

## HOTREC follow-up paper on Google Search compliance solution

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HOTREC<sup>1</sup>, the voice of the European hospitality sector, welcomes the opportunity to provide its views on Google Search compliance solutions. The current paper serves as a follow-up to our position paper from December 2023. It proposes concrete and balanced compliance solutions on various aspects of the new Google Search product<sup>2</sup> which has a significant impact on almost 2 million hotels, restaurants and other hospitality establishments across the EU and their online distribution.

In the hospitality sector, changes were met with serious concerns. The preliminary results confirm less visibility, traffic and sales for direct suppliers in Google Search. While changes already have an impact on profitability they will also have an impact on independence of hotels in the future. It should be noted that while hotels are required to cover day-to-day expenses and invest in the future, they do not have full ownership of the final product due to heavy reliance on online intermediaries. These platforms dictate terms of distribution and receive considerable commission fees.

HOTREC is equally concerned with the direction of compliance discussions where some dominant players in the tourism sector (i.e. online travel agents (OTAs) and metasearch engines) advocate for further removal of important features, such as the price overview, to further entrench their position in online distribution. The changes have also worsened the user experience which now requires many more clicks, time and effort to find the direct website of the supplier. Additionally, due to the removal of important elements, such as the price overview consumers are presented with less information.

The negative impact on competitiveness from driving additional traffic to intermediary websites cannot be underestimated. Two of the largest online platforms in the hospitality sector, Booking.com and TripAdvisor, already accumulate over 700 million visits per month<sup>3</sup>. HOTREC would like to warn of how this trend will impact low margins and worsen the already delicate competitive balance in the hospitality sector. Last year for instance, the European Commission blocked the merger between Booking Holdings and Etraveli Group since the transaction *“would have strengthened Booking’s dominant position in the hotel OTA market, leading to higher costs for hotels and, possibly, for consumers.”*<sup>4</sup>

The current changes on Google Search advocated by OTAs and metasearch engines would yield exactly the same results. The new Google product favours Booking and will lead more hotels to

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<sup>1</sup> HOTREC is the umbrella association of Hotels, Restaurants, Bars, Cafés and similar establishments in Europe. It brings together 47 national associations in 36 European countries and serves as the voice of European hospitality. The industry counts 2 million businesses, 99% of them being Small and Medium-sized Enterprises (SMEs), provides 10 million jobs and contributes to 3% of the EU GDP. HOTREC’s mission is to represent and champion the industry’s interests towards the EU and international institutions, foster knowledge sharing and best practices among its members to promote innovation and serve as an expert platform for the hospitality sector.

<sup>2</sup> Testing of the new product started in late 2023/early 2024. The product was introduced on 7 March 2024.

<sup>3</sup> Statista, Most popular travel and tourism websites worldwide from April 2022 to January 2024, based on average monthly visits, Available [here](#)

<sup>4</sup> European Commission, Mergers: Commission prohibits proposed acquisition of eTraveli by Booking, available [here](#).



use it to reach more potential consumers. To accommodate high commission fees that range from 12 to 30%, hotels will be forced to increase prices for consumers.

HOTREC continues to support efforts to achieve fairer and more balanced digital markets. Yet, we have serious concerns that final changes to Article 6.5 will increase the level of intermediation and decrease the level of independence, profitability and competitiveness of many hotels around Europe. In our view changes clearly favour large OTAs such as Booking and Expedia.

Restaurants<sup>5</sup> operate with very low margins and are in a difficult position to absorb more costs. As with the hotel sector, restaurants and similar establishments are required to pay commission-based services on various platforms which range from 3 to 10%. Restaurants are becoming increasingly dependent on reservation platforms, especially businesses that lack booking services on their website. Over time, small businesses may become overly reliant on platforms for visibility and services like booking or food delivery. Without a partnership with these platforms, restaurants risk being unable to offer these services independently which can be used by platforms to their advantage. HOTREC wants to emphasize that how the question of the implementation of DMA is resolved will have a lasting impact on many sectors.

### HOTREC views on the compliance solution

The worsening of functions (maps, prices, chips) has resulted in an inefficient and poor experience for hoteliers, other hospitality establishments and consumers since many important features such as Google Maps are no longer integrated in the Google Search service. It should also be noted that that the display of prices (and reviews, etc.) in the general search has been an **elementary component** for years, is beneficial and important for both users and business users and it also promotes transparency and competition.

