasearch (e.g. pay-per-click, pay-per-acquisition, pay-per-impression, other method (please specify))

Metasearch engine	Payment method
TripAdvisor	
Trivago	
Kayak	
Skyscanner	
Holidaycheck	
Jetcost	
Hotelscan	
Opodo	
Hotelscombined	
Momondo	
Travelzoo	
WeGo	

Others (please specify)

Please rank the five metasearch engines which generated the highest number of bookings of EU accommodations for your OTA in 2019.

Name of metasearch engine
1.
2.
3.
4.
5.

69. Please indicate what share (%) of your OTA's total revenue from EU accommodations was spent on metasearch advertising relating to EU accommodations in **2019**.

[open-ended]

70. How did this share evolve in the period 2017-2019 inclusive? Has the trend changed in the period 2020-2021?

[open-ended]

Search engine advertising

71. Please indicate what share (%) of your OTA's total revenue from EU accommodations was spent on search engine advertising relating to EU accommodations and destinations in **2019**.

[open-ended]

72. How did this share evolve in the period 2017-2019 inclusive? Has the trend changed in the period 2020-2021?

[open-ended]

Advertising on social media

73. Does your OTA advertise using social media?

- Yes
- No

74. [If Q73 'Yes'] Which social media does your OTA use?

Name
Facebook
Instagram
Twitter
[please specify]
[please specify]

75. [If Q73 'Yes'] Is it possible to book EU accommodations on your OTA via social media?

- Yes
- No

76. [If Q75 'Yes'] Please indicate the share of your OTA's total bookings of EU accommodations that was generated by social media:

Year	Share of total bookings generated by social media (%)
2017	
2018	
2019	
2020	
Q1 2021	

77. [If Q73 'Yes'] What share (%) of your OTA's total revenue from EU accommodations was spent on social media advertising relating to EU accommodations and destinations in **2019**?

[open-ended]

78. [If Q73 'Yes'] How did this share evolve in the period 2017-2019 inclusive? Has the trend changed in the period 2020-2021?

[open-ended]

79. Does your OTA vary its use of **metasearch engines, search engine advertising and social media advertising** depending on which EU country it is targeting? (location of customers) If yes, please indicate how your OTA varies its online advertising strategy to target consumers in different EU countries, in particular the Study Countries.

[open-ended]

Bookings made through apps

80. Does your OTA operate mobile apps that enable customers to make bookings?

- Yes
- No

81. [If Q80 'Yes'] Please indicate what share of your OTA's total bookings of EU accommodations was made on the mobile apps :

Year	Share of total bookings made on apps (%)
2017	
2018	
2019	
2020	
Q1 2021	

Marketing costs and investments

82. Please estimate your main costs and your main investments related to the sales on your website(s)

[open-ended]

83. Please indicate the types of costs and investments you have included and the relative weight of these costs and investments in the costs you estimated in Q82.

[open-ended]

84. Please indicate whether these costs and investments vary significantly depending on which EU country. If yes, please provide details and the reasons for such differences.

[open-ended]

Final questions

85. Are you aware of the introduction of any new technologies or business models for the advertising or sale of EU accommodations since the start of 2017? If yes, please give details and identify the companies in question.

[open-ended]

86. How has your OTA changed its sales and marketing practices for EU accommodations during the Covid-19 pandemic?

[open-ended]

87. How have your main commercial partners in the EU hotel sector (accommodation providers, other OTAs, metasearch engines, Google, etc.) changed their sales and marketing practices during the Covid-19 pandemic?

[open-ended]

88. Do you expect the Covid-19 pandemic to lead to permanent changes to sales and marketing practices in the hotel sector in the EU? If yes, please provide details.

[open-ended]

89. More generally, how has the Covid-19 pandemic affected your business?

[open-ended]

90. Are there any other recent or expected development relating to the distribution of EU hotels and other accommodation that you wish to draw to our attention?

[open-ended]

91. Is there any specific literature that you would recommend relating to recent or expected developments in the distribution of EU hotels and other accommodation?

[open-ended]

92. If you wish, you may provide us with other public or internal documents or data which you consider to be relevant to the market study. If so, please attach them to your reply or contact the study team to arrange secure sending.

[open-ended]

93. Please provide a copy of the standard agreement(s) used by your OTA with EU accommodation providers, including any differing versions used for different types of accommodation or different EU countries.

Thank you for your time!

In the coming days, you may be contacted by our researchers to arrange a telephone interview. This will allow us to expand on your replies to the questionnaire and allow you to share any other information or comments on distribution practices that you wish to bring to the attention of the European Commission.

Questionnaire to PCWs

Name:

Company:

Your position/responsibility in the company:

Brief description of the company's activity, travel sectors covered, countries where active, websites operated:

Worldwide turnover for 2019 and for 2020:

Introduction

Thank you for agreeing to contribute to the market study on the distribution of hotel accommodation in the EU. The study is being conducted by VVA Consortium for the European Commission. The study is intended to provide the European Commission with an objective picture of distribution practices in the hotel sector.

