

Ticket sales

FINALLY CREATING MORE COMPETITION

For three decades, three global distribution systems (GDS) have dominated ticket sales between airlines and travel agencies. Whether Lufthansa, American Airlines or Air China, network airlines have only been able to sell airline tickets via third-party providers and travel agencies through the interposition of GDS providers. The airline industry has invested in alternatives. It is now banking on proper regulation at EU level.

Oligopolies prevent competition and are bad for consumers. This is also the case with the GDS: Over many years, they have achieved a return on sales of more than 30 percent – financed by airlines and ultimately by passengers. Furthermore, they have inhibited technological development, thus weakening the innovative power of the industry. The result is that to date, for example, travelers can only compare prices and flight times when choosing different flight offers.

Airlines are developing a new NDC standard

That's why the IATA seized the initiative in 2012: Since then, airlines, together with technology providers, travel agencies and start-ups, have developed the New Distribution Capability (NDC) standard as an alternative. The partners can thus access the diverse range of airlines direct and offer their customers comparative offers that are markedly more nuanced.

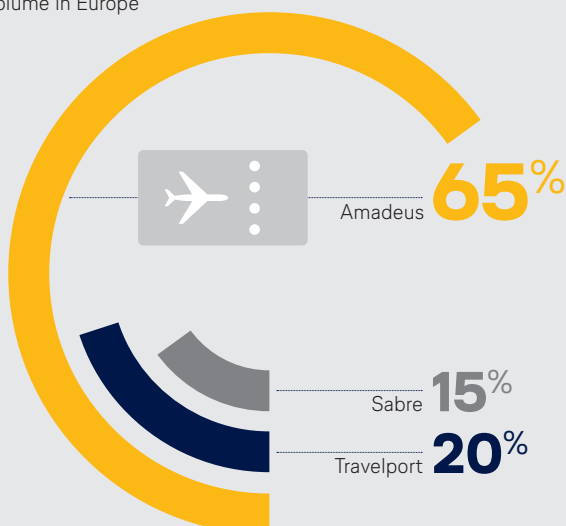
Airlines require authority over distribution

The EU Commission is currently working on the conditions for ticket sales through GDS providers. The big GDS companies of Amadeus, Travelport and Sabre are lobbying to preserve the dominant market structure and to regulate innovative sales channels in their favor.

We believe that airlines should choose which offers they should sell and through which distribution channels. This position is also shared by the Federal Cartel Office, which already dealt with the distribution channels of the airlines in 2017. In addition, measures that restrict competition must finally be called into question. For example, the GDS providers' contracts with the airlines contain many questionable clauses. Any market regulations should ensure innovative competition and that new entrants can grow and develop without market barriers.

AN OLIGOPOLY MANAGES THE MARKET OF GLOBAL DISTRIBUTION PROVIDERS (GDS)

Volume in Europe



Source: IATA

Travelers are benefiting from the airline initiative

The Lufthansa Group is one of the pioneers of the new NDC standard. We implement direct ticket sales, together with many partners, including over 2,000 travel agencies worldwide. The Lufthansa Group is among the pioneers of the new NDC standard:

- Greater transparency:** The new technology allows travelers to compare airline offers more effectively. For example, search queries regarding online travel agencies will, in the future, also include Wi-Fi availability.
- A greater variety of offers:** Flying should be able to serve individual needs. In the future, travel agencies will increasingly be able to propose special offers for families or business travelers of the Lufthansa Group.