



## **COMPETITION COMMISSION OF SOUTH AFRICA**

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In the matter of

### **ONLINE INTERMEDIATION PLATFORMS MARKET INQUIRY PUBLIC INQUIRY (OIPMI)**

held at

**DTI Building  
Sunnyside and virtually via MS TEAMS**

on

**5 November 2021**

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**PANEL:** *James Hodge – Chairperson  
And Doris Tshepe*

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#### **TECHNICAL TEAM**

*Itumeleng Lesofe*

*CCSA Internal Team*

*Donnavan Linley*

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#### **COMPANY: ATKV**



**Gauteng Transcribers**  
Recording & Transcriptions

CHAIRPERSON: Welcome back to the public hearings into the Online Platforms Market Inquiry. Today's schedule we have an accommodation provider, ATKV joining us first thing. We had scheduled Intercape, but that will have to be rescheduled from this morning. In the afternoon from 2:00 we have got Travelstart and then SafariNow, two well-known South African travel platform brands. So, I am going to hand over to Ms Tshepe to introduce ATKV and I think Mr Du Plessis if you can put on your camera.

10 MS TSHEPE: Good morning, Mr Du Plessis and welcome.

MR DU PLESSIS: Good morning and thank you very much to yourself and the panel.

MS TSHEPE: We really appreciate you making time for us today to give us some insights into your journey in the tourism industry.

MR DU PLESSIS: Sure.

MS TSHEPE: I am going to hand over now to Mr Itumeleng Lesofe. I see you have Rahma as your title there but I will hand over to Itu to just take you through just  
20 the understanding of your business broadly and thereafter the panel and the technical team will have some questions for you. I hope that is okay.

MR DU PLESSIS: Sure.

MS TSHEPE: Thank you so much.

MR DU PLESSIS: Thank you very much.

MS TSHEPE: Thank you, Mr Lesofe.

MR LESOFE: Thank you, thank you Chair. Good morning, Mr Du Plessis.

MR DU PLESSIS: Good morning.

MR LESOFE: As a starting point can you just give us a background of your business, then just describe for us the kind of business activities you undertake.

MR DU PLESSIS: Sure. We are a group that operates seven self-catering holiday resort across the country. We  
10 have got them in four of the provinces, we have got two in Limpopo, one in the North-West, two in KZN and two and the Western-Cape. These resort are fun resorts, like I said self-catering. We also offer camping, quite a few camping stands across those seven resorts.

Those resorts also operate restaurants on site as well as convenient stores and they also offer a variety of free and paid for activities that families can participate in.

MR LESOFE: And for how long have you been in this business?

20 MR DU PLESSIS: We opened our first resort in 1936 which was the Hartenbos resort. We have been around a long time, and the last one was, I think was the Drakensberg resort which was bought in 2011.

MR LESOFE: Okay, that is a long time. And I am sure you know that there have been changes over time in terms of the

sales channels that you use as a business. Can you just take us through that just in terms of the evolution to date.

MR DU PLESSIS: No problem. Initially if you wanted to make a booking at any of the resorts and I am going to exclude the earlier part of the century, it was mostly by phone. You would have had to phone either the resort directly to make a booking, or you could phone head office and they would be able to assist you from our head office which is in Randburg.

10           We later branched out to also accept email booking and people could email us their preferences for dates, unit types, etcetera and they would be able to make a booking via that way. We also accepted fax booking and then prior to sort of the more electronic versions of booking, we also accepted postal bookings so you could post us your request for a booking but that is quite a long time ago.

          And then very recently I think it was towards the end of 2019, we then adopted online bookings as well where you can book and pay for your reservation online.

20 MR LESOFE: Just with regards to the adoption of online bookings, what made you to add this channel?

MR DU PLESSIS: It was something that was in the planning stages for a very long time without going into too much technical detail, the reason why we did not do it earlier is the property management system that we used did not have an

API available for us to connect to a booking engine, to an online booking engine.

That rolled out through the course of 2019 and we were then able to add our booking engine partner which is Knightsbridge, and we use them to then facilitate the taking of online reservations of online bookings which includes payment.

MR LESOFE: Okay. So, you do not – do you deal directly with platforms such as Booking.com, Expedia?

10 MR DU PLESSIS: Yes, we do.

MR LESOFE: Okay. Are there any other platforms that you use?

MR DU PLESSIS: The ones we currently have obviously throughout own website, you can then book directly with us which is then the Knightsbridge platform. We then also make use of most of the local and locally based international OTA's that will include Booking.com, Expedia, TravelGround, LekkeSlaap, SafariNow, Afristay, etcetera.

