

Questions & Answers

These questions and answers are published on the website only for information purposes. Only the decision is binding.

1. Why has the Swedish Competition Authority investigated Booking.com's practices?

In its agreements with hotels, Booking.com applies terms on price parity. These terms essentially require the hotels to offer the same or better price for a room via Booking.com as the hotels offers via other channels. Thus, a hotel may not offer a lower price in its own sales channel or with a competing online travel agent than via Booking.com.

Price parity clauses in Booking.com's agreements, according to which Booking.com shall be offered the same or better room prices as offered to its competitors, could infringe the prohibition against restrictive agreements set out in Chapter 2, Section 1 of the Swedish Competition Act (2008:579) and Article 101 of the Treaty of the Functioning of the European Union.

2. What is the purpose of Booking.com's commitments?

When an undertaking is under investigation by the Swedish Competition Authority, the undertaking may offer commitments in order to solve the competition concerns identified by the authority. If the commitments meet the concerns, the Swedish Competition Authority may by decision make those commitments binding on the undertaking. In this case, Booking.com has offered commitments to the Swedish Competition Authority. After having analyzed the commitments, the Swedish Competition Authority has found that they resolve the identified competition concerns, i.e. they restore competition on the Online Travel Agents ("OTAs") market. The Swedish Competition Authority has therefore decided to accept the commitments.

3. What difference will the commitments make for consumers?

The commitments will restore the competition between OTAs that, according to the Swedish Competition Authority's preliminary view, was eliminated by the price parity clause contained in Booking.com's contracts with hotels. The restoration of competition will put pressure on OTA commission rates and the quality of service of OTAs, which should ultimately lead to lower room prices and better services for consumers. The commitments should also make it easier for new OTAs to enter the market, and for innovative OTAs to expand.

4. On what sales channels can hotels now offer lower room prices than they offer on Booking.com?

Booking.com cannot prevent hotels from offering lower room prices on competing OTAs. Nor can Booking.com prevent hotels from offering lower room prices on any online channel (e.g. to members of the hotel's loyalty scheme) or on any offline channel (e.g. telephone bookings and walk-in) as long as these prices are not marketed or made available to the general public online.

Thus, the commitments do not prevent Booking.com from requiring that hotels cannot make lower room prices available to the general public online.

5. Why is Booking.com still allowed to require price parity with hotels' websites?

It is important to point out that hotels and Booking.com are free to negotiate terms except of course those prohibited by the commitments. The commitments in no way require Booking.com to apply price parity towards hotels' websites.

In its investigation, the Swedish Competition Authority has not identified a competition problem associated with price parity covering prices that are published on hotels' websites to the general public. Furthermore, in its preliminary assessment the Swedish Competition Authority considers that price parity may be important in preventing free-riding on Booking.com's investments and thus ensuring the continued offering of user-friendly search and comparison services free of charge.

6. Can hotels continue to offer lower room prices to corporate, group and loyalty customers?

Booking.com cannot prevent hotels from offering lower prices to these groups, as long as these prices are not marketed or made available to the general public online.

7. If a hotel gives lower room prices to other OTAs, will this affect the hotel's ranking on Booking.com?

Booking.com has committed not to use adherence to price parity with respect to its competitors as a direct factor in its ranking algorithm.

8. How do hotels know when they can or cannot offer lower rates than on Booking.com?

It is for Booking.com and hotels to negotiate terms, but it is the obligation of Booking.com to ensure that its agreements with hotels do not violate the terms of its commitments. The commitment decision is subject to penalty of fine. If Booking.com violates its commitments, the Swedish Competition Authority can request the court to decide on the payment of fine.

9. What requirements in addition to price parity has Booking.com committed to abstain from?

Booking.com has also committed, in summary, to abstain from requesting in its agreements with hotels terms and conditions to consumers that are the same or more favourable than (i) those offered on any other OTAs, (ii) those offered on offline channels, provided that those are not published or marketed online and (iii) those that are unpublished provided that these are not marketed online.

Furthermore, Booking.com has committed to abstain from requesting hotels to offer the same or a greater number of rooms, of any type as those offered on any OTA, or as is reserved for the hotel itself.

This will provide hotels with additional room for manoeuvre in favouring those OTAs that offer them competitive terms, in particular lower commission rates, thus contributing to restoring competition between OTAs, to the benefit of consumers.

10. Why is only Booking.com giving commitments and not the other OTAs? What will happen to the parity clauses of the other OTAs?

The Swedish Competition Authority has investigated the two main OTAs in Sweden, Booking.com and Expedia. Following this commitments decision, the case against Booking.com will be closed. The investigation concerning Expedia's parity clause is continuing.