

FHRAI puts MakeMyTrip and Goibibo on notice to protect the interest of stakeholders

The Federation of Hotel & Restaurant Associations of India (FHRAI) has put Online Travel Aggregators (OTA), MakeMyTrip and Goibibo on notice. A number of its members had brought to the association's notice that the OTAs' business practices which were exploitative, unethical and divisive led to predatory pricing and other market distortions that had the potential to harm both hoteliers and consumers in the long term. FHRAI has written a letter to the OTAs outlining the most critical concerns of the hotel industry which includes the issue of distortion of market price, demand for exorbitant commissions and hosting of illegal and unlicensed bed and breakfast accommodations.

“One of the biggest concerns is that after securing discounted rates from a hotel, the OTAs further discount it on their online platforms without the hotel's consent. This damages the hotel's reputation, and also simultaneously distorts the market scenario. Ironically, the OTAs have a clause in their agreement that forbids hotels from discounting their own rates but are themselves free to do so. This disparity is not just unfair but is clearly intentional and is done with the objective of market cannibalisation,” says Gurbaxish Singh Kohli, Vice President – FHRAI & President – Hotel and Restaurant Association of Western India (HRAWI).

Hotels have alleged that the OTAs charge commission that range anywhere between 18 and 40 per cent. The exorbitant commissions have been adversely impacting revenues, business and the livelihood of hoteliers. The Federation has written to MMT and Goibibo in the hope that they will understand the ground level situation of hotels. However, based on the previous experience of hoteliers whose attempts at negotiations were neglected by the OTAs, the FHRAI has also forewarned a nationwide protest against the OTA entities.