

## **HOTREC observations on the commitments proposed by Google Case COMP/C-3/39.740**

### **General observations**

HOTREC, the European Trade Association of Hotels, Restaurants and Cafes, is putting forward to the European Commission the following observations in the competition law case against Google and on the commitments proposed by the company. The European hospitality industry comprises of around 1,7 million enterprises, 92% of them being micro enterprises employing less than 10 people. Hotels, restaurants and cafes are providing jobs for around 9,5 million people in Europe.

Online search and online distribution is getting more and more important for the hospitality industry in Europe – and the sector is getting more and more dependent on a few major players.

Over the last few years Search Engines, Online Travel Agencies and Online Review Sites have converged and distinctions between them turn out to be rather academic than practical. Nowadays Online Travel Agencies offer hotel reviews and the majority of Review Provider Sites offer booking links vice versa. Search Engines have shown up with booking and review tools (Google hotel finder) or relevant Meta-Search Providers were bought by Online Travel Agencies (e.g. Priceline bought Kayak in November 2012/ Expedia bought Trivago in December 2012).

The number of relevant market actors is declining significantly and the market shows tendencies towards at least a narrow oligopoly. In the course of these developments the atomistically structured hospitality markets in Europe, that are still characterized by micro, small and medium sized enterprises, are facing practises in the field of natural/organic search, metasearches, digital distribution and online hotel reviews that more and more hoteliers consider to be imbalanced or unfair. An increasing number of hotels is losing control of their genuine content as a consequence of emerging pressure by search- and meta-search engines. Therefore, HOTREC developed Benchmarks of Fair practices in Online Distribution and proposed them to the relevant market players.

Hotels and restaurants are the final providers of services and it is more and more important for them to be visible in the internet (especially on Google with a general web search market share of 90%) and to control their online content and reputation. Such enterprises have to be protected of unfair practices, as they have to bear the (financial) consequences of such behaviours.

Hotels and restaurants directly sell their services online and they should not be obliged or indirectly forced to promote and sell their products through intermediaries like Google's own specialised search services or other Meta-Search Providers and Online Travel Agencies.

## 1. HOTREC observations in relation to Search results:

For the European hospitality sector it is crucial that Google ensures that the natural/organic search results are not disadvantaged or swallowed by commercial or promoted search results (Meta-Search Providers or Google's own specialised search results). The natural/organic Google search is the only place where individual hotels and restaurants have a chance to be visible without any engagements and where they can offer a direct link to their products and services without paying high commissions and fees, which often cause enormous burdens especially on small enterprises.

But today's reality shows a totally different picture: Google's search results are more and more captured by commercial interests of third parties, namely dominating OTAs. A current analysis in the German internet marketing market reveals for instance the following frightening results for Google search results:<sup>1</sup>

- Three portals (Booking.com, trivago, HRS) are placing nearly on 100% of all "hotels+city" search enquiries a Google AdWords and are always on the top positions.
- In more than half of all analysed search cases OTAs are occupying 62,5% of all possible Google AdWords.
- In nearly 60% of all hotel searches the HRS group (HRS and hotel.de) is placed among the first three positions even in the section of organic Google search results.
- Booking.com is placing AdWords on more than 50% of all analysed hotel names.
- On approximately 40% of all analyzed hotel names AdWords are placed by at least four OTAs.

For HOTREC the below commitments of Google only form a basis for a future fairer search framework:

- Label promoted links to its own specialised search services so that users can distinguish them from natural web search results,
- clearly separate these promoted links from other web search results by clear graphical features (such as a frame), and
- display links to three rival specialised search services close to its own services, in a place that is clearly visible to users.

Taking the above commitments into account, HOTREC sees the big danger, that promoted links to rival Meta-Search Providers or Google's own specialised search results were displayed more and more prominent in Google Search results and that in turn the natural/organic search results in Google will be displayed even more and more underprivileged.

