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A Costly Trip: Lessons from China's RMB 5.2 Billion Trip.com Decision

On 25 July 2026, China's State Administration for Market Regulation (**SAMR**) found that Trip.com had abused its dominant position by imposing exclusivity and price parity requirements on hotels through algorithms, automated price adjustment tools and other platform rules. In its first significant action against a tech company since the Alibaba and Meituan cases in 2021, SAMR demonstrates its willingness to investigate the complex technical systems underlying commercial arrangements.

SAMR also repeatedly linked Trip.com's conduct to a "race to the bottom" and "involutionary competition" (内卷 or "nèijuǎn" in Mandarin), which it views as disrupting market order, suppressing innovation and undermining a healthy industry ecosystem. For the first time in a platform case, SAMR combined a cease-and-desist order, confiscation of illegal gains and a record fine of 7.5% of Trip.com's China turnover. Together, the remedies totalled RMB 5.2 billion (~US$770 million).

1. Background

Following complaints about Trip.com's dealings with hotel operators, SAMR opened an investigation in January 2026. It conducted on-site inspections, gathered evidence from hotels and competing platforms, analysed more than 10,000 GB of electronic data and consulted technical experts. SAMR issued the infringement and penalty decision on 25 July 2026, a relatively swift outcome given the volume and technical depth of the analysis.

SAMR found Trip.com dominant in the market for online hotel booking platform services in China, with shares above 50% by both transaction value and revenue between 2020 and 2025. SAMR concluded that Trip.com had engaged in two distinct forms of abusive conduct:

- **Exclusivity** (akin to the "choose-one-from-two" conduct in earlier Alibaba and Meituan cases): special-tier hotels were required to work exclusively with Trip.com and not to offer their rooms on competing online platforms. Hotels that failed to comply faced warnings, reduced traffic exposure, withdrawal of promotional benefits and, in some cases, delisting from Trip.com.
- **Price parity** ("lowest-price-on-the-internet"): gold-tier hotels had to give Trip.com a price advantage over competing platforms, while unlabelled hotels could not charge less on those platforms. Compliance was monitored through algorithmic tools, including a "price-adjustment assistant" and an "AI business assistant", which automatically detected price discrepancies and prompted adjustments. Non-compliant hotels faced ranking demotions, traffic restrictions, delisting and forfeiture of deposits.

The sanctions imposed by SAMR comprised: (i) a cease-and-desist order, including an order to refund RMB 122.78 million (~US$18 million) in hotel security deposits; (ii) confiscation of RMB 1.658 billion (~US$245 million) in illegal gains; and (iii) a fine of RMB 3.522 billion (~US$522 million).

Although the absolute fine remained below the record RMB 18.2 billion (~US$2.7 billion) imposed on Alibaba, Trip.com received the highest fine-to-turnover ratio in a Chinese platform-economy abuse case to date, amounting to 7.5% of its 2025 China turnover. This represents a notable escalation compared with the ratios imposed on Alibaba (4%) and Meituan (3%). Moreover, according to SAMR's official reports, this is the first such case combining cease-and-desist order, confiscation of illegal gains and a fine.

2. What businesses should take from the decision

Beyond its significance for the online travel sector, the decision offers broader lessons for businesses that rely on distribution platforms, pricing restrictions or algorithm-driven commercial systems. Several themes emerge from SAMR's reasoning.

2.1 Repeated complaints should prompt a legal review

The investigation followed sustained complaints from hotels, industry groups and competitors, as well as earlier local regulatory attention (including a regulatory summons and a rectification order). Complaints that prices are being dictated, distribution channels restricted or commercial penalties applied unfairly should not remain within sales or account-management teams. A pattern of similar concerns may reveal how an arrangement operates in practice and could later provide the foundation for an antitrust investigation.

In-house counsel should therefore have visibility over recurring complaints from customers, suppliers, merchants and competitors. Early escalation allows the business to test the arrangement, preserve any legitimate rationale and make corrections before the regulator does so.

