



15 November 2016

ONLINE TRAVEL AGENCY DUOPOLY MUST BE BROKEN

The accommodation industry is calling on Australia's competition regulator to re-examine the issue of concentration in the online travel agency market.

The Accommodation Association of Australia has formally requested this action in a letter to the Chairman of the Australian Competition and Consumer Commission (ACCC), Mr Rod Sims, and follows an ACCC investigation into this market, which ended with it negotiating an 'administrative arrangement' with offshore online giants Expedia and Booking.com, who control 80 per cent of the Australian market.

"The Accommodation Association has major concerns with this decision and to say members of the Association are angry with the outcome of the investigation is an understatement," the letter stated.

"The ACCC is seemingly unaware that the overwhelming majority of accommodation bookings in Australia in 2016 are made via the internet and that very few bookings are made directly with accommodation businesses and/or through 'walk-ups'.

"The ACCC ruling will be detrimental for competition in Australia's online travel agency market, which is currently a virtual duopoly."

The correspondence highlighted the ACCC's inconsistent approach, as well as how, in October 2014, the ACCC announced it would not oppose Expedia's acquisition of Wotif, yet in July 2015, Booking.com lifted the commission rate paid by operators of accommodation businesses from 12 per cent to 15 per cent.

"Currently, Expedia and The Priceline Group (which owns Booking.com) control about 80 per cent of the online travel agency market in Australia," the letter stated.

"Given two online travel agencies control 80 per cent of the Australian market, why do two giant overseas-based online travel agencies which employ very few staff in Australia and pay very little, if any, taxes in Australia need protecting ahead of small businesses in regional and rural Australia, as many of our members are?"

"The ACCC has pursued action in the High Court against Flight Centre for pressuring airlines to offer it their lowest fares. The current situation in the accommodation industry is strikingly similar, yet the ACCC is taking a vastly different approach."

- ENDS -

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