20 And then we have also – we are also in the process of adding GDS system like Amadeus and Sabre so we can also talk to the corporate market.

MR LESOFE: If you could just describe your target market, in particular the types of customers that you say this, and also if you could just indicate if there has been any changes over time in terms of the kind of – the profile of the kind of

customers that you target.

MR DU PLESSIS: Sure. The resorts typically I would say prior to 2010, even though the resorts are family resorts, so any families are welcome. From a leisure perspective we also take couples, groups of friends, school groups, church groups, and then more sort of formal groupings like conferences, seminars, whether those be corporate associations, call them formalised groups.

Over time we realised just like any other business in  
10 South Africa that the racial profile of the guests needs to reflect the racial profile of the country. So we have worked very hard on that and we are not at a point where between 30 and 40 percent of our guests across all seven resorts throughout the year would be black, Indian, or coloured guests with the balance then being white guests.

And we have seen consistent growth throughout every year in terms of being able to attract a more diverse guest profile to our resorts and that is what we are working towards.

20 MR LESOFE: And if we look at the different sales channels that you use as a business, which of these account for the majority of your booking or sales?

MR DU PLESSIS: Currently the majority our bookings still come through phone-in bookings, that would still be the vast majority given that we have only really, because we only

started taking online bookings towards the end of 2019. Obviously, last year the resorts were closed between March and August, we only opened up again in September.

So we kind of lost call it eight or nine months' worth of learning in terms of how we would sell through online channels. Currently that percentage would probably be around 15 percent would come through online sales and that would kind of half of that 15 percent would be directly through our own website and the other half would be through  
10 OTA's. And then the 85 percent would still be phone-in bookings.

MR LESOFE: And I appreciate that currently you know, a small portion of your bookings come through the online channel. Just in terms of the future, do you see any changes going forward, for example do you see any migration by some of your walk-ins, now starting to use online booking?

MR DU PLESSIS: That is right, so what we see through direct sales so direct online sale, which is through our own website, that is very much a migration of guests that would  
20 normally have phoned in, they now use our website and they book with us directly. Again, to your previous question the reason why we also added the OTA's is that gave us the opportunity to accelerate the diversification of our guest profile.

Where the bookings that come through the OTA's are

mostly new guests. I would say 95 percent of them are new guests, people that have never visited our resorts before.

MR LESOFE: And just in terms of the bookings that come through OTA's, which of the OTA's is the most popular or brings you the most of the bookings?

MR DU PLESSIS: That would be Booking.com. They probably account for around 85 to 90 percent of the OTA revenue that we generate.

MR LESOFE: And in terms of the customers that they bring,  
10 can you just give us a sense. Are these local customers, international travellers, or local travellers?

MR DU PLESSIS: It is definitely within 99.9 percent is domestic, so it is people from within the country booking through Booking.com to visit our resorts so, very little international.

MR LESOFE: Do you also use Tripco or LekkeSlaap?

MR DU PLESSIS: Yes, we do.

MR LESOFE: Okay and how is – how would you just describe their performance vis-à-vis the performance of  
20 Booking.com? Ja, just what distinguishes essentially a Booking.com from a local platform such as LekkeSlaap?

MR DU PLESSIS: That is a question we are still asking ourselves as well is why people prefer to use for example an OTA whether that be Booking.com or any of the local service providers, and why they would book directly with us. Why,



what is the psychological decision making process within the guest or within the customer why they would choose either one of the two.

We have also embarked on a process where we are trying to encourage most of our guests when they do book online to book directly with us. I would imagine that a Booking.com or an Expedia are internationally well-known brands, that they have been around for a very long time, where I think the local guys have – it is kind of a fairly recent  
10 occurrence that they started making inroads.

I know that for example LekkeSlaap and TravelGround it is kind of in the last I want to call it 10 years that they have been around and that they started doing business. I remember the first meeting with them was around 2012 / 2013 when we started speaking to them. So, I think it is a brand recognition thing, it is very much I would equate it to something like people – why do people use Uber?

We are exposed to international brands such as those and there is maybe a form of trust that when I work with a  
20 Booking.com, an Uber that I can trust that the service they will provide would be of the standard that they provide internationally. It could be ease of use, if I just look at if I go onto a Booking.com website and I do a search without necessarily having logged in or using my profile, it is just a breadth of inventory that is available on there.

I think they probably have more people, more accommodation providers registered on their platform. That might be the case for the local OTA's so I think it is a question of the breadth of service that they provide, the international recognition and trust in that I am working with a well-known brand but also the depth of the inventory available on their platform is probably surpasses any of the local brands.

MR LESOFE: Thank you. May I hand over back to you,  
10 Tshepe?