The study covers the period January 2017 to May 2021 and focuses on the following EU countries: Austria, Belgium, Cyprus, Poland, Spain and Sweden. The impact of the pandemic is covered at the end of the questionnaire.

Unless specifically indicated, all questions relate to accommodation in the EU only. Please exclude UK for all periods under analysis.

The information you provide will be treated as confidential and will only be shared with **the Directorate General for Competition of the European Commission**. The results of the study will be published in aggregated, anonymized form only. No published information will be attributable to your organization. Your replies will not be used in any investigation. **If you have any concerns about the treatment of your information, please do not hesitate to contact the study team at: hotelbookingstudy@vva.it**

In this questionnaire:

'Accommodation' means a hotel or other short-term lodging, including guest houses, holiday houses and apartments.

'Metasearch' means an online platform that enables consumers to compare offers for an accommodation across multiple sales channels and **'your metasearch'** includes all platforms and websites operated by the corporate group to which your company belongs.

'OTA' means an online travel agency, such as Booking.com, Expedia, HRS, lastminute.com.

'Study Countries' means Austria, Belgium, Cyprus, Poland, Spain and Sweden.

Introductory questions

1. Please describe the services that your metasearch provides to advertisers of EU accommodations and EU consumers, including whether the services are limited to price comparison services or also include booking services. As regards any booking services, please indicate which party handles consumer payments and after-sales services.

[open-ended]

2. How have the services provided by your metasearch to advertisers of EU accommodations and EU consumers evolved since the start of 2017? Please describe any significant changes made to the services in that period and the reasons for the changes.

[open-ended]

3. Please describe the payment models that your metasearch uses for advertisers of EU accommodations, including:
 - for accommodation providers;
 - for intermediaries, including OTAs

[open-ended]

4. For each payment model used by your metasearch, please describe the rules that determine when an advertiser is charged for a referral.

[open-ended]

5. For each category of advertiser (accommodation providers, OTAs, etc.), please indicate the share of total revenue attributable to each payment model for 2019 (revenue relating to EU accommodations only).

Category of advertiser	Share of total revenue: pay-per-click	Share of total revenue: pay-per-acquisition	Share of total revenue: pay-per-impression	Share of total revenue: Other method (please specify)	TOTAL
Accommodation provider					100%
OTAs					100%
Other (please specify)					100%
TOTAL					

Advertising of EU accommodation on your metasearch

6. Please provide the following information for each Study Country and for the whole EU:

Austria

Year	Number of accommodations in the country that advertise directly on your metasearch ¹⁴³	Total revenue derived from accommodations in the country (revenue from accommodation providers and from intermediaries, e.g. OTAs) In EUR	Share of revenues from intermediaries, (e.g. revenues from OTAs/total revenue derived from accommodations in the country) %	Share of revenues: Accommodation provider (e.g. revenues from accommodation providers/total revenue derived from accommodations in the country) %	Share of revenues: from other (please specify) (e.g. other/total revenue derived from accommodations in the country) %
2017					
2018					
2019					
2020					
Q1 2021					

Belgium

Year	Number of accommodations in the country that advertise directly on your metasearch ¹⁴⁴	Total revenue derived from accommodations in the country (revenue from accommodation providers and from intermediaries, e.g. OTAs) In EUR	Share of revenues from intermediaries, (e.g. revenues from OTAs/total revenue derived from accommodations in the country) %	Share of revenues: Accommodation provider (e.g. revenues from accommodation providers/total revenue derived from accommodations in the country) %	Share of revenues: from other (please specify) (e.g. other/total revenue derived from accommodations in the country) %
2017					
2018					
2019					
2020					
Q1 2021					

Cyprus

¹⁴³ For advertisers that control multiple accommodations (e.g. hotel chains), please count separately each accommodation located in the relevant country.

¹⁴⁴ For advertisers that control multiple accommodations (e.g. hotel chains), please count separately each accommodation located in the relevant country.

Year	Number of accommodations in the country that advertise directly on your metasearch ¹⁴⁵	Total revenue derived from accommodations in the country (revenue from accommodation providers and from intermediaries, e.g. OTAs) In EUR	Share of revenues from intermediaries, (e.g. revenues from OTAs/total revenue derived from accommodations in the country) %	Share of revenues: Accommodation provider (e.g. revenues from accommodation providers/total revenue derived from accommodations in the country) %	Share of revenues: from other (please specify) (e.g. other/total revenue derived from accommodations in the country) %
2017					
2018					
2019					
2020					
Q1 2021					

Poland

Year	Number of accommodations in the country that advertise directly on your metasearch ¹⁴⁶	Total revenue derived from accommodations in the country (revenue from accommodation providers and from intermediaries, e.g. OTAs) In EUR	Share of revenues from intermediaries, (e.g. revenues from OTAs/total revenue derived from accommodations in the country) %	Share of revenues: Accommodation provider (e.g. revenues from accommodation providers/total revenue derived from accommodations in the country) %	Share of revenues: from other (please specify) (e.g. other/total revenue derived from accommodations in the country) %
2017					
2018					
2019					
2020					
Q1 2021					

Spain

Year	Number of accommodations in the country that advertise directly on your metasearch ¹⁴⁷	Total revenue derived from accommodations in the country (revenue from accommodation providers and from	Share of revenues from intermediaries, (e.g. revenues from OTAs/total revenue derived from	Share of revenues: Accommodation provider (e.g. revenues from accommodation providers/total	Share of revenues: from other (please specify) (e.g. other/total revenue derived from
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¹⁴⁵ For advertisers that control multiple accommodations (e.g. hotel chains), please count separately each accommodation located in the relevant country.

