

Germany bans Booking.com's 'best price' clauses

FRANKFURT: The German cartel authorities have banned the online hotel booking portal, Booking.com, from requiring hotels across the country to offer it their lowest room prices.



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The Bundeskartellamt said in a statement Wednesday that it had prohibited Booking.com from continuing to apply its 'best price' clauses in Germany. The statement said it had ordered the hotel booking portal to "completely delete the clauses from its contracts and general terms and conditions by 31 January."

Under the clauses, the hotels were obliged to always offer Booking.com their lowest room prices, maximum room capacity and most favourable booking and cancellation conditions available on all online and offline booking channels.

Restricting competition

"These so-called narrow best price clauses also restrict both competition between the existing portals and competition between the hotels themselves," said cartel office president Andreas Mundt. The clauses infringed the hotels' freedom to set prices on their own online sales channels, Mundt argued.

"There is little incentive for a hotel to reduce its prices on a hotel booking portal if at the same time it has to display higher prices for its own online sales. "

At the same time, the practice made market entry of new platform providers considerably difficult. "The 'best price' clauses barely provide an incentive for the hotels to offer their rooms on a new portal cheaper if they cannot implement these price reductions on their own websites as well. There is no apparent benefit for the consumer," said cartel office chief Mundt.

The Bundeskartellamt had banned rival portal HRS from using 'best price' clauses, and the cartel authorities are also examining similar practices by another portal, Expedia.

Source: AFP

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