MS TSHEPE: Thank you, Mr Lesofe. Mr Du Plessis if I could just take you back I mean, Itu has touched on very important conversation with you regarding the use of OTA's and I just want us to just talk about that and having only started in 2019 on that journey of using OTA's.

I just want in your earlier submission to the Commission you were looking at that as around 6 to 10 percent, and today you are saying it is almost moving having gone back, it is moving towards the 15 percent. So it  
20 looks like a growing channel for your properties. Are you given that it looks like a growing channel, do you have any strategy on how you are going to be using that? And when you are, what are the factors that you are looking into to see which one are you using? If you could just, just take us through that.

MR DU PLESSIS: Sure. There is a couple of point there. I am going to start from the end of your question and I will work my way backwards. In terms of the strategy what we have realised is and I do not necessarily single anyone of them out, let us just talk about the OTA's as a whole. What they obviously provide is, they provide a marketing channel as well.

They have internal algorithms that determine where in a search of a guest you would land for example you know,  
10 the first results page or the second page or, and then obviously how high you rank within those pages, and the more people book with you, the higher you will be in those rankings. So the more popular your property is, the higher your review scores are, etcetera. That influences how high up in those rankings you would be.

So, that puts the onus on the property to ensure that we provide a good service to the guests when they get to our resorts, that the product offering whether that be accommodation, camping, restaurants, shops, that all of that  
20 is to the expectation of the guests because the better service we deliver, the better product we deliver, the better reviews we get, the more popular the product is and the higher we will rank.

And that will drive growth in terms of those OTA channels because that is how their algorithms work. So what

we realised is, is due to the popularity of some of those OTA channels, that saves us on marketing budget. I have to spend less from a Google ad words, YouTube, Facebook, Instagram, on kind of social media spend.

That spend has come down over time, especially sort of the last six months where we can see that I have had to spend less in those channels because we are getting a great return from the OTA's. So what we have to do is, we have to balance the commission that we have to pay towards the  
10 OTA's, and what our savings is on the marketing budget to ensure that we – you know, as well as promotions.

I mean as soon as you do a promotion, that is a discount off your rack rates and that has to be – it has to be discounted towards another budget. So if you are getting discount of your rack rate, it needs to covered by savings somewhere else. So that is the first thing we realised is that the strategy forward would be number 1, is we very much see those channels as a sales channel, but they are also a marketing channel.

20 They provide us with the opportunity to speak with people that we normally would not be able to through our own efforts, and that saves us on the marketing side. So we have to spend less marketing rands to reach those additional markets, additional guests. Going forward what we also realised is, on the one hand we will always be in those

channels because of the marketing opportunity and the benefit that they provide but secondly, we would like to be able to convert some of the people that book through the OTA's to book directly with us.

And the reason why we want to do that is we also run our own loyalty program, we have a membership program, and there are benefits for people that are members with us and then it would not make sense for them to book through a third party. If they are a member or they are a loyalty  
10 member, it would make more sense for them to book directly through us.

But on the other hand that also if we were so inclined to increase our marketing spend or our marketing budget, we could then focus on other areas. We can go do other things that we normally would not have been able to do, because the OTA's provide us with one channel. We can either use that money that we save as a proper saving which falls through to the bottom line, or we can use that money in different channels.

20 Channels that we also might have not previously been able to invest in. And then I am going to be honest my apologies, panel member Tshepe I cannot remember the first part of the question?

MS TSHEPE: I think you have covered it.

MR DU PLESSIS: Was that all of it? Okay.

MS TSHEPE: You have and I just wanted to just go back to the point you are raising about the use of the OTA's in a way to try and attract new bookings, and these would be consumers that ordinarily you would not have had since the beginning of your properties in 1933, or ...[intervenes]

MR DU PLESSIS: 36.

MS TSHEPE: In 1936, because even though you would want people to still come back through your online channel, presumably the OTA's still allows for you to have – to still  
10 attracting new customers.

MR DU PLESSIS: That is correct.

MS TSHEPE: And so from that point of view, you would still want to retain or grow that as a channel.

MR DU PLESSIS: That is correct.

MS TSHEPE: Can I just take you back, you spoke more about marketing and visibility and ranking and being on the first page. Why is that an important component of your marketing or your strategy with regards to OTA's?

MR DU PLESSIS: It comes back towards number 1, growing  
20 the guests base, so the number of new guests that visit out resorts but then also the diversification of our guest profile. It is better for us to partner with someone that has a very clear understanding of how to reach certain guest types whether that be corporate, leisure, mice.