### Overview of rates and availabilities

**HOTREC strongly opposes any attempts to remove the display of rates/prices (and availabilities)** from any features on Google Search, including the entity results page preview for hotels and restaurants. Removing rates/prices will negatively impact consumer choice. In practice, the removal of prices would prevent consumers to access information which allows them to choose the most competitive rate. In addition, this (potentially) undermines elements of the DMA, namely Article 5(3) which bans all price parity clauses. It was observed that in countries which already banned price parity clauses, hoteliers often offer more competitive rates to consumers. Additionally, the removal of rates/prices would lead to negative impact on competition between OTAs/metasearch and direct websites of hotels and restaurants.

A transparent and easily accessible overview of prices represents an invaluable piece of information for consumers. Since the entity results page preview for hotels and restaurants is only displayed after the consumer clicks on an individual listing, it cannot be claimed that a consumer did not opt to use Google's service.

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<sup>5</sup> When referring to restaurants, the term includes similar establishments such as bars, cafés and night clubs.

## **Chips**

While HOTREC welcomes the addition of a special chip for direct supplier websites, we have serious concerns about functionality, fairness and filter name.

- The name of the chip “lodging” is misleading as it does not reflect consumers' query. We believe this filter should be titled “hotels” in case the user searches for hotels in a certain area (i.e. “hotels in Brussels”).
- The offers available under the “lodging” chip should only lead to websites of hotels and should not include any OSSs (Online Search Services) offers (neither sponsored nor organic). Under the current solution when a user clicks the “lodging” chip, the results display various hotel offers. Nevertheless, the “entity results page preview” of an individual listing also includes offers from OTAs/metasearch even if the consumer opts to only see direct hotel websites. On the other hand, the “places sites” intended for OSSs only offers displays of OTAs/metasearch offers. We believe that Google is giving special preference to OSSs compared to direct hotel websites.
- The same principle also applies to the restaurant/bar/café sector where the “places” button should be replaced with a more appropriate term (i.e. restaurants, bars, cafés depending on the search query).

## **Map**

HOTREC acknowledges that Google decided to only keep certain functionalities of the map feature which can be questioned from the perspective of user friendliness, accessibility, transparency and fairness. The current map only displays certain hotels and restaurants without knowing the display criteria. It is important to guarantee that all hotels and restaurants in a given area are displayed on the map. This is currently not the case.

As HOTREC reiterated in the past, it is important for consumers to be aware of the location of hotels/restaurants and their surroundings. Google Maps represents a useful tool for businesses and customers. Lastly, we would encourage Google to ensure that all hotels and restaurants are visible when users decide to expand the scope of their search.

## **Sponsored content and organic search**

During Google’s presentations in late 2023, one feature which was not included in the mock-ups concerned the “sponsored” carousel which, together with new “VSS unit carousel” takes much of the space on the first page on Google Search. When searching for hotels in different cities, the first organic search results of direct hotel websites are only visible on pages 4, 5, or even further down. Studies have demonstrated that the number of users who visit those pages is extremely low<sup>6</sup>. The situation is even worse when searching for smaller hospitality establishments, such as restaurants, which appear even lower in organic search due to the prevalence of metasearch engines, blogs, etc.

HOTREC insists that Google should develop a special direct “hotel websites” carousel and a “restaurant websites” carousel for sponsored content. It should be placed above the sponsored carousel for “VSS websites” and clearly titled as “sponsored – hotel websites” and “sponsored –

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<sup>6</sup> Forbes, The value of search results rankings, Available [here](#)



restaurant websites”. Furthermore, we claim that the current carousel design is misleading for consumers as the hotel name is more prominently visible than the source of the offer. Google should first list the source in larger font (i.e. Expedia.com) and only then the name of the hotel in smaller font. The same principle should apply to restaurants.

Separating two carousels would ensure more choice and transparency for consumers as well as a level playing field to compete for spots in sponsored content carousels.

### **Non-compliance with EU law**

While the non-compliance investigation on Google Search focuses on Article 6.5 and the issue of self-preferencing, HOTREC urges the Commission to take into consideration other laws which impact results and organic searches on Google. The P2B Regulation (Regulation (EU) 2019/1150)<sup>7</sup>, for instance, is essential in this context especially to understand ranking transparency. In our view, the compliance of Google with P2B can be questioned which has further detrimental impact on organic search results.

### **Monitoring mechanism and data availability**

HOTREC suggests that Google should be required to set up a monitoring mechanism which would measure the impact of changes, including monthly changes in terms of clicks on direct supplier websites. The data generated by the mechanism should be regularly communicated to the European Commission and impacted stakeholders.

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<sup>7</sup> Regulation (EU) 2019/1150 of the European Parliament and of the Council of 20 June 2019 on promoting fairness and transparency for business users of online intermediation services (Text with EEA relevance), Available [here](#).