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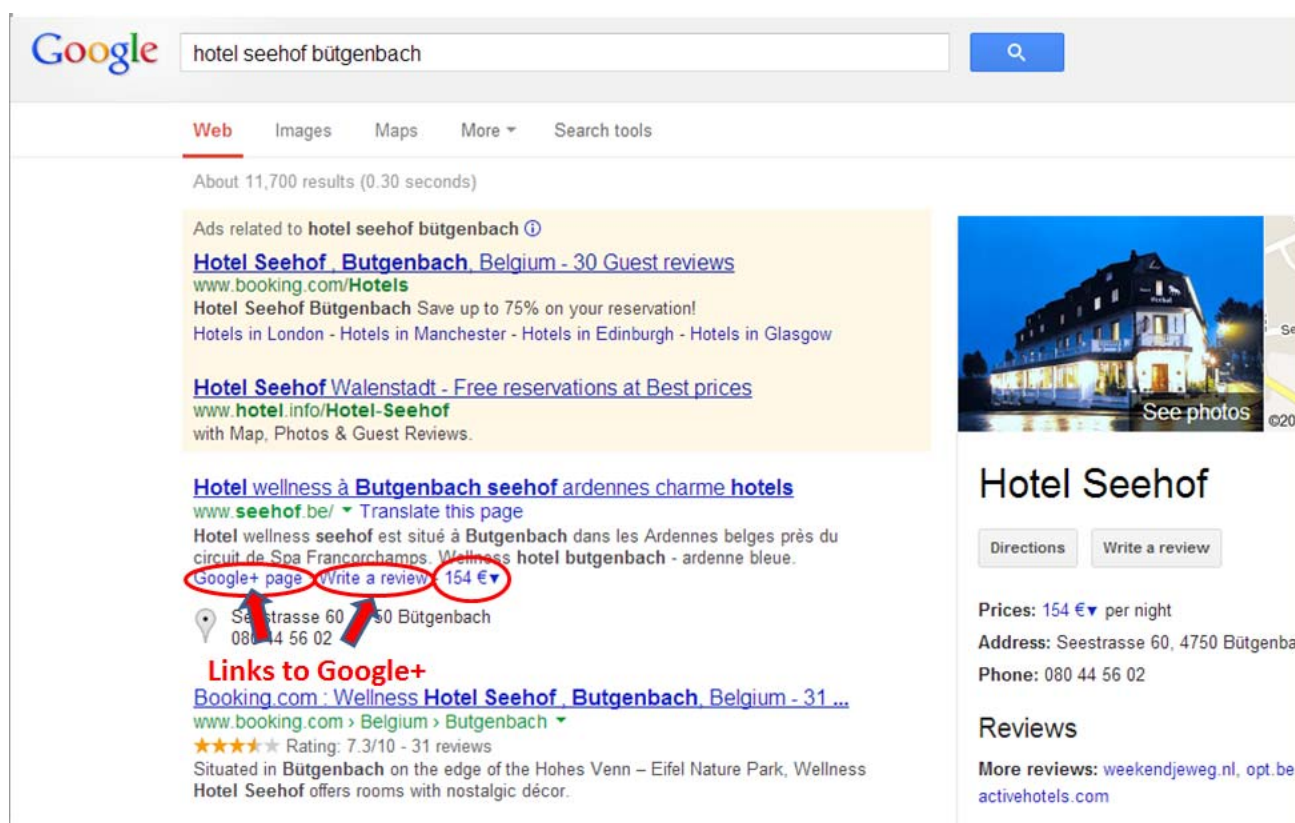
<sup>1</sup> Vgl. LibOTEL, „Übermächte Booking.com & HRS – Wie Buchungsportale den Suchmarkt beherrschen“, <http://www.libotel.de/hotel-online-marketing-studie/>

In full respect for the need to refinance, search engines should ensure that the best natural/organic fits to a hotel or restaurant request are displayed clearly visible in the top section of the search results and not disappearing in amounts of third parties' adverts and banned as an also-ran only on follow-up pages. If users are looking for a specific hotel, restaurant or a brand, the most valuable result for them is the direct link to this searched for object.

### 1.1. Insertion of Google+ tools in natural search results

Google should ensure a very clear distinction between the natural/organic search results and the commercial part (both Google's own specialised search services or other Meta-Search Provider). Insertion of any tools and widgets in the area dedicated to natural/organic search results, to divert Internet-users towards Google services or intermediaries' services should be forbidden.