It does not matter what it is. for us to partner with

those channels and say, how do we leverage off of the capabilities and the efficiencies that these channels have already built in reaching those consumers, than us trying to duplicate that. And normally you remember the old marketing adage of it is always cheaper to keep an existing guest than to try and get a new one.

So we are trying to say okay, it is going to be more expensive and more time consuming for us to try and generate new guest bookings on our own, where if we could  
10 partner with an OTA – whether that is a local or international brand to help us do that. And they help us with the marketing efforts to get to those guests that normally would not have seen our properties as part of their own research, they might be doing a Google search and trying to find a place to break away to.

Again, not to get too technical but if you look at how Google ad words works, that is again a matter of spend. How much you are prepared to bid on certain key words, determines how often your ad is shown and how relevant a  
20 market you can reach through those ad words. And that is a competition. It is a competition between every local provider whoever has the budget to spend any money on Google ad words, you are vying with all of them to reach those eyeballs, to reach those new guests.

So the strategy very much would be if we can partner

with someone that can help us reach those new guests that people have not seen our properties before, that saves us time and money.

MS TSHEPE: Thank you for that. I mean, the point you are making particularly on Google, sort of gives me an idea and I just want to hear your view on that is, it matters. Visibility on Google matters. So if you have an OTA that has a high marketing spend and you then are selling through that channel, that means you have a lot of traffic and that is why  
10 you said ...[intervenes]

MR DU PLESSIS: Definitely.

MS TSHEPE: There is visibility and that is what you require. Is that a fair comment of what you were saying?

MR DU PLESSIS: That is very fair, very accurate.

MS TSHEPE: I am going to move from this and I just wanted to find out from you, James if there is something you wanted to add on that because I think Itu covered a lot of the issues I wanted to?

CHAIRPERSON: Mr Du Plessis, maybe just one question  
20 from me which is you obviously have many OTA's that can list, and as I understand it your – is it Knightsbridge software allows you to list quite easily.

MR DU PLESSIS: Correct.

CHAIRPERSON: But where do you put your effort? So you can list of 10 channels, but you probably are not going to



give equal effort to all of them. So maybe just let us know, you know it is easy to list but where do you put effort? Including you know if you put in promotional spend or on the actual OTA itself, how do you make that decision and what is your strategy across OTA's?

MR DU PLESSIS: It is very much based on the revenue share of that channel. The more revenue that comes in through an OTA, the more effort we would need to put into it to ensure that content whether that be photographs,  
10 descriptions of room types, promotional materials that need to go out, it would very much depend on how much revenue we generate from.

So it is a lot of, for example Expedia is very much an internally focussed OTA so, inbound more than domestic and that is traditionally not a market that our resorts would typically serve. It is not something that – we are not five star hotels that international guests or lodges that international guests would normally look at.

So from an Expedia point of view we make sure that  
20 the information is correct and that it is up to date but not much more than that. Where with a TravelGround, LekkeSlaap and then obviously specifically Booking.com, a lot of effort goes into that. So both from a capacity point of view, a person you know hands paying attention to those channels, time – a lot of time is spent on ensuring that we do

them and then obviously from a monetary perspective, there is commission involved.

Again, we do have a saving on our side that kind of makes up for that commission, but that would not necessarily always be the case. So the investment there is quite large to ensure that those channels keep on performing the way that they do and again as I have mentioned earlier, also the efforts to then conferred guests that have booked through OTA's previously, to book directly with us.

10           Because there is other benefits that we could provide when they book directly through with us, than when they come through an OTA. So the investment would depend on the revenue generated by that channel.

CHAIRPERSON: Thanks.

MS TSHEPE: Thank you, James. There is just one other broader issue before I hand over to Mr Lesofe I wanted to touch on with you. In your responses to the Commission the ways there were issues regarding a dispute resolution or dispute mechanism with OTA's. And I just wanted to find out  
20 from you, what are the nature of disputes that you ordinarily would have with OTA's?

We have heard from other property owners that there are dispute resolution mechanisms and there are disputes with OTA's and I just wanted to understand from your perspective, what are the types of disputes you have?

MR DU PLESSIS: Sure.

MS TSHEPE: What are the dispute mechanisms that exist and are they effective? Is there a person on the other side when you want to resolve these or is that a chat board and if you could just take us through some of those.

MR DU PLESSIS: Sure. The disputes are normally administrative in nature. A booking has been cancelled, might not have come through on our system. Obviously, the OTA would still charge commission on that booking because  
10 it still shows as a booked reservation on their side and then it is kind of trying to figure out, alright this guest was a no-show.

It could be that the resort missed putting through the cancellation on our internal property management system and it did not come through to Booking.com, so it is mostly administrative in nature in terms of where bookings made through the OTA do not match what we have on our property management system.

