

Critics take aim at Expedia-Orbitz tie-up

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Activist group Consumer Watchdog said in a letter to the Justice Department that the tie-up of online travel bookers Expedia and Orbitz would "severely impact consumers and limit consumer choice"

A consumer group and hotel industry association are raising objections to the planned merger of online travel bookers Expedia and Orbitz, claiming the deal would lead to a powerful duopoly.

The activist group Consumer Watchdog said in a letter Monday to the Justice Department that the tie-up would "severely impact consumers

and limit [consumer choice](#)," and called for the [merger](#) to be blocked.

"Market analysts have estimated that the merger with Orbitz would give Expedia and its affiliates 75 percent of the online travel agent market in the United States," said Consumer Watchdog's John Simpson.

"The merger would effectively leave a powerful duopoly with Expedia and competitor The Priceline Group Inc. controlling 95 percent of the online travel agency bookings."

Simpson said many people don't realize that what appear to be independent brands are owned by the major players. For example, Orbitz owns HotelClub and CheapTickets, Expedia owns or controls Hotels.com, Trivago and Hotwire.com, and Priceline owns Booking.com and Kayak.

"If this merger is allowed to go forward, then the vital competition between Expedia and Orbitz will be lost," Simpson said.

The comments echoed concerns made last week by the American Hotel & Lodging Association, which represents hotel owners, chains, franchisees and other segments of the industry.

"We believe this transaction and the resulting consolidation of the online travel marketplace will result in significant negative consequences, particularly for consumers, but also for the large number of our members who are small business owners and franchised properties," said the group's chief executive Katherine Lugar in a statement.

Lugar said hotels currently pay Expedia 11 percent higher commissions than they pay Orbitz, and that a tie-up "could adversely affect many independent and small hotel owners" which rely on online travel agencies.

Expedia announced plans in February to buy Orbitz for about \$1.6 billion. According to the research firm Morningstar, Expedia and Priceline each have around 30 percent of the global online travel agency booking market, followed by Orbitz's eight percent share, with several smaller players holding the remaining share.

Defenders of the deal say competition is coming from sites which scan online [travel](#) deals like Hipmunk and review websites like TripAdvisor.

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