In the example of hotels, restaurants and cafes, Google is diverting users from the organic hit to its own services (e.g. Google+) by placing tools/links just below the search result without specifying that the user would arrive to other Google services (e.g. links saying "3 Google reviews" or "Write a review" or displaying the price of a hotel room, leading possibly the user from the organic search result (the hotel's own website) to Online Travel Agents website). – see next screenshot



Lead by these links to Google+, the only direct booking possibility visible to the user seems to be one with an Online Travel Agent, like Booking.com or Expedia. If the user is conducting a booking via the OTA, instead of going to the hotel website and book a room with the hotel directly, the hotelier is suffering a considerable financial damage (high commission to be paid to OTAs, compared to no commission for a direct booking). – see next screenshot

Join Google+ Sign in to Google+ to see reviews from people you know. [Learn more about Google+ Local](#)

**Hotel Seehof** Seestrasse 60 4750 Bütgenbach

About Photos Write a review

Upload public photo

**Hotel Seehof**  
 Seestrasse 60 4750 Bütgenbach  
 080 44 56 02 · [seehof.be](http://seehof.be) Edit details

Hotel

**Jun 11, 2013** – **Jun 14, 2013** **250 € Book at Booking.com**

Booking links sponsored. 236 € plus taxes & fees

Directions

Report a problem

VISIT THIS PLACE

Meet here with friends

Create a Google+ event

Reviews from around the web: [tripadvisor.com](http://tripadvisor.com) - [lodging-world.com](http://lodging-world.com) - [tripadvisor.co.uk](http://tripadvisor.co.uk)

Further to the search results, when conducting a search (e.g. Hotel Seehof Bütgenbach), a picture of the hotel appears on the right hand side of the results, however without a link to the hotel, but links to Google’s own services (e.g. Google+ or booking websites). A direct link to the hotel should appear in this frame and links to Google’s specialised services should be clearly marked. – see next screenshot

Google hotel seehof bütgenbach

Web Images Maps More Search tools

About 11,700 results (0.30 seconds)

Ads related to hotel seehof bütgenbach

**Hotel Seehof, Butgenbach, Belgium - 30 Guest reviews**  
[www.booking.com/Hotels](http://www.booking.com/Hotels)  
 Hotel Seehof Bütgenbach Save up to 75% on your reservation!  
 Hotels in London - Hotels in Manchester - Hotels in Edinburgh - Hotels in Glasgow

**Hotel Seehof Walenstadt - Free reservations at Best prices**  
[www.hotel.info/Hotel-Seehof](http://www.hotel.info/Hotel-Seehof)  
 with Map, Photos & Guest Reviews.

**Hotel wellness à Butgenbach seehof ardennes charme hotels**  
[www.seehof.be/](http://www.seehof.be/) Translate this page  
 Hotel wellness seehof est situé à Butgenbach dans les Ardennes belges près du circuit de Spa Francorchamps. Wellness hotel butgenbach - ardenne bleue.  
 Google+ page · Write a review · 154 €

Seestrasse 60 4750 Bütgenbach  
 080 44 56 02

**Booking.com: Wellness Hotel Seehof, Butgenbach, Belgium - 31 ...**  
[www.booking.com](http://www.booking.com) > Belgium > Butgenbach  
 ★★★★★ Rating: 7.3/10 - 31 reviews  
 Situated in Bütgenbach on the edge of the Hohes Venn – Eifel Nature Park, Wellness Hotel Seehof offers rooms with nostalgic décor.

**Hotel Seehof**  
 Directions Write a review  
 Prices: 154 € per night  
 Address: Seestrasse 60, 4750 Bütgenbach  
 Phone: 080 44 56 02  
 Reviews  
 More reviews: [weekendjeweg.nl](http://weekendjeweg.nl), [opt.be](http://opt.be), [activehotels.com](http://activehotels.com)

**No link to hotel website**

**Link to GoogleMaps**

**Link to Google+**

**Link to Online Travel Agents**

**More links to OTAs**

## 1.2. No direct prices from hotels in natural search results, but from Online Travel Agents

Prices for hotels are usually only shown by Google of booking sites, which might give the impression that reservation might not be possible on the hotel's website. – see next screenshot. Google shall also display the prices offered by the property's website (which is not possible for the moment) or not to display prices at all. Equal treatment should be guaranteed in this highly sensitive area of displaying prices. Moreover, the price and the link to the property's own website should appear on the top of the price listings and not on the bottom following often 5-6 prices of different booking websites.

The screenshot shows a Google search for "hotel seehof bütgenbach". The search results include several ads and organic listings. A prominent ad from Booking.com shows a price of 154 € per night. Below it, the hotel's own website is listed with a price of 145 € plus taxes and fees. A red circle highlights the price on the hotel's website, and a red arrow points to it from the text "No price displayed" written in red. Another red circle highlights the price on the Booking.com ad. The search results also show a map of the hotel and a photo of the building.

