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HOTREC COMMENTS CONCERNING GOOGLE'S PLANS TO REARRANGE ITS SEARCH RESULTS PAGE

HOTREC, the voice of the European hospitality sector, would like to share its concerns regarding Google's plans to rearrange its search result page to be in compliance with Article 6(5) of the Digital Markets Act (DMA). In our opinion, the proposed changes will reduce hotels' visibility on the search result page, consequently impacting their business performance, reducing competitiveness and consumer choice.

HOTREC welcomed warmly the DMA, which is applicable as of 2 May 2023. We remain convinced that the law, which addresses the disproportionate power of large online platforms, will represent an important legislative framework for many small hospitality businesses. European hotels are especially looking forward to the official designation of the largest Online Travel Agent – which is likely to meet the DMA quantitative thresholds by the end of 2023.

While we remain strongly supportive of the DMA, we would also underline that hospitality businesses, including individual hotels, hotel chains and hotel cooperations, are directly and indirectly impacted by any changes proposed by other online platforms, many of which were already designated as gatekeepers.

From the perspective of the hotel industry, the planned changes by Google¹ to the presentation of search results in the hotel and accommodation segment are alarming, as they would lead to a massive deterioration in the visibility of direct hotel websites in Google's search results in their current form. And equally concerning for the hotel industry is the fact that the planned changes would lead to a further increase in the visibility of online booking platforms (OTAs) such as Booking.com or Expedia as well as metasearch engines (MSS) such as Kayak, Trivago and TripAdvisor.

Specifically, the OTAs and MSS, which already dominate visibility on Google's search results pages today through their professional search engine optimization (SEO) and billions of dollars in advertising investments in Google Ads (SEM)², would now be presented through their own “**chip**” (called “comparison sites”) as well as a free and very well-positioned “**dedicated free unit for Vertical Search Services (VSS)**” in Google's organic search results. Per Google's own statements, the planned changes in the presentation of search results would lead to a decline in traffic for direct providers/hoteliers by about 10%.

Accommodation providers, who already find it difficult to compete with the large online platforms today, would thus be pushed into an even less favourable position in Google search. In addition, the changes would generate additional costs for search engine optimization and advertising for hotels, as they would be forced to compensate for the loss of visibility in organic search results with new, paid advertisements on Google.

We, therefore, view some of the planned changes in the presentation of hotel search results on Google with great concern, as they would further increase the dependence of small and privately owned hotels on the dominant OTAs and would disproportionately disadvantage the direct sales of hotels.

¹ HOTREC views are based on the presentation of Google during the 7 December European Commission workshop.

² For example, Booking Holdings increased its ad spending from \$2.7 billion in the first quarter of 2022 to \$3.8 billion in the first quarter of 2023 (available [here](#)).

As an example, the HOTREC distribution study shows that more than half of hoteliers (55%) “*feel pressured by OTAs to accept platforms terms and conditions (e.g., regarding cancellation policy, special discounts) that hotels would otherwise voluntarily not offer*”³. The situation in the OTA market is well illustrated by the recent Booking-Etraveli merger decision. HOTREC commended the decision of the European Commission to block the merger which, if approved could lead to higher costs for hotels⁴. Moreover, European hoteliers are even more dependent on OTAs (39%) than American hoteliers (29%). This has consequences for the operating accounts, liquidity and profit margins of these European SMEs in the hospitality sector⁵. As much as the prohibition of self-preferencing by gatekeepers (Article 6 (5) of the DMA) is to be welcomed, it must not lead to collateral damage to the visibility of individual hotels and hotel companies.

The new Google Search product should ensure that all business users (direct suppliers) and VSSs are treated equally and are given a fair opportunity to feature on the search result page. **Google's application of the DMA must therefore not be even more detrimental to European hoteliers.** The navigation to direct booking or the direct website of hotels should be highlighted especially due to the large number of OTAs and price comparison websites.