¹⁴⁶ For advertisers that control multiple accommodations (e.g. hotel chains), please count separately each accommodation located in the relevant country.

¹⁴⁷ For advertisers that control multiple accommodations (e.g. hotel chains), please count separately each accommodation located in the relevant country.

	intermediaries, e.g. OTAs) In EUR	accommodations in the country) %	revenue derived from accommodations in the country) %	accommodations in the country) %
2017				
2018				
2019				
2020				
Q1 2021				

Sweden

Year	Number of accommodations in the country that advertise directly on your metasearch ¹⁴⁸	Total revenue derived from accommodations in the country (revenue from accommodation providers and from intermediaries, e.g. OTAs) In EUR	Share of revenues from intermediaries, (e.g. revenues from OTAs/total revenue derived from accommodations in the country) %	Share of revenues: Accommodation provider (e.g. revenues from accommodation providers/total revenue derived from accommodations in the country) %	Share of revenues: from other (please specify) (e.g. other/total revenue derived from accommodations in the country) %
2017					
2018					
2019					
2020					
Q1 2021					

Whole EU

Year	Number of accommodations in the country that advertise directly on your metasearch ¹⁴⁹	Total revenue derived from accommodations in the country (revenue from accommodation providers and from intermediaries, e.g. OTAs) In EUR	Share of revenues from intermediaries, (e.g. revenues from OTAs/total revenue derived from accommodations in the country) %	Share of revenues: Accommodation provider (e.g. revenues from accommodation providers/total revenue derived from accommodations in the country) %	Share of revenues: from other (please specify) (e.g. other/total revenue derived from accommodations in the country) %
2017					
2018					
2019					
2020					

¹⁴⁸ For advertisers that control multiple accommodations (e.g. hotel chains), please count separately each accommodation located in the relevant country.

¹⁴⁹ For advertisers that control multiple accommodations (e.g. hotel chains), please count separately each accommodation located in the relevant country.

Q1 2021					
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7. Taking into account all the payment models that your metasearch uses with accommodation providers that advertise directly on your metasearch, please estimate the average cost per acquisition incurred by **accommodation providers** in the Study Countries for bookings generated by your metasearch.

Year	Austria	Belgium	Cyprus	Poland	Spain	Sweden
2017						
2018						
2019						
2020						
Q1 2021						

Ranking criteria

8. Please describe your ranking criteria. Is price the only criterion used? Which other factors are taken into account?

[open-ended]

9. Please describe how you communicate your ranking policy (i.e. how ranking is affected by the factors above) to Partner Hotels.

[open-ended]

Price differentiation between sales channels by EU accommodations

10. As regards EU accommodations, have you observed any change in the degree of price differentiation between sales channels since the start of 2017:

- No change
- Decreased price differentiation between sales channels
- Increased price differentiation between sales channels

If available, please provide evidence to support your reply

[open-ended]

Final questions

11. Are you aware of the introduction of any new technologies or business models for the advertising or sale of hotel accommodation in the EU since the start of 2017? If yes, please give details and identify the companies in question.

[open-ended]

12. How has your company changed its sales and marketing practices for EU accommodations during the Covid-19 pandemic?

[open-ended]

13. How have your company's main commercial partners in the EU hotel sector (OTAs, hotels, Google etc.) changed their sales and marketing practices during the Covid-19 pandemic?

[open-ended]

14. Do you expect the Covid-19 pandemic to lead to permanent changes to sales and marketing practices in the EU hotel sector? If yes, please provide details.

[open-ended]

15. More generally, how has the Covid-19 pandemic affected your business?

[open-ended]

16. Are there any other recent or expected developments relating to the sale or marketing of hotel accommodation in the EU that you wish to bring to our attention?

[open-ended]

17. Is there any specific literature that you would recommend relating to recent or expected developments in the distribution of hotel accommodation?

[open-ended]

18. If you wish, you may provide us with other public or internal documents or data which you consider to be relevant to the market study. If so, please attach them to your reply or contact the study team to arrange secure sending.

[open-ended]

19. Please provide a copy of the standard agreement(s) used by your metasearch with EU accommodation providers and OTAs, including any differing versions used for different types of provider or intermediary or for different EU countries.

[open-ended]

Thank you for your time!

In the coming days, you may be contacted by our researchers to arrange a telephone interview. This will allow us to expand on your replies to the questionnaire and allow you to share any other information or comments on hotel distribution practices that you wish to bring to the attention of the European Commission.

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