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## **THE COMMITMENTS IN PRACTICE – What it means for UK Hotels**

### **Q. Will Booking.com and Expedia be able offer discounts on my rooms?**

A. Yes, if you are a hotel in the UK, and you are already dealing with Expedia and/or Booking.com, you should expect them to get in touch with you over the next three months to get your agreement to allow them to offer discounts off your room-only rates. The online travel agents ('OTAs') should be given at least the freedom to provide discounts to members of their closed groups (for example, OTA membership schemes), where those members have made a prior full-price booking with the OTA.

### **Q. What is a closed group?**

A. A closed group is a group:

- which consumers must actively opt into to become a member
- for which members must have completed a customer profile, and
- where any online or mobile interface used by members is password protected.

### **Q. Will other OTAs be able to offer discounts on my rooms?**

A. We expect the commitments to promote competition across the hotel online booking sector. As a result, it is likely that non-IHG hotels in the UK and OTAs other than Booking.com and Expedia will also want to introduce discounting schemes for closed group members who have made a prior full-price booking with them.

### **Q. They are my hotel rooms - can I control the full (non-discounted) room-only or headline rate to be advertised?**

A. The commitments do not affect how you currently set this rate. The key change is that OTAs should be given the freedom to give discounts to members of closed groups who have made a prior full price booking with

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them. They should also be free to publicise discounts to members of closed groups. These discounts by OTAs should be funded out of their hotel commission.

**Q. I already have arrangements with my OTAs which allow them to offer discounted accommodation. Does this mean that we now have to switch to discounting in accordance with the commitments principles?**

A. No. The commitments principles set out the minimum level of discounting freedom. They do not affect other forms of discounting, for example, if an OTA can freely mark up your rates, or you provide them with special rates, such as package or opaque rates.

**Q. Can I offer discounts on my own hotel rooms?**

A. Yes, under the commitments principles OTAs should at least give hotels the freedom to discount freely to members of closed group scheme/s set up by you, who have made a single prior booking at full price. There should be no limit to the amount of discount a hotel can offer. As a hotel, you should take advice to ensure that any rate parity provisions in place between you and your OTA(s) do not apply to discounts to such closed group members.

Under rate parity provisions, a hotel agrees to provide an OTA with access to a room reservation (for the OTA to offer to consumers) at a booking rate which is no higher than the lowest booking rate displayed by any other online distributor.

**Q. Can I only offer closed group discounts? What about my existing loyalty scheme, for example?**

A. Under the commitments principles you are not limited to discounts to members of a closed group who have made a prior full price booking and the possibility to discount in other ways will remain open. However, you should ensure that there are no rate parity provisions in the arrangements between you and your OTAs which impact on discounting to closed group members who have made a prior full price booking.

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**Q. Rate parity - if I or one of my OTA partners offer a closed group discount can another of my OTA partners benefiting from a rate parity clause demand that they receive from me a matching discounted rate for publication?**

A. No. This is provided the discounts are not published outside the closed group.

Under the commitments principles you should be offered the freedom/ability to discount freely to closed group members, who have made a single prior booking at full price. There should be no limit to the amount of discount a hotel can offer. As a hotel, you should take advice to ensure that any rate parity provisions in place between you and your OTA(s) do not apply to such closed group member discounts.

**Q. Can I prevent my OTA partners publishing their discounts outside their closed groups?**

A. Yes. The commitments principles do not prevent you from having such a provision in your arrangements with them.

**Q. What happens if, although restrictions on publication had been imposed, a discounted rate that I or one of my OTA partners is offering to closed group members is published to non-members – under rate parity, can another OTA insist that I provide them with a matching discounted rate for publication?**

A. The commitments do not prevent this in principle. But, if we become aware that rate parity obligations are being enforced against hotels in a way that makes it very difficult for hotels or their OTA partners to give discounts to members of closed groups who have made a prior full price booking, we will consider our options carefully.

**Q. What about hotels located outside the UK?**

A. The commitments relate to UK hotels only.

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**Q. Which consumers are eligible for membership and discounts under the commitments principles?**

A. European Economic Area (EEA) residents. OTAs and hotels can go further in their commercial arrangements and allow for discounts to be offered to other consumers.