



EUROPEAN REGULATOR LAUNCHES PROBE INTO AIRLINE DISTRIBUTION

News / Airlines



A powerful competition watchdog in Europe has quietly begun asking the industry for its views on issues surrounding airline distribution.

Airlines, intermediaries and travel technology companies are being asked to share their views with the European Commission’s Directorate-General for Competition on how tickets are sold by airlines to travellers, either by the direct route or via intermediaries.

It is understood the DG Comp (as it’s known) has launched the investigation as a result of a number of issues that have surfaced in Europe in the past year, including Lufthansa’s move to add a surcharge of Euro 16 to bookings made via Global Distribution Systems and the entry of the New Distribution Capability standard being championed by IATA.

The initial wave of questionnaires were sent to various “stakeholders” over the course of the past week, with a deadline for responses by early-April.

An official from the office of the DG Comp wouldn’t confirm the existence of the questionnaire or scope of the investigation, adding only that “the European Commission is closely following the

market for the distribution of airline tickets”.

The investigation is said to be focused primarily at the airline end of the distribution and marketing spectrum, although the questionnaires have been created with different recipients in mind.

The airline version is understood to focus on the following areas:

Disclosure of number of tickets sold, sales revenue and costs.

Volumes going via direct channels (website, call centre, etc), indirect channels (metasearch, travel agencies, etc) and other platforms.

Terms and conditions between airlines and third parties.

Commercial contracts with travel agencies.

Collaboration with joint ventures, alliance members and code share partners.

Standardisation of contracts.

Incentives and remuneration.

Relationship with technology providers such as GDSs.

Terms of and data provision for airline content agreements.

Exclusivity around content with technology partners.

Process for fees paid to third parties.

Incentives paid by third parties.

Relationships with metasearch engines.

The questionnaire that was sent to technology providers has an additional focus on the following details:

Contracts with travel agencies.

Agreements with airlines.

Type of data being handled.

Contractual terms of full content agreements.

Exclusivity with airlines for content and any restrictions on data sharing.

Incentives paid to partners.

Disputes with airlines over contracts.

It is unknown if a formal or wider industry and public consultation will be launched at a later date by the DG Comp.

Recipients have been asked to limit their responses to only routes that are contained within the

European Union or have an origin or destination in the European Economic Area.

The Commission's Code of Conduct for Computerised Reservation Systems (CRSs) is understood to have not been an area noted in the questionnaires.

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