## 1.3. Brand bidding and Keyword Advertising

Organic searches should always deliver the most qualitative results to the user. In the views of HOTREC, brand bidding search results even under the advertisements are not matching this requirement.

The European Court of Justice's ruling (C-236/08 and C-238/08) on Google AdWords in March 2010 opened Pandora's box for brand bidding, which turned to be an extremely widespread behaviour since then by Online Travel Agents advertising hotel names and brands. This diverts online traffic from the hotel website to those of intermediate parties to the detriment of hotels and consumers as well, as they were already looking for a specific hotel and not for a competitive set.

Online Travel Agents (ab)use their dominant market position to require in their terms & conditions from the hotel the right to use the hotel name or brand to advertise the OTA's offer in whatever way they find appropriate. It also happens, that such brand names are used without any permission from the brands. The example below shows a hotel, which does not have a contract with the OTAs below, but these are nonetheless using this brand name to divert traffic to their site and make

customers book in other hotels, thus causing clear financial damage to the originally searched for hotel. – see next screenshot

Google **au pacific hotel paris** [Search]

Web Images Maps More Search tools

About 1,240,000 results (0.26 seconds)

Ads related to **au pacific hotel paris**

**Au Pacific Hotel Paris - Best Rates In Paris**  
[www.budgetplaces.com/aupacifichotel](http://www.budgetplaces.com/aupacifichotel)  
Book Now And Save Money!  
Great site & good service - Reviews from real guests - Secure payment - Hotels

**Au Pacific Hotel Paris - Book With The Paris Specialists**  
[www.paris35.com/](http://www.paris35.com/)  
See Best Price For Your Trip.  
The Paris specialists - Payment Process Security - Best value

**Hotel Pacific Paris, France - 102 Guest reviews**  
[www.booking.com/](http://www.booking.com/)  
Hotel Au Pacific Paris No reservation costs. Great rates.  
Booking.com has 1.081.119 followers on Google+

**Au Pacific Hotel - SITE OFFICIEL - OFFICIAL SITE – Hotel in Paris ...**  
[www.pacific-hotel-paris.com/](http://www.pacific-hotel-paris.com/) Translate this page  
Au Pacific Hotel is a charming hotel in France, near Eiffel Tower the Champ de Mars and Invalides.  
7 Google reviews · Write a review - 87 €

11 Rue Fondary 75015 Paris, France  
+33 1 45 75 20 49  
Les Chambres - Pacific Hotel - Situation

**Hotel Au Pacific not bookable on these sites, as no contract with them**

**Hotel Au Pacific Paris**  
[www.ebookers.be/Hotel-Au-Pacific](http://www.ebookers.be/Hotel-Au-Pacific)  
Verblijven in Au Pacific?  
Boek nu met 10% Korting!

**Paris Hotels - save 70%**  
[www.venere.com/Paris-Hotels](http://www.venere.com/Paris-Hotels)  
4\* Paris Hotels from €110 / night

Although there is already a procedure implemented by Google to alert such sites on the use of a protected brand without their consent, however this procedure appears to be very lengthy and often there is no explanation on the decision made (legal uncertainty). A better solution would be that in case of doubt Google would suspend the commercial campaigns until a formal decision is taken, in case the brand owner has sent to Google proof of protection of the brand.

In addition, the European Commission should take into account to readjust the Trademark Directive (2008) or the E-Commerce Directive (2000) in this respective point of crucial importance for the functioning of markets.

As a conclusion, HOTREC believes that the above considerations should be reflected in the commitments of Google and should be implemented by all types of search engines. Whenever there is a link from general search results to other commercial results or links (even within Google from Google search to e.g. Google+), users should be very clearly made aware of this fact (e.g. putting such links in a separate box, similarly to advertisements).

The same principles with regard to organic search results should apply to Google Specialised Search result pages, like Google Maps, Google Places, Google Hotel Finder, most importantly that the organic search result appears on top with a clear distinction from other commercial results.

## 2. Display and use of content:

HOTREC is of the opinion that an opt-out from the display and use of content solely on a domain name basis is not the right approach. It should be possible to opt out individual sub-domains or directories of a website only, leaving the freedom to the website owner concerning which content to be shared with Google or other search engines. With regard to e.g. displaying user reviews from different sources on Google pages, it has to be noted that in the field of hospitality services not only Online Travel Agents or travel review websites are gathering guest reviews but such reviews are often collected on the hotels' own websites. If a hotel does not want to share e.g. these reviews or other content such as photos with Google, however it would still like to appear with its own website and/or its offers in the search results, especially on Covered Web Pages, this would not be possible anymore under the current proposed commitment by Google. Excluding full content of a website is, therefore, not justifiable by such a dominant search engine.