2.2 Review restrictions on what price partners may sell

The Trip.com case represents SAMR's first abuse of dominance decision targeting "lowest-price-on-the-internet" obligations. These are generally known as "parity requirements" and have been the subject of various antitrust investigations globally in the online travel industry. Article 5(3) of the European Union's Digital Markets Act prohibits gatekeeper platforms such as Booking.com from imposing parity requirements and from using measures with the same effect, such as higher commissions or delisting. In September 2024, the European Court of Justice rejected the argument that parity clauses are automatically exempt from competition law as "ancillary restraints" necessary to operate an online booking platform, although their competitive effects still require case-specific assessment.

Trip.com argued that the arrangements benefited consumers and prevented hotels from free-riding on the platform's marketing investments while offering lower prices elsewhere. SAMR rejected these arguments. It held that consumer welfare cannot be assessed solely by reference to short-term price effects and concluded that the arrangements distorted competition with rival platforms and interfered with hotel pricing autonomy, ultimately harming consumer interests.

2.3 Review what commercial systems do, not only what contracts say

"Choose-one-from-two" arrangements have long been a core enforcement priority for SAMR. In April 2021, SAMR imposed a record-breaking fine of RMB18.2 billion (~US$2.7 billion) on Alibaba for requiring merchants to deal exclusively with its platform. In October 2021, SAMR imposed a further RMB3.44 billion (~US$509 million) fine on Meituan for similar conduct in the online food delivery sector. See our previous newsletters in April and October 2021 for further details.

Unlike the arrangements considered in the Alibaba and Meituan cases, Trip.com's exclusivity requirements were not always reflected in express contractual provisions. Nevertheless, SAMR found that the restriction operated in practice. Traffic allocation, hotel labels, incentives and penalties encouraged special-tier hotels to remain exclusive to Trip.com. SAMR also found that Trip.com deployed automated tools to monitor prices on competing platforms and reduce hotel prices in the backend system without the hotel's consent. In SAMR's view, these arrangements produced effects comparable to express exclusivity obligations through less visible means. SAMR found that they restricted special-tier hotels' ability to operate across platforms, limiting the distribution channels through which they could reach consumers and the transactions they might otherwise have concluded on competing platforms.

SAMR looked beyond Trip.com's description of these tools and examined how the platform design discouraged hotels from using multiple platforms. It examined technical documents and algorithmic code, conducted its own analysis and consulted external experts. Future investigations may similarly examine a system's design, configuration, audit history and commercial effects, rather than relying on the business' own description. Technical complexity or algorithmic opacity should not be assumed to shield commercial arrangements from regulatory scrutiny.

This approach has international parallels. The European Commission's Horizontal Guidelines recognises that companies may be responsible where algorithms facilitate unlawful coordination, while the US Department of Justice sued RealPage over an algorithmic pricing scheme involving software used by landlords to price rental properties. Although those matters concern coordination rather than unilateral abuse, they point to the same compliance lesson: legal risk follows what technology enables, not how the business labels it.

2.4 Pricing controls by internet platforms may be regulated even without dominance

Businesses in China should not assume that parity requirements become problematic only when imposed by dominant firms. China's Rules on Pricing Conduct of Internet Platforms (the **Rules**), which came into force in April 2026, prohibit platforms from imposing "lowest-price-across-the-internet" requirements or automated price-matching mechanisms through measures such as traffic restrictions, higher platform fees, ranking demotions or delisting (see our previous newsletter in April 2026 for further details).

Unlike abuse of dominance under the Anti-Monopoly Law, enforcement under the Rules does not require dominance or proof of anticompetitive effects, creating a materially lower intervention threshold. Serious restrictions on platform merchants may attract fines of up to RMB 2 million (~US$296,000) under the E-commerce Law. Businesses in China should therefore review their pricing controls regardless of whether they may be dominant.

It is unsurprising that SAMR chose to proceed under the Anti-Monopoly Law. Trip.com's dominant position in the market is relatively uncontroversial, and much of the conduct dated back to 2020 (before the Rules were introduced). The Anti-Monopoly Law also provides access to more substantial sanctions, including confiscation of illegal gains and fines of between 1% and 10% of turnover.

2.5 Connected businesses in the ecosystem can increase the risk of dominance

SAMR did not assess Trip.com's hotel booking operations in isolation. It found that Trip.com's strength in transportation ticketing and vacation services generated traffic, increased user dependence and reinforced its hotel booking position.

