



ACCC Should Broaden Its Approach on Pricing Parity

It appears that Australia's competition regulator is applying different standards to different industries, according to the Accommodation Association of Australia.

After Flight Centre sought to have each airline agree not to offer air fares on the airlines' own websites that were less than those offered by Flight Centre and the ACCC fought this in the High Court, this "pricing parity" practice is being allowed to continue across hundreds – if not thousands – of accommodation businesses in cities and towns across Australia.

Specifically, the two dominant online travel agency global behemoths – Expedia (which operates the Expedia, Wotif, Hotels.com and Trivago brands) and the Priceline Group (which operates the Booking.com brand) – which command almost 85 per cent of online accommodation bookings in Australia, have a pricing-parity requirement in their contracts with Australian hotels, motels, apartments and other accommodation businesses.

"The accommodation industry continues to scratch its collective head about the actions of the ACCC," said the Chief Executive Officer of the Accommodation Association of Australia, Richard Munro.

"It has expended a huge amount of public time and resources in pursuing Flight Centre over 'parity pricing' all the way to the highest court in the land and yet 'parity pricing' requirements by two giant offshore online travel agencies have been allowed to run rampant for several years, creating havoc in the accommodation industry and costing local jobs.

"What's more, in one of his most recent statements on this issue, the ACCC's Chairman said the existing regime for the accommodation industry allows consumers to shop around to get the best deal (in a media release dated 2 September 2016).

"How can Australian consumers get the best deal when the likes of Expedia, Wotif, Hotels.com and Booking.com are preventing operators of accommodation businesses from advertising lower room-rates on their own websites than those displayed for the same room on Expedia, Wotif, Hotels.com and Booking.com?

"And for any accommodation operator who doesn't comply with this, they are threatened with being 'darkened' on the websites of these online giants or if operators choose to sever ties with these online giants, many operators find the online giants have used their deep pockets and internet expertise to buy out the names of their accommodation business on major search engines.

"What makes these dubious practices even harder to comprehend is they are being undertaken by companies who keep jacking up commissions paid by accommodation operators, employ very few Australians and pay very little, if any tax in Australia.

"This is in stark contrast to, for example, a 'mum-and-dad' motel in regional Australia which supports its local community by employing local people, pays taxes/council rates to federal/state/local governments and enthusiastically welcomes visitors from around Australia and all over the world.

"It's high time that the ACCC took action to pursue a ban on parity pricing in Australia's accommodation industry."

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