

MEDIA RELEASE

ACCC EXPEDIA WOTIF APPROVAL MAY MEAN HIGHER PRICES FOR CONSUMERS

2 October 2014: The Australian Hotel and Accommodation Industry has today voiced its concern over the Australian Competition and Consumer Commission (ACCC) decision allowing the 100% acquisition of Wotif Holdings by rival Expedia.

The AHA, the Accommodation Association of Australia (AAoA) and the Tourism Accommodation Association (TAA) have all raised concerns about the impact on the on the Australia Accommodation industry around opposing Expedia's acquisition of Wotif.com Holdings Limited (Wotif).

Industry Spokesman, Bradley Woods, said "The acquisition may trigger major commission rate increases, flowing onto consumers and the Australia tourism industry. Higher commission rates are bad news for consumers.

"Currently Expedia is estimated to hold 10% of the Australian hotel portal market. With the acquisition of Wotif, Expedia will grow to 45%. Another major competitor, Priceline, is believed to have approximately 40%. With a successful acquisition the two companies may have up to 85% of the Australian market.

"This acquisition removes choice for accommodation providers between foreign and Australian operators and different commission models for selling their rooms online through third-party websites

"The growth in meta search engines, does not guarantee more competition or protection from massive commission rate increases, as OTA's are already buying meta search companies and consolidation creep is already happening.

"The movement is definitely towards consolidation and that means that OTA's may inevitably push up commission rates from the 11-12% currently towards the 18 - 25% that is more typical in the USA and Europe.

"The end effect of acquisitions and concentrations of market power into two or three companies will be that the consumer may end up bearing the cost of less competition.

"The hotel and accommodation industry is also concerned about the emergence of rate clauses into hotel and OTA contracts by which OTAs demand that hotels not be allowed to offer better rates to consumers through their own hotel owned websites or booking systems.

"We have already raised the issue with the ACCC and will now take the matter further with the Commonwealth government and ACCC as it is clearly contrary to Australia's competition and consumer law principles," Mr Woods concluded.

Media inquiries:

Adam Le Lievre, AHAWA – media@ahawa.asn.au or Tel: (08) 9321 7701 Mobile: 0408 230 430
Peter Hook, TAA – peter@tourismaccommodation.com.au or 0407 462213