As a conclusion, HOTREC believes that the commitment of Google considering display and use of content shall include provisions allowing for website owners to opt out on a subdomain or subdirectory basis.

## 3. Official star classification:

In the meantime Google is displaying with every "hotel+city" search results a survey by hotel star category. But these "Google hotel stars" do not respect official hotel star classification. They are obviously stemming from various, not indicated OTA sources and therefore from undeclared, not secured sources. – see next screenshot

The screenshot shows a Google search for "hotel amsterdam". The search results include several sponsored ads and organic listings. A red circle highlights a price filter section that shows "Hotels from €23" for 3 stars, "€24" for 4 stars, "€60" for 5 stars, and "€101" for 6 stars. The filter also indicates "Prices per night" and "More Google hotels results »".

Google hotel amsterdam

Web Images Maps Shopping More Search tools

About 167,000,000 results (0.27 seconds)

Ads related to hotel amsterdam

750 Hotels in Amsterdam - Half-Price Hotels - booking.com  
www.booking.com/Amsterdam-Hotels - ★★★★★ 1,300 seller reviews  
Book your Hotel in Amsterdam online

Amsterdam Hotels ab 34€ - Amsterdam Hotelreservierung.de  
www.amsterdam.hotelreservierung.de/  
Hotel Amsterdam zu Tiefpreisen beim Amsterdam Testsieger billig buchen!

Hotels in Amsterdam on Google  
Compare hotels based on reviews, prices, photos, Street View and more.

Sunday, June 2 to Monday, June 3

Hotels from 3 stars from 4 stars from 5 stars from  
€23 €24 €60 €101

Prices per night More Google hotels results »

Amsterdam Hotels: Compare 336 Hotels in Amsterdam, with 98,41...  
www.tripadvisor.com/Hotels-g188590-Amsterdam\_North\_Holland\_Prov...  
★★★★★ Rating: 4.4 - Review by TripAdvisor Travelers' Score  
336 hotels – Amsterdam Hotels on TripAdvisor: Find 98419 traveler reviews, 12269 candid photos, and prices for 336 hotels in Amsterdam, The Netherlands.  
Sofitel Legend The Grand - Mauro Mansion - The Toren - Budget Hotels Amsterdam

Amsterdam Hotels - Discount Hotels in Amsterdam at LateRooms...  
www.laterooms.com/en/k14605275\_amsterdam-hotels.aspx  
In Amsterdam on business or pleasure? Unique offers at the cheapest prices with over 200 Amsterdam hotels. Book now and save up to 75%.

Amsterdam Hotels from €20  
www.venera.com/Amsterdam-Hotels  
Choose from 300 Amsterdam hotels.  
Save up to 70% on your Booking!

Amsterdam's Finest Hotels  
amsterdam.hotels.nl/deals  
Up to 80% Off on Amsterdam Hotels!  
Lowest Rates Gtd. No Booking Fees.

1330 Hotels in Amsterdam  
www.trivago.de/Hotels-Amsterdam  
trivago® Hotels Amsterdam, bis -78%.  
Ideales Hotel in Amsterdam finden!

Cheap Hotels Amsterdam  
www.hotels.com/Amsterdam-Hotels  
★★★★★ 16,926 reviews for hotels.com  
409 Hotels in Amsterdam.  
Lowest Rates Guaranteed!

Mövenpick Hotel Amsterdam  
www.moevenpick-hotels.com/Amsterdam  
Beste Angebote für Ihr Mövenpick  
City Hotel in Amsterdam!

Stadthotel in Amsterdam?  
www.siralberthotel.com/SirAlbertHotel  
Sir Albert, modernes Luxushotel.  
Beste Lage im Zentrum Amsterdam.

HOTREC is demanding that Google - as every distribution partner - should respect and ensure the correct display of official hotel stars. Google should match its (?) star data base with the official sources regularly, supply information about the official star classification in accordance with the system in place in the country/countries concerned. Star symbols must not be used for guest reviews, so as to avoid any confusion with official hotel classifications.

**Thank you for taking note of the European hospitality industry's views on this issue!**