

15th Annual ACE Conference

Quality of Price Comparison Data from Meta-Search Sites

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The views expressed in the presentation are solely those of the presenter and do not constitute official statements of the Bundeskartellamt.

Why Validating the Quality of MSS – Data?

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- Great interest in evaluating impact of antitrust decisions on the market outcome in the hotel booking sector
- Focus of evaluation is the extent of price differentiation by hotels
- Meta-search site price comparison data used by
 - Economic and legal opinions in cartel cases
 - Scientific studies
 - ECN Online Hotel Booking Monitoring Working Group
- Empirical studies relying on MSS data come to different results and corresponding conclusions about the effect of the antitrust measures
- BKartA conducted in-depth survey to validate the quality of MSS price data in September 2016

Aim of the Survey

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- Aim of this survey was:
 - To gain a deeper understanding of the reliability of the pricing data from MSSs
 - Distinction of price and product differentiation in MSS data
 - Identification of possible causes for any misrepresentation
- Therefore:
 - Detailed comparison of prices and conditions on MSSs and the corresponding landing pages
 - No large number of observations, survey is not meant to be representative

Setup of the Survey

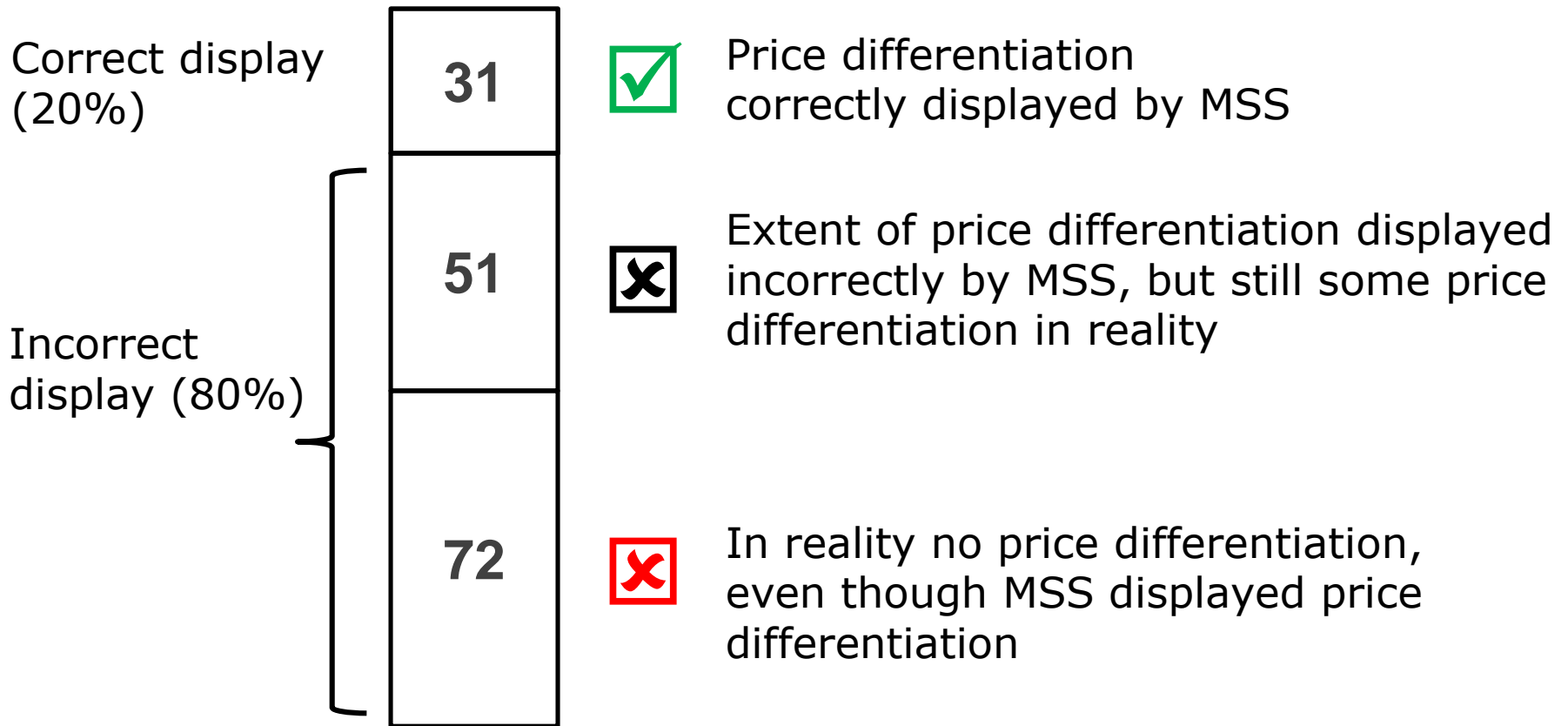
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1. 600 search queries on TripAdvisor and Trivago
2. Documentation of price differentiation displayed on the MSSs:
154 of 600 queries (26%) displayed price differentiation
3. Documentation of the corresponding offers on each of the landing pages (HRS, Expedia, Booking.com and hotel website)
4. Comparison of the prices and conditions of the landing pages to each other and to the prices/conditions displayed on the MSSs

The Results

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N = 154 seeming price differentiation



The Results

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- Survey revealed severe problems regarding the reliability of “price” comparisons on MSSs
- Most frequent reason for incorrect display was the inability of MSSs to match identical services and/or to distinguish price differentiation from product differentiation, e.g.
 - Different room types/sizes (31 out of 154 observations)
 - Breakfast included vs. not included (16 / 154)
 - Diverging cancelation terms (65 / 154)
- Less frequent reason: wrong prices (17 / 154)

Implications of the Survey

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- Results strongly suggest to handle empirical evaluations with care that are based on pricing data from MSSs
- MSS data did not distinguish price vs. product differentiation – data not useful for assessing “price differentiation” as long as the split between product and price differentiation is unknown
- This split may vary between countries and/or may change over time (e.g. level of product differentiation impacted by MFN changes)
➔ Common-trend-assumption is unfounded

Additional Literature

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Max Engels, Tobias Brenner and Arno Rasek (2017), *Evaluating the abolishment of MFN clauses in the online hotel booking sector: The drawbacks of using price comparison data from meta-search sites*, *European Competition Law Review*, 38 (11) pp. 483-490.



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Thank you for your attention!



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