Concrete suggestions and justifications to the changes planned by Google:

- In general, it must be guaranteed that all market participants, including individual hotels, hotel chains and hotel cooperations, have a fair and equal representation on Google's (organic) search results pages and that the visibility of already market-dominant online booking agencies (OTAs) is not excessively strengthened. It would expressly contradict the spirit of the DMA, which is to restrict the power of digital monopolies and oligopolies, if the visibility of very large online booking agencies (one of them is soon expected to be designated as gatekeepers under the DMA) would be increased at the expense of hotels.
- Art. 6 No. 5 sentence 2 requires the gatekeeper to create a "fair" ranking. "Fair" in this context can only be understood in light of the objective of the DMA, which according to Art. 1 No. 1 is: *"The purpose of this Regulation is to contribute to the proper functioning of the internal market by laying down harmonised rules ensuring for all businesses, **contestable and fair markets** in the digital sector across the Union where gatekeepers are present, **to the benefit of business users and end users**"*.⁶ It appears to be contrary to this objective of the DMA and thus also to the fairness concept of Art. 6 No. 5 sentence 2 of the **DMA if a gatekeeper favours dominant OTAs/MSSs over the direct distribution of hotels**. This neither corresponds to "contestable and fair markets" nor is it "to the benefit of business users and end users".
- HOTREC is in favour of the planned introduction of **"free, richer individual results for VSS and direct suppliers"**. However, it must be ensured that small and individual hotels have a user-

³ HOTREC, European Hotel Distribution Study 2022 – Available [here](#)

⁴ HOTREC, European hoteliers commend the decision in the Booking Holdings-Etraveli group merger case, available [here](#)

⁵ Elloha, Les hébergeurs européens plus soumis aux OTAs que les américains, available [here](#).

⁶ 2022, Regulation (EU) 2022/1925 of the European Parliament and of the Council of 14 September 2022 on contestable and fair markets in the digital sector and amending Directives (EU) 2019/1937 and (EU) 2020/1828 (Digital Markets Act) – available [here](#).

friendly and cost-free opportunity to display their own (richer) content in the free and richer individual results.

- In its presentations to HOTREC, Google displayed and described a **“Dedicated Free Unit for VSSs”**. There should be no doubt that if there is a special unit for VSSs, there must also be a dedicated free unit for direct hotel suppliers with equal rights and visibility.
- HOTREC understands that the new search product will also include **an Entity Result Page Preview for hotels**. The page will provide customers with an overview of basic information about a specific hotel, an overview of prices from a hotel and other VSSs as well as reviews published via the hotel and VSSs. HOTREC believes that the proposed solution is adequate and helpful for users as long as it guarantees prominent visibility for direct hotel websites, ideally through an intuitive direct link to the hotel’s own website, tagged as “official website”. The searcher's primary interest in this step of the search is to obtain information about a specific hotel, for which the hotel website with proprietary real-time data is the most reliable source.
- On these “Entity Result Page previews for hotels” no free links to OTAs, MSS or other indirect providers should be placed. Reviews and prices from VSSs can be displayed from our point of view but should not link to the VSSs sites (similar to the suggestions for displaying the Google map without links / not clickable).
- HOTREC supports a solution to add a **new filter (chip)** that would only show results leading to direct websites of hotels. **We believe this filter should be titled “hotels”**. The filter should only feature hotels and exclude other types of accommodations (e.g. vacation rentals, Short Term Rentals) in case a customer specifically searches for hotels. This filter should be added as a fair response to the "comparison sites" filter which Google has already announced the introduction of. Indeed, if Google wants to separate results depending on how to pay the final service, it must propose both filters: through online intermediaries or in direct way. This solution could permit a real choice for consumers and prevent Google’s interference in the booking sphere.
- Another important change will also impact the current position of Google Maps. To comply with this obligation, Google will only present a picture of the map that will no longer be clickable. HOTREC would like to underline that it is important for the consumer to be aware of the concrete location of the hotel and its surroundings and that Google Maps represents a useful tool for business and customers.
- As a general principle of the competitive online environment, HOTREC believes that the first three search results should be reserved for organic search results arranged based on Google’s algorithm. Google should ensure transparency when it comes to understanding the key parameters of the algorithm in line with the EU Platform to Business Regulation⁷. The solution would ensure that Google’s search service for hotels is not preferred over other search services, as they could also be visible in one of the three spots. It is based on the principle of

⁷ 2019, 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, Available [here](#).



fair competition amongst different actors in the accommodation ecosystem and would guarantee that customers are offered the best possible option. The solution also safeguards that the search service provided still serves its main purpose, which is to provide a variety of different search results (online search services or hotels) based on customers' preferences.

- It is important that the proposed **changes are properly monitored and evaluated** to mitigate the damage to the European hotel industry. Google should be required to regularly report on changes, especially regarding clicks on direct websites of suppliers.
- HOTREC has serious concerns about the **release and timing of the new product**. As of December 2023, it is still unclear how will the final product look like. It is important to underline that hotels around Europe prepare their online marketing strategies before the new year starts. Therefore, many of them are preparing their plans without being aware of planned changes by Google.