Even though they do use for example a Knightsbridge  
20 or an OTA of some sort to connect, so there should be syncing and they are mostly correct, but there are instances where it is not. So administrative in nature, sometimes financial especially with OTA's that have that inbound focus, like for example Expedia because there is, there are exchange rates involved, right.

You know, the guest would have booked in dollars or euros or pounds, it comes through in rands and then sometimes the Vat or if there were discounts applied, they would not necessarily always line up and we would have to fix that. With other times it would be for example things like content that has not pulled through correctly from Knightsbridge.

Because Knightsbridge is the repository for all the pictures and the descriptions and everything else, sometimes  
10 they do not sync correctly with the OTA's and we have to make sure – that is why we have a hand, a person that checks those things for us on a regular basis to make sure that the content is correct. In terms of then how do the OTA's handle the disputes?

The local ones are obviously much easier to work with, they have got offices in the country and you can speak directly to someone. Again, I have to especially over the last 18 months I do have to – not to make excuses for them but I very much understand that they have gone through exactly  
20 what we have. They were also hit very hard by the pandemic, they have lost a lot of staff.

And that means that they are not always able to assist us as quickly as we would need it to be especially because a guest might be standing at reception, we need to get hold of someone, resolve the problem whatever that may be and that

is not always possible to do that. With the international guys, what seems to have happened is they have a very small presence locally in South Africa.

And a lot of the I want to call it the bigger questions or the bigger disputes we may have needs to go to whatever international office would be relevant for that OTA. We normally fall within EMEA so, Europe, Middle East and Africa and that office might sit in Europe or somewhere else, and that can become a frustration because the turnaround time is  
10 a lot longer then and that makes it difficult.

So it is, I understand that it is a capacity issue for them, they do not necessarily have the local presence that they would have had I the past prior to the pandemic, but it does make the resolution of certain types of disputes it just kind of, it makes it more difficult because there is a local contact, but they have to pass on information and wait for approval or feedback from an international office.

MS TSHEPE: Thank you so much, Mr Plessis. I do not know if you wanted to – oh okay, please Mr Lesofe.

20 MR LESOFE: Thank you, thank you. Mr Du Plessis, perhaps if we could start with price parity as a topic. So we have heard from some of the accommodation providers that they are restricted by some of the OTA's, especially large OTA's from pricing differently on another OTA or on another platform or across different sales channels. What has been

your experience since you have started using online platforms?

MR DU PLESSIS: It is exactly as you have mentioned, the OTA's I do not think it is all of them, like all international they require that the prices need to be the same across all the OTA's. So if you use multiple OTA's, the rates you charge need to be same across all of them. We however do not do that on our own website.

So we do use dynamic pricing across the OTA's and  
10 we ensure that the rates across the OTA's are all identical, but that would not necessarily be the case for booking directly through our own website where we would use a different rate.

MR LESOFE: Okay. Is it just on your own website, you are doing that – you are pricing differently on your own website because your understanding is that price parity does not extend to that. It is – what is your understanding of price parity as it is applied by OTA's?

MR DU PLESSIS: That is how we understand it is that the  
20 expectation of the OTA's is that if you are registered at multiple OTA's that at least a TravelGround needs to be able to compete with an Afristay, with a Booking.com, the rates need to be the same across OTA's, but we do not apply that.

And our understanding is we do not have to apply that to your own website, that the prices on our own website

would not be the same as the OTA's.

MR LESOFE: And none of the OTA's has raised queries with you regarding how you price on your website?

MR DU PLESSIS: Not on our own website, no. It has happened a couple of times that an OTA would pick-up that a price would be different on a different OTA and we would have to adjust those, but not so far on our own website, no.

MR LESOFE: Okay. And just your views on the restriction that requires you to, not to charge differently on OTA's  
10 platforms. Just your views on that, do you think that is something that is fair? Do you feel that that restricts your ability to compete in the market?

MR DU PLESSIS: I understand the question, I am trying to put myself in the consumer's shoes and I think again this would be my personal opinion and not necessarily reflecting what ATKV resorts feel. If I were a consumer, I would want the best price. And I think if there is a restriction in place, that takes that opportunity away from me, that would be something that I would not agree with if I put my consumer  
20 hat on.

I think from a business perspective for us, the restriction of having to have the same rate across all platforms, makes it difficult to do targeted promotions, because the OTA's do serve different markets. They do not all serve the exact identical same market. There is a reason

why someone uses LekkeSlaap, or TravelGround or why they use Afristay or SafariNow.

