

MEDIA RELEASE

“Book direct” call from TAA as OTA commission increases set to drive up hotel rates for consumers

30% increase in commission levels could threaten viability of smaller hotels

28 May 2015: Tourism Accommodation Australia (TAA) is calling on travellers to by-pass Online Travel Agencies (OTA) and book direct with hotels following the decision by online agent Hooroo to increase commission rates by 30% from 1 July 2015.

TAA had warned the ACCC that OTAs would look to raise commission levels as a result of last year’s takeover of Wotif by the global giant, Expedia. The online travel market is now dominated by Expedia and Priceline, which account for some 85% of the Australian market.

Expedia subsequently increased Wotif’s commission levels from 12% to 15%, as did Priceline’s Agoda, and Hooroo has followed the trend with an increase from 10% to 13%.

Tourism Accommodation Australia Acting CEO, Carol Giuseppi, said that ultimately consumers would end up paying higher prices as a result of the sharp commission increases, though hotels would also suffer as well.

“Unlike OTAs, our industry is highly competitive and is set for a massive increase in supply over the next few years, which will mean that some hotels will have to absorb some of the increased commission charges,” said Ms Giuseppi.

“The businesses that will suffer most are the small regional hotels, motels and B&Bs who don’t have their own booking engines. For many of them, a 3% increase in commission levels can represent an increase of up to 30% in their *total* sales costs with the potential for further increases highly likely.

“What is annoying is that we predicted at the time that the takeover of Wotif would lead to a surge in commission charges, and that’s precisely what has happened. While we had an independent Wotif, it helped maintain more moderate commission levels, but the takeover of Wotif has precipitated an opening of the commission floodgates.

“We will be making a strong case to the ACCC to scrutinise the OTAs to ensure they don’t follow the European and US trend of plus-20% commission levels, otherwise the Australian hotel and tourism industry’s growth potential will be seriously stymied and consumers will pay considerably more through lack of competition.

“We would encourage consumers to book directly with hotels to prevent significant future price increases and secure more value.”

Tourism Accommodation Australia (TAA) represents the interests of the 24 Australian Accommodation Chains and over 800 individual members in the Hotel, Serviced Apartment, Integrated Resort, Motel and Vacation Ownership sectors. Servicing owners, operators, managers, franchises and other industry stakeholders, TAA is a division of the Australian Hotels Association, a federally registered organisation of employers representing hotels since 1836.

Further information:

Carol Giuseppi,
Chief Executive (acting), TAA
Tel: +61 2 8218 1816
Mob: 0403 452 177
Email: carol@tourismaccommodation.com.au

Peter Hook
Communications Manager, TAA
Tel: +61 407 462213
Email: peter@tourismaccommodation.com.au