The reasoning echoes the European Commission's concerns in its 2023 prohibition of Booking Holdings' proposed acquisition of eTraveli. The Commission found that adding a flight-booking business would entrench Booking's dominance in hotel booking through cross-selling and traffic effects. Booking has appealed that decision to the EU General Court, and the ecosystem theory remains contested in Europe (see our previous newsletter in February 2024 for further details).

SAMR's conclusion rests on firmer conventional ground because Trip.com already held shares above 50% in the relevant hotel booking market (being the market directly related to the illegal conduct in question). Its wider ecosystem supported, rather than created, the dominance finding. Diversified groups should nevertheless assess whether connected services, shared data, customer traffic or cross-selling make counterparties more dependent than the market share of one business line suggests. A business that appears safely below the dominance threshold when viewed alone may present a different picture when the wider group is considered.

2.6 Hotels and competing platforms may bring private claims against Trip.com

A natural next question is whether businesses harmed by Trip.com's conduct can seek compensation. Hotels may have claims arising from restricted distribution, reduced prices, deducted deposits or inflated commissions. Competing platforms may also have claims if the conduct denied them hotel inventory, competitive room prices or business they would otherwise have won.

Long before SAMR's decision, the Yunnan Province Guesthouse Association had already indicated that it intends to pursue private claims against Trip.com. China already has similar precedents, for example, in December 2023, JD.com recovered RMB 1 billion (~US$148 million) from Alibaba following SAMR's 2021 abuse decision. Internationally, since 2025, hotel associations across Europe have been organising collective claims against Booking.com following the European Court of Justice's finding that the platform's parity clauses were incompatible with EU competition law, although Booking.com disputes the claims.

2.7 The turnover fine may be only part of the financial exposure

As regards price parity, SAMR confiscated RMB 1.658 billion (~US$245 million) in commission income earned from bookings for which Trip.com had reduced hotel prices. This marks the first time SAMR has successfully imposed confiscation of illegal gains in a platform-economy abuse case. However, SAMR did not confiscate gains arising from the exclusivity arrangements because it was unable to identify which additional transactions were attributable to that conduct, reflecting the evidential difficulty also encountered in the Alibaba and Meituan cases. The decision therefore shows both SAMR's willingness to confiscate gains and the limits of doing so where such gains cannot readily be quantified.

The methodology used to calculate the confiscated amount in commission income may nevertheless remain open to debate. Some of the affected bookings might have been made without the unlawful price adjustment, raising the question whether the entire commission or only the additional earnings attributable to the adjustment should constitute illegal gains.

Transaction-level data will be central to distinguishing lawful revenue from gains attributable to the alleged conduct. Any serious competition investigation should therefore prompt an early assessment of all potential financial exposure, including fines, confiscation, refunds and private claims, rather than a calculation of the "headline fine" based only on turnover alone.

2.8 "Involution-style" competition may signal higher regulatory risk

SAMR found that Trip.com's "lowest-price-on-the-internet" requirement exacerbated a race to the bottom in China's hotel booking market. Its repeated references to "involution competition" echo China's broader campaign against excessive discounting (see our November 2025 client briefing on China's new rules targeting such practices). SAMR has increasingly used both antitrust and sector-specific regulatory tools to address "involutionary competition" in the platform economy, including intervening in subsidy wars among leading technology platforms and restricting practices that pressure merchants into aggressive discounting.

Taken together, these references suggest that persistent price wars, widespread price matching or pressure on merchants to discount may signal higher regulatory risk. Businesses in markets with such features should consider whether their pricing requirements, subsidies, commissions, promotions or other practices could attract regulatory scrutiny.

3. What comes next?

On the day of SAMR's decision, Trip.com publicly responded with a short statement accepting the decision and pledged to implement the required corrective measures. It announced a rectification plan comprising five areas and 19 measures. It committed to end exclusivity arrangements and "lowest-price-on-the-internet" requirements, revise its agreements with hotel operators, and remove the related traffic allocation mechanisms and price-adjustment tools. The plan also aims to increase transparency, preserve hotels' autonomy over pricing and distribution, strengthen consumer protection, and enhance Trip.com's antitrust compliance.

The Trip.com decision makes clear that SAMR may look beyond contractual terms to the practical operation and competitive effects of commercial arrangements as a whole. Other platform businesses in China should therefore review not only their agreements, but also the incentives, platform rules and technical systems that shape their counterparties' commercial choices.

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