If that restriction was not in place I think we would have more flexibility, we would be able to be more creative in terms of how we offer certain promotions, how we tailor certain packages or offers to different – through different OTA channels, and even maybe our own channel because that means that we could do certain things differently or more creatively than we currently do.

10 We are currently at – you know, we have to make sure that the rates across all the OTA's are the same. Obviously on our own website we do it differently, we do not necessarily do that, but I think it does from a consumer perspective maybe takes away the opportunity to shop around because the rates have to be the same.

If you are using an OTA, I think from a business perspective, it does cut down on the creative use of promotional activities.

20 MR LESOFE: Let me just check if there are any follow-up questions from the panel.

MS TSHEPE: Ja, it is not on price parity but it is the issue you just raised now. It is about price and particularly in relation to consumers. I just wanted to find out that do any of the OTA's or platforms that you use, offer your accommodation services on their platform at a discount



without your consent?

MR DU PLESSIS: I hope not, they will not be allowed to do that. The agreement we have with all the OTA's is that any promotions that are run need to come from us, so we would provide them with a promotion that is able to run. We have picked up on specific international OTA where they did not comply with that, and we had to stop to.

We have not had that problem mostly except for that one instance. For as long as we have used the OTA's, they  
10 always use the rates that we have given them because they sync through from Knightsbridge and if the promotion is applied, it is a promotion that we have given them with the exception of that one instances.

MS TSHEPE: Maybe you need to explain what do you mean by they did not comply? So, presumably I would – I assume where they do so, they would absorb that discount or take it from their own commission. Would that still be a problem for you?

MR DU PLESSIS: If it is absorbed within the commission  
20 that the OTA charges us, we would not necessarily have a problem with it but we would not want – we would not want the OTA to decide on its own what those promotions would be. We would need, we would prefer – no not prefer, we would need them to discuss whatever they wanted to do as a promotion with us first before they apply that to our

properties.

It would not be something that we would just give them sort of carte blanche to do on their own. And that comes back to kind of you know, the brand. You do not want to necessarily cheapen a certain offer that you have. If you have a four star unit at your resort that is very popular and is normally kind of, you know the occupancy of it is very good, to apply a promotion to that where inventory is limited and where margins for us are high, those are our high value  
10 units, we would not necessarily want to do that.

So we would not want to give them carte blanche to decide on their own what those promotions would be. If there is a discussion, if that is possible to have a discussion with an OTA in terms of what those promotions are that they would want to do, and they absorb it in their commission, by all means, we would not have an issue with that. But we would not as for example in that one instance, we would not want the OTA's to decide on our behalf what those promotions are.

20 MS TSHEPE: I asked the question just from a point a view of your response with regard to price parity and that it is – where it is maintained, it affect consumers. And in my mind I am thinking if an OTA were to discount but they take that out of their commission, you are not affected, but the consumer benefits out of that.

MR DU PLESSIS: That is correct, ja.

MS TSHEPE: And so why should that be a problem? That is where I am wanting to understand your view point..

MR DU PLESSIS: No, I think again if a discussion is possible with OTA's prior to them offering promotions that they want to run and they run it past us, that would not be a problem at all.

MS TSHEPE: Thank you, Itu.

MR LESOFE: Thank you. Mr Du Plessis, the last topic that  
10 I would like to explore with you is on the terms and conditions that articulate your relationship with different OTA's as contained in the contracts that you conclude with them. I think you have already discussed one of them being the dispute resolution mechanism.

I just want to check if there are any terms and conditions that you may be concerned about and – ja, maybe let us start with you seem to value ranking a lot. It appears that you see value in ranking. Just to check, if you have any concerns with regard to customer search ranking as one of  
20 the terms in your agreement, be it in terms of transparency, or how that generally works.

MR DU PLESSIS: Ja, I try and keep up to date and make sure that I understand the technical workings or the ins and outs of the various OTA's but it is like trying to understand how Google's algorithm work. It is very difficult, it is very

complex, it is not something that – it is not something that is easily manipulated from within your own organisation.

From what we understand with most of the OTA's, the guest review once a guest has visited your resort and they have left a positive or then a negative review together with the volume of bookings that you are able to drive, whether that be volume of value and rand value, that should be the biggest driver of your success on those OTA's. I am saying what it should be.

10 From what I understand, there are and these are not methods that we have used yet, there are ways to use paid for advertising on some of the OTA's to be a featured property on a search result, very much like Google does. You will have your paid ads which appear in the top kind of two or three positions and then you will have your organic search results below that.

Some of the OTA's also offer those kinds of services but they are very clearly marked as an ad, so the customer or the guest would see that right, this is an ad that was paid  
20 for, that is why they are at the top. Below that would be the more organic or relevant search results based on what I have searched.

