

Duff on Hospitality Law

OTA & Travel Distribution Update: Air carriers accused of abusing dominant position in online travel; cruise industry & traditional offline distribution channels; Ryanair's attempt to become the "Amazon of Travel" struggles

By Greg Duff on 1.25.19 | Posted in OTA Update

This week's Update features two interesting stories on distribution in the airline and cruise industries, which caused us to question what, if any, lessons can be drawn for those in the lodging industry. Enjoy.

Air Carriers Accused of Abusing Dominant Position in Online Travel

("Big airlines' should draw EU antitrust action over price transparency, passengers' lobby says, MLex, January 17, 2019) (subscription required)

Wait. What? Really? When have we ever seen a headline like this in online travel? Much publicized attempts by airlines to offer passengers who book direct the option of creating custom travel packages (via a menu of ancillary services offered) are now getting the attention of travel-user groups across the EU, including the European Passengers' Federation (EPF). This past week, the EPF complained to the European Commission that airlines' transition from traditional distribution channels (i.e., GDS) to direct channels is making it increasingly difficult for passengers to compare offerings (in the manner that standardized (i.e., old) GDS distribution channels might allow) and violates (if not the language, at least the intent and purpose) the EU law governing computerized reservation systems. According to the EPF, airlines' use of their direct and customized booking channels has made it increasingly difficult for users to identify other available modes of transportation (e.g., rail or bus) and to appreciate the differences among the airlines' various ancillary products and services. This latest complaint comes on the heels of complaints raised last December by the European Technology Travel Services Association (ETTSA) that Lufthansa's refusal to offer intermediaries its lowest fares evidence Lufthansa's dominant market position and discriminatory behavior. Lobbyist for the GDS providers are definitely working overtime these days...

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Cruise Industry Continues to Flourish Through Traditional Offline Distribution Channels

("Inside cruise, part 2: Digging into distribution, Phocuswright, January 14, 2019)

Another head scratcher... How old is this story? Phocuswire featured an interesting story this past week on the antiquated (and quite successful) distribution practices of the major cruise companies. With their dozens of available cabin types, multiple dining options and menu of passenger activities, cruise companies continue to rely on the most traditional of points of sale – i.e. human travel agents. As a result, online penetration in the industry (particularly by intermediaries) has remained surprisingly low (approximately 10% of 2018 cruise revenues). Although these numbers are expected to grow in the coming years, experts believe that the cruise product and experience is sufficiently complex (i.e., not commoditized) to allow the industry to avoid many of the distribution challenges faced by airlines and lodging companies.

Ryanair's Attempt To Become the "Amazon of Travel" Struggles

("Ryanair closes key part of "Amazon Of Travel" strategy: Ryanair Holidays," January 14, 2019)

After less than two years of service, Ryanair Holidays, the discount holiday packaging service of the European discount airline, has closed. The service was a critical part of Ryanair's much publicized attempt to create an "Amazon" like marketplace for travel, which also included a lodging only offering through Ryanair Rooms (which, by our last check, continues to operate).

Other news:

Al.io And WEX Partner to Bring Voice-Activated Travel App to Market: Halo Travel

MarketWatch - All Company Press Releases News & Commentary on Jan 10, 2019

WEX, an industry-leading global provider of corporate payments solutions, today announced a partnership with Al.io to launch Halo Travel, powered by Priceline Partner Network, an intelligent, voice-activated chat bot for travel. Halo Travel is the first app allowing booking hotels and flight strictly through voice. Al.io, named as one of the Top 10 AI solutions providers in 2018 and one of the Top 50 Best Companies to Watch in 2018, created the voice-activated product. Halo Travel is device agnostic and can be used by anyone who has internet access, via Google Assistant, which makes it accessible by more than 500 million people. Users can simply say, "Hey Google, Talk to Halo Travel," and their entire travel transaction can be processed via voice – without having to reach for a laptop.