

DIGITAL MARKETS ACT TO REGULATE GIANT ONLINE TRAVEL PROVIDERS



The Spanish competition authority (CNMC) has accused Booking, an American online travel giant, of unfair competition for abusing its leading position in the market and imposing the best rates on its platform, following complaints from Spanish hoteliers' associations and travel providers. The company could face a fine of €486 million.

This announcement comes just before the Digital Markets Act (DMA) takes effect on March 6. The DMA aims to fight against the anti-competitive practices of internet giants and address the imbalances created by their dominance in the European digital market. **As of March 6, these companies will no longer be able to exercise self-preference by favoring their own services.**

The European Commission is targeting 17 of the largest online platforms in the world. These platforms include Alibaba AliExpress, Amazon Store, Apple AppStore, Facebook, Google Play, Google Maps, Google Shopping, Instagram, LinkedIn, Pinterest, Snapchat, TikTok, X (formerly Twitter), Wikipedia, YouTube, Zalando, Bing, and Google Search. However, Booking and other online travel providers have not been classified as 'gatekeepers'. The European Commission defines gatekeepers as digital services with "a significant impact on the European internal market and a strong and sustainable position in their operations."

The DMA aims to promote innovation, growth, and competitiveness in the travel industry. It aims to achieve this by enabling independent hoteliers and other travel providers to transfer their listings and customer information between platforms more easily. The DMA also seeks to give them greater control over their pricing policies and provide more transparency regarding the use of their data. This is in response to the overwhelming dominance of Booking, Expedia Group, and HRS Group, which hold 92% of the market, according to the Association of European Hoteliers and Restaurateurs (Hotrec).

While the DMA appears beneficial for everyone, experts believe it will have the opposite effect of strengthening the position of Booking and other OTA platforms. As a result, Google may prioritize booking platforms over independent hotels in its search engine rankings. This is not what was intended, as it would favor the very companies (Booking, Expedia, Trivago, Tripadvisor) that the DMA is trying to regulate.

However, suppose Booking is guilty of unfair competition by the Spanish Competition Council. In that case, it must comply with Spanish and European regulations related to transparency and competition. **The same rules will apply to all platforms targeted by the new European regulation.** Failure to comply may result in a fine of up to 10% of the annual worldwide turnover, and repeat offenses may result in a fine of up to 20%. While these fines may seem insignificant to these online travel giants, who have a turnover of several billion dollars, they are a step towards creating a more level playing field in the industry.

Date: 2024-03-04

Article link: <https://www.tourism-review.com/new-act-to-regulate-online-travel-providers-news14225>