In terms of the terms and conditions, the parity thing is the biggest thing that came out for us. It does make it a little bit harder to be more creative in terms of how you

would sell through various channels. Again, that the OTA's do not always – do not all serve the same markets, they do have different markets and it would be nice if we could do certain things in certain ways.

Dynamic pricing is also a big thing. You would - ideally you would want the OTA's to be able to work on a very similar principle to what your own website works. You would be more familiar with it, we do not. We are yet to do it, but we are working to that point. For example hotels very  
10 much work like airlines.

So based on supply and demand, prices are cheaper if you book far in advance. The closer you get to a weekend or a school holiday or a long weekend, the more expensive it becomes and it is the same with flight tickets. We do not currently use that system. We do have a set rate card and the rate card is broken up into peak seasons, off peak seasons, etcetera.

If we were able to – well not able, as we work towards implementing dynamic pricing where based on demand from  
20 the consumer, that determined the price for a specific period that you want to book for. It would have been great if the OTA's could match that. For example, if an OTA is deriving a lot of revenue for us and there is a lot of volume that comes through it, pricing could maybe be a little different.

Where if you are using another one, again pricing

would differ between the different OTA's, but depending on who we were trying to promote to, who we are trying to attract to our properties, to our resorts we would be able to run a promotion through one and not necessarily through the other. So I did ask the rest of the team, specifically our people that work directly with the nitty-gritty of the OTA's on a day to day basis what within those terms and conditions bothered them.

And it kind of came down to price parity, dispute  
10 resolution, etcetera. It is very strict, it is a very strict process, it is a very difficult process to get around. There are a lot of expectations put on the properties or resorts and hotels that list through them. Again, you have to understand that they have a business to protect, whether it is local or international brand.

It is just, it does make certain things more difficult to do than it probably needs to be.

MR LESOFE: Alright, thanks. And you have spoken about sponsored ranking, but I think it was in the context of  
20 international platforms.

MR DU PLESSIS: That is correct, yes.

MR LESOFE: How would you, or what are your views with regards to local platforms? How does it work locally, sponsored ranking? I mean, it is transparent or as transparent as applied by international OTA's?

MR DU PLESSIS: I am currently only aware of international OTA's that provide that offer, I am not aware of any local ones. I am not saying that they do not offer those kinds of paid for services locally, we have not used any of them whether local or international. We prefer to kind of work on the organic or the algorithmic based search results.

We have not paid for any specific things. What we do and I am not sure if necessarily all the local guys do it, I know for example one of the big international OTA do, do it  
10 where you can become involved in a what they call a campaign. So you could be part of a campaign, that campaign is promoted by the OTA themselves.

They make sure that certain marketing materials get through to their database, wherever it is they are targeting for the specific promotional offer, but that we do not pay for. It is not an additional fee that we have to do, it is you are part of a campaign and there are certain requirements to be part of that campaign. It could be a certain discount is applied, it has to be available for a certain period of time, it  
20 has to include a certain date range for which guests can book so arrival / departure dates.

So that kind of thing, but there is no additional fee required for that and as far as I – and again, I am not 100 percent sure it is because we have not – we decided that we are not going to follow that channel. I am not aware of

any of the local ones that do offer sort of a paid or a sponsored spot on their search results, but I know that the international ones do.

MR LESOFE: Okay. And if domestic OTA's do offer sponsored ranking, your expectations would be at least that it applies more or less the same as it has been applied by international OTA's.

MR DU PLESSIS: Ja, I think again what Google has done is they have kind of set the standard for what a sponsored post  
10 would look like to keep search results fair. If you are a sponsored placement, a sponsored ad or a sponsored result within a search query from a customer, it cannot look like it is organic, it has to be very clearly marked as something that was paid for, I think number 1.

If you are going to do multiple again, Google has kind of set the standard where you have got one, two or three positions where that ad could be placed and that is very clearly marked as such and then below that the organic search results for the relevancy of those search results are  
20 displayed. I think at the very least if the local OTA's were going to do that, they would need to follow kind of that international standard.

The expectation has been created with even the South African market that that is how you handle a paid or a sponsored placement or promotion within search results.



They need to be very clearly marked as this is paid for and these are the organic results.

MR LESOFE: Thank you. And are there any other terms and conditions that concern you?

MR DU PLESSIS: I must be honest, I am trying to remember what my submission entailed and I do not actually remember.

MR LESOFE: Just to maybe take you through ...[intervenes]

MR DU PLESSIS: Refresh my memory.

10 MS TSHEPE: The list of the kind of terms and conditions that we had identified. So there is termination and suspension policy.

