

Expert study refutes airline claim that direct distribution is less expensive

MYTH

