

This guidance is intended to assist online travel agents understand the commitments. However, it is not a substitute for reading the commitments themselves and the accompanying commitments decision nor for taking independent legal advice on the application of the commitments in specific cases.

THE COMMITMENTS IN PRACTICE – What it means for online travel agents ('OTAs')

Q. What type of discounting can OTAs provide under the commitments?

A. The commitments set out a minimum type of discounting freedom for OTAs in relation to room-only (that is non-package) rates, under which discounts can be provided to members of OTA closed groups (for example, OTA membership schemes), where those members have made a prior full-price booking with the OTA. These discounts by OTAs should be funded out of their hotel commission.

Q. I was not a party to the OFT's investigation – how do the commitments affect me?

A. The commitments have been offered by Booking.com, Expedia and IHG in relation to their dealings with each other and their other hotel and OTA partners. However, we expect the commitments to promote competition across the hotel online booking sector. As a result, we think that, in relation to room-only accommodation, it is likely that non-IHG hotels in the UK and OTAs other than Booking.com and Expedia will want to introduce, as a minimum, discounting schemes for closed group members who have made a prior full-price booking with them.

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.

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Q. My hotel partners do not currently provide me with room-only rates for me to advertise. Do I have to request such rates from my hotel partners?

A. No, you do not have to do so. But if you do request such rates, under the commitments principles you should also ensure that you have the right, as a minimum, to provide discounts to members of a closed group where those members have made a prior full-price booking with you.

Q. Can hotels set the full (non-discounted) room-only or headline rate to be advertised?

A. Our commitments do not affect how hotels 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 them. They should also be free to publicise discounts to members of closed groups.

Q. I already have arrangements with my hotels which allow me to offer discounted hotel accommodation. Do the commitments mean that I now have to switch to discounting in accordance with the commitments principles?

A. No. The commitments set out the minimum level of discounting freedom. They do not affect other forms of discounting, for example, if you can freely mark up the hotel's rates, or the hotel provides you with special rates, such as package or opaque rates.

Q. Can hotels offer discounts on their hotel rooms in a similar way?

A. Yes, under the commitments principles OTAs should at least give hotels the freedom to discount freely to members of closed groups set up by hotels, 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 an OTA you should take advice to ensure that any rate parity provisions in place between you and your hotels do not apply to discounts to such closed group members.

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Under such 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 OTAs are not limited to discounts to members of a closed group who have made a prior full price booking, but the possibility to discount in other ways will remain open and will depend on the commercial arrangements between you and your hotels allowing for this.

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

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

Under the commitments principles OTAs and hotels should be offered the freedom to discount freely to closed group members, who have made a single prior booking at full price. OTAs should take advice to ensure that any price parity provisions in place between them and their hotels do not apply to such closed group member discounts

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

A. The commitments principles do not prevent this. 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

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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.

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.