

# TRAVELERS PREFER TO BOOK DIRECTLY



Since removing parity clauses, European hotels have been empowered to offer lower prices on their websites, leading to a shift in dominance from Booking Group. This change has given travelers more options, many opting to book directly. It's worth noting that almost all hotels catering to international guests still use Booking.com to establish a global online presence.

Experts compared hotel prices in Italy, Germany, and France and found significant differences.

**Those who book directly receive up to a 16 percent discount.** For example, when comparing prices in Rome, Paris, Stuttgart, and Lenzerheide, the hotel websites offered lower rates in six out of ten hotels. In four cases, the prices on Booking.com were identical to those on the hotel websites.

## High User-friendliness

The success story of Booking.com is quite remarkable. In the 2000s, many global hotel booking platforms competed closely for most online bookings. However, the Dutch-based and US-owned Booking platform emerged as the clear leader, especially among European travelers, capturing 70 to 80 percent of pure portal bookings.

The key to its success lies in its high level of user-friendliness. With a few clicks, searchers can find and book the right hotel room from anywhere using a mobile phone or laptop. The platform also provides helpful information such as transparent hotel descriptions, easy localization using a map tool, informative guest reviews, and flexible cancellation policies.

The platform's popularity has made it a go-to choice for travelers. One factor contributing to its success is that nearly every hotel striving to compete internationally can be found on the platform.

Since Booking.com has become popular among travelers, every hotel must decide whether to be listed on the platform. However, utilizing Booking.com comes at a cost, with commissions ranging from 11 to over 20 percent.

## Gagging Agreements Are Gone

Until the 2010s, hotels had to agree to parity clauses, also called "gag contracts," which prevented them from offering lower rates on their sales channels than they listed on Booking. However, many European parliaments and courts have recently banned these clauses. Adding to Booking's challenges, it recently became the first European company to be identified as an "online gatekeeper" under the EU's new Digital Marketplaces Act (DMA). This means that Booking must refrain from promoting its services over those of its competitors.

## Booking Threatens

Booking Group is angry about recent actions taken by EU regulators. At a Financial Times technology conference, Booking CEO **Glenn Fogel even went so far as to threaten to pull the 135 billion euro company out of Europe.** The EU is planning stricter measures against tech giants like Apple and Google through the Digital Marketplaces Act. Booking is concerned about this, as the act could lead to a drop in bookings if more hotels offer lower room rates on their channels. Currently, a savvy approach for hotel seekers and travelers is to search online at Booking.com, then visit the hotel's website to compare and potentially book directly.

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