



# Airline Distribution Channels

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Brussels, July 10<sup>th</sup>, 2018

# High concentration in distribution is harming consumers who have to pay higher fares as a result

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- Technology to distribute airline fares is highly concentrated with 3 providers (CRSs): Amadeus (65% market share), Travelport (20%) and Sabre (15%)
- Most travel agencies use only one CRS, therefore airlines must contract all 3 CRSs to reach the maximum number of customers.
- Travel agencies cannot easily shift to another CRS due to their long term contracts, and the challenge with adopting new technology.
- Airlines pay high CRS fees (between 3 and 10 € per flight) and do not have the freedom to distribute due to numerous restrictive clauses in their contracts

# Airlines are introducing lower fares thanks to new technology and by challenging the model

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- “New Distribution Capability” – NDC – is a technical standard designed to modernize airline distribution
- Travel agents want NDC as it enables them to better serve their customers
- CRSs fully embrace NDC and will be ready to roll out in 2019
- Airlines have to pay a high cost to obtain their freedom of distribution - this results in lower fares to consumers through some channels but has to be compensated with surcharges through the more expensive ones (CRS)

# Current evolutions are good for consumers

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- Increased competition among CRSs will mean more products and services available and greater transparency
- More content available through travel agents will mean a more competitive and transparent experience for consumers when searching for travel
- Significant increase in the speed-to-market of innovations brought by new players will continuously enhance consumer experience

Hundreds of airlines ↔ 3 CRSs ↔ Tens of thousands of travel agencies

If there is discrimination in the airline distribution, it does not come from the airlines but from the CRSs.

# Thank you

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