On 21 April 2015, the Italian Competition Authority has rendered legally binding the commitments offered by Priceline Group’s companies Booking.com BV and Booking.com (Italy) and closed, with respect to these companies, the investigation opened on May 7 2014. The proceeding was opened - also against Expedia - in order to investigate possible restrictions of competition related to the use of price (and others conditions) parity clauses - the so called Most Favored Nation clauses (MFN) - in contracts stipulated between the main online travel agencies (OTAs) and their hotel partners. The proceeding is still pending against Expedia.

According to these MFN clauses, hotels cannot offer their services through online travel agencies or any other booking channel (including the hotel own websites) at lower prices or better conditions than those offered on Booking.com's platform. The clauses are used in a market context where the main OTAs adopt a business model based on commissions charged to hotels. According to this model, hotels pay the platforms a commission on the sale price of the room only when the room is actually booked, while consumers do not pay for search, comparison and booking services.

The Italian Competition Authority, as stated in its opening decision, was concerned that the MFN clauses might significantly restrict competition on the commissions required by OTAs to hotels, affecting final prices for hotel rooms, to the detriment, ultimately, of final consumers.

During the investigation, conducted in collaboration with the National Competition Authorities of France and Sweden, with the coordination of the European Commission, Booking.com - the market leader in Italy - submitted commitments consisting in a significant reduction of the scope of the MFN clauses. The revised MFN clauses will only apply to prices and other conditions publicly offered by the hotels through their own direct online sales channels, leaving them free to set prices and conditions on other OTAs and on their direct offline channels, as well as in the context of their loyalty programs.

The commitments will apply, starting from 1 July 2015, to all bookings made by consumers with regard to hotel located in Italy and will have a duration of 5 years. The same commitments were offered to the National Competition Authorities of France and Sweden. The Italian Competition Authority has therefore concluded that the commitments are suitable to address the competition concerns related to Booking.com’s behaviour. In fact, by limiting significantly the scope of MFN clauses, OTAs will be able to more effectively compete on the level of the commissions applied to hotels.

The President of Italian Competition Authority Giovanni Pitruzzella, the President of the French Competition Authority Bruno Lasserre and the Director-General of the Swedish Competition Authority Dan Sjöblom have jointly declared “With coordination from the European Commission, our three authorities have collaborated in an unprecedented way in our investigations into online hotel reservation platforms. Today, we can announce that we have decided to approve commitments offered to us by the market leader, Booking.com. The commitments have been significantly improved following a market test.”.

These new commitments limit Booking.com’s use of price parity as part of its commission-based business model and substantially increases the hotels’ margin for maneuver. The commitments offered by Booking.com strike the right balance for consumers in France, Italy and Sweden, restoring competition while at the same time preserving user-friendly free search and comparison services and encouraging the burgeoning digital economy