MR DU PLESSIS: Oh, that is right. I think it comes back down to the capacity that especially the international guys have locally, and even the local oaks here, their capacity has also been affected. They do not have as many staff as they used to before the pandemic. Again the onus is very much placed on the property to ensure compliance.

20 But again, mistakes do happen, reception staff are human, and other things could happen that influence the way something is done. For example with one of our properties, with one of the international OTA's we missed a commission invoice payment. And that purely happened because the person who receives the emails for those invoices was sick on that day, and there was a miscommunication and we

missed the payment of that invoice. And then the property gets delisted.

So there is no warning, there was no hey guys you missed a payment, is there – is something wrong? Did the right person get this, and that feels a little harsh. It is not that we did not want to pay the invoice, it is that purely we missed it and due to a set of circumstances kind of outside of anyone's control, the property was delisted.

And obviously that creates a big revenue hit if that is  
10 for one, two, three, four days – the longer a ban lasts or that suspension lasts, the more money you lose. And that is not, it does not feel fair where it would have been nice to at least have received some sort of indication, a warning to say hey guys you have missed a payment, you know.

Please contact us at this number or this email address and indicate to us what is going on, to just summarily suspend or ban a listing for a very minor infraction. Again, the invoice amount was not very much at that point, but that feels a little harsh.

20 MR LESOFE: Thank you. There is also the over-booking policy. Would you like to comment on that?

MR DU PLESSIS: From an over-booking perspective again, it depends. Because there are so many systems that talk to each other at the same time, and you kind of you set up the system to run in as real time as you can, mistakes are going

to happen. It could be due to loadshedding, a server is down for a couple of minutes while a generator kicks in or all sorts of things could happen.

And over-booking is not something that we have only experienced it very, very few occasions and has not been something that we really had to worry about, but it has happened. And again, the penalties for that it were to ensure that you know, again certain things might be out of our control. The same as what might happen with the OTA.

10 Certain things might be out of their control.

If something were to happen to – if it is an international OTA to their local servers where synchronisation has not happened the way it should have, a fibre cable, undersea cable could go, something that they are connected to. I think they just need to be again cognisant of that operating in South Africa is very different from operating in Europe or in South East Asia or in the America's.

20 And there are things that could happen outside of either the property's control or the OTA's control which could cause an over-booking, so that the penalties around that – or the onus placed on the penalties for the properties is maybe a bit too onerous. It is, this is only your fault and not ours, that does not feel balanced necessarily.

MR LESOFE: Thank you. Could you also comment on

business data used by OTA's?

MR DU PLESSIS: I am trying to think of what they know about us. Some of the larger OTA's do have a very robust analytics platform. Again they do not make, they do not make all the information available to the properties who are generating the information, but we do get say a fair amount of how our properties perform versus anonymised averaged data based on our competitors, or who they think our competitors would be based on who the guest profile is and  
10 what other properties that they have booked.

But I mean, I think there is opportunity if they are prepared to open up more of the data that they do collect to the property specifically and again, competitor data does not have to be – it can be anonymised. It can be averaged out and it could be average data. So we would necessarily not know who we are being compared against or what their performance is.

But I would assume that what we see from the analytics data that is provided, there will be a lot more that  
20 we do not see. I think we see only a portion of it and I would say it is less than 50 percent. I would not necessarily know how to give a ratio for that. But again you know, data is power in this age and time that we are. The more you know about what a consumer would want, the more attractive you could make your offer and hopefully the better you can sell.

I think as long as everyone is treated the same, even if it is not ideal, then at least it is fair. But what would be dangerous is if any OTA decided right, if someone is prepared to pay for the extra data, that would be a problem. That is not something that I would be happy about if – I would not be able to afford it. If I am a guest house in Nelspruit and I am not able to afford paying for analytical data that one of the local resorts lodges of smaller boutique could pay for, that could put you at a big disadvantage.

10 So as long as everyone has the same, that would be fair and that would be equitable, but I think there is obviously – I think there is more data that they have that they can themselves use than what they provide to people that list on their platforms.

MR LESOFE: Thank you. Thank you very much, Mr Du Plessis. I have no further questions, Chair.

MS TSHEPE: Mr Du Plessis, thank you so much for your time and sharing your insights with us. We really appreciate it as the Inquiry. I will then hand over to, Mr Hodge. I think  
20 this brings us to the end of this session for this morning.

CHAIRPERSON: Yes, so all I can do is close the session. Thank you very much, Mr Du Plessis and we will resume at 2:00 with Travelstart and Safari Now.

MR DU PLESSIS: Thank you, Chairperson thank you, panel members. I appreciate your time.

INQUIRY ADJOURNS

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