

Competition watchdog re-examines contracts tying motels to online booking sites

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The Australian Competition and Consumer Commission (ACCC) is again investigating if contract conditions imposed by online accommodation booking agencies are legal.

ACCC chairman Rod Sims said recent changes to competition law may affect a stipulation preventing local hotels and motels advertising a cheaper price on their own websites, compared to those offered on sites operated by industry giants such as Expedia and Booking.com.

"We're looking again at whether we've got the ability to force more change," Mr Sims said.

"We're looking at that extremely closely because we think there's a chance that the arrangements they're continuing to use might be illegal in further ways.

"So we're looking to see whether we can use the law to allow hotels and motels to put a different price on their own website."

Mr Sims said it was the second time the ACCC had looked at the issue.

"We looked at these contracts and we were threatening to take these online travel agents to court unless they made a change," he said.

"The change we forced them to make was that hotels and motels could offer different prices to people who phoned them directly or walked through the door."

Billionaires 'taking vast amounts of money'

Australian entrepreneur Dick Smith recently raised concerns about money being skimmed from small motel and resort owners when they accepted bookings made through third parties.

"I rang various motels around Australia, and what I found out was just staggering," Mr Smith said.

"These sites, it looks as if there is lots of competition but they're owned by two incredibly rich billionaires from the northern hemisphere, and they're taking vast amounts of money out of Australian country towns.

"We're being conned, conned, conned."

Bruce Cadwallader, who operates a small motel in Ballina on the New South Wales north coast, told the ABC there was little option but to sign up with the online agents.

"I'm sure 80 per cent of our bookings come from these third-party websites," he said.

Mr Cadwallader said things had changed rapidly since 2010 when he had his own website and advertised in the Yellow Pages.

He said his initial third-party booking fee was 10 per cent, but the emergence of other operators saw that figure escalate.

"They sent us this 14-page contract and said you've got to sign this," Mr Cadwallader said.

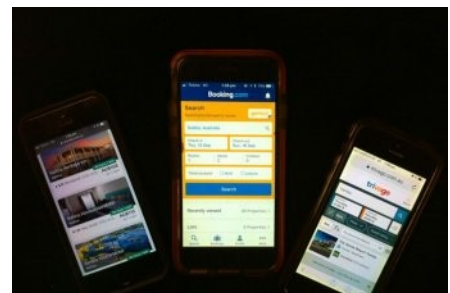


PHOTO: Just a click away. More and more people are booking their holiday accommodation online. (ABC North Coast: Catherine Marciniak)

"I just ignored it for some time until it got to the point where they were going to cut us off.

"In that contract, it said they were going to take 15 per cent, and then they has this other part about special deals — where they might sell a fly-stay package — then they take 25 per cent."

Sharon Cadwallader, also a Ballina Shire councillor, said the cut taken by some websites was even greater.

"In some instances, it can be over 30 per cent depending on how many times a person clicks through a website" Ms Cadwallader said.

"It's just absolutely outrageous.

"By the time you pay for your room and linen, your local rates, your electricity, internet, there's very little coming back."



PHOTO: Ballina motel operators Bruce and Sharon Cadwallader are outraged by online travel websites. (ABC North Coast: Bruce MacKenzie)

Minister warns online travel agencies

The Minister for Trade, Tourism and Investment, Simon Birmingham, was approached for comment.

"Online travel agencies continue to grow in popularity given many customers now prefer to research, book and manage their travel online," he said in a statement.

"Some now have extensive market power, which they should be careful not to abuse.

"I encourage customers to also contact accommodation providers directly, or use the services of a traditional travel agent, if they think they can get a better deal."

Expedia, which operates more than 200 travel booking sites in 75 countries said they had spent billions in technology and marketing last year "to the benefit of our hotel partners".

"Any hotel which signs up Expedia Group benefits from our marketing and technology investments at no upfront costs," they said in a statement.

"We only get compensation when a booking is made on the platform.

"It is also important to remember that hoteliers set their own rates which are displayed on our marketplace."

Topics: travel-and-tourism, rural-tourism, government-and-politics, information-and-communication, internet-culture, lifestyle-and-leisure, ballina-2478, lismore-2480