



HOTREC position vis-à-vis the emerging shadow hospitality economy in Europe

HOTREC¹ the business association representing the European hospitality industry, has been monitoring with concern the rapid emergence of the shadow hospitality economy, which is often developing in an unregulated way. In Europe, this market, as listed on the most influential distribution websites, already accounts for far more than the double of the existing number of hotels and similar establishments. Therefore, this unregulated growth has created concerns among the hospitality industry, especially in relation to the basic necessity of equal and fair conditions of competition amongst the different actors that operate in the tourist accommodation market.

As the conditions for the provision of shadow hospitality services are often not regulated, HOTREC considers that there are also risks for consumers, for residents and for the rest of players in the tourism sector who might not be able to properly exercise their rights in such a non-regulated market.

In order to allow for a level playing field of competition across Europe, to ensure at least a minimum level of protection of guests, no matter the type of tourist accommodation chosen, as well as to ensure that all types of accommodation establishments are measured and assessed similarly in the market, HOTREC considers that the following requirements should be complied with by all players providing tourist accommodation:

¹ HOTREC represents the hotel, restaurant and café industry at European level. The sector counts in total around 1.8 million businesses, being 99,5% small and medium sized enterprises (91% are micro enterprises, i.e. employing less than 10 people). These businesses make up some 60% of value added. The industry provides some 10 million jobs in the EU alone. Together with the other tourism industries, the sector is the 3rd largest industry in Europe. HOTREC brings together 42 national associations representing the interest of this industry in 27 different European countries.

- **Registration of “business “activity**

All tourist accommodation providers shall be subject to a registration of their business activity with similar legal treatment for all suppliers. This shall ensure that all tourist accommodation activity is officially listed in the local registries. National / regional requirements regarding opening an accommodation establishment shall be fulfilled by all types of tourist accommodation facility as well.

- **Reliable statistics**

Reliable tourism statistics are indispensable for all decision makers and stakeholders dealing with tourism. Therefore, statistical data including the activities of the shadow hospitality economy shall be ensured, similar to the data available for all other types of tourist accommodation.

- **Residential areas-use of land**

Similar requirements and processes shall be met by all types of tourist accommodation provision when requiring an authorisation for operation in residential areas.

- **Rights of neighbours**

The public authorities shall guarantee the rights of neighbours that are sometimes infringed due to the rapid emergence of the shadow hospitality economy, especially in the case of big cities.

- **Hygiene and cleanliness**

Minimum requirements in relation to hygiene and cleanliness shall be fulfilled in accordance to local/national regulations. This is in the basic interest of all consumers lodging in any type of tourist accommodation.

- **Health and Safety**

With regard to health and safety, at least similar basic requirements, adapted to the specific type of building shall be fulfilled by all operators in order to ensure the health and safety of the guests. A fire safety certification should be a prerequisite for all type of accommodation.

- **Food & beverages**

If food and/or beverages are provided by any tourist accommodation supplier, they shall follow the same rules and processes with regard to food & beverages hygiene as other processor or distributor of food & beverages in the regulated hospitality sector.

If alcoholic drinks are served and sold by any shadow hospitality supplier, they should follow all the specific rules that the regulated hospitality sector has to comply with.

- **Internet platforms liability.**

Internet platforms providing facilities of the shadow hospitality economy should be considered similar to all other types of on line travel agencies (OTAs). As any other type of OTAs, these online platforms should comply with HOTREC benchmarks of fair practices in online distribution, as well as with the relevant European and national / local legislation.

- **Fiscal obligations**

It shall be ensured that existing fiscal obligations at local/regional or national level are actually fulfilled by the players within the shadow hospitality economy and the internet platforms. Transparency in this matter is a must, like to the rest of tourist providers. VAT is clearly due in almost all types of tourist accommodation in Europe, and shadow hospitality economy should be covered by that aspect as well, as this aspect reflects a huge competition imbalance on the tourist accommodation market. Moreover, where any types of lawful taxes targeting the hotel sector (city tax, bed tax, etc.) are imposed at local, regional or national level, any tourist accommodation operator should be subjected, too.

- **Provision of information**

With regard to the provision of information about the accommodation facility and the related services, the same obligations shall be applicable for all types of accommodation. On the OTAs' sites there should be a clear distinction between hotel and shadow hospitality facilities explaining in an objective manner the differences, so that the consumer clearly understands and takes the responsibility of his/her choices.

- **Environment**

Wherever rules in regard to environmental protection are applied to the hospitality sector they shall be imposed in the same way to any other type of accommodation.

- **Protection of consumers' rights**

It should be ensured that consumers' rights are protected in line with the relevant European Directive in case of any type of tourist accommodation contract (be it B to C or C to C).

- **Accessibility**

Wherever obligations concerning accessibility are applied to the hospitality sector they shall be imposed correspondingly to any other type of accommodation.

- **Collective agreements**

Wherever hospitality establishments have to comply with collective agreements when employing workers, the shadow hospitality economy shall also comply with these rules.

- **Registration of guests**

The shadow hospitality economy should also comply with the regulations concerning the registration of guests, especially having the Schengen requirements for the registration of tourists in tourist accommodation in mind.

- **Copyrights**

The shadow hospitality economy should fulfil the same obligations regarding copyrights as the rest of the hospitality sector

- **Official controls**

Official controls on the fulfilment of requirements shall be carried out proportionally in all types of tourist accommodation facilities to secure the proper implementation of the applicable provisions.

HOTREC strongly believes that accommodation distribution channels (on- and off-line) must only operate with properties complying with the above-mentioned requirements for a fair competition in the accommodation market and for consumer protection as well.

Hospitality is a central pillar of tourism, which is the third largest socio-economic activity in the EU. Indeed, tourism has a considerable impact on the economy as a whole, through spending in accommodation, food and drink, transport, entertainment, shopping, etc. By allowing (or not regulating) the shadow hospitality economy as such, it could not only reduce the hospitality industry's contribution to jobs and growth across Europe, but also affects the quality of the overall travel experience of the consumer which may directly impact the other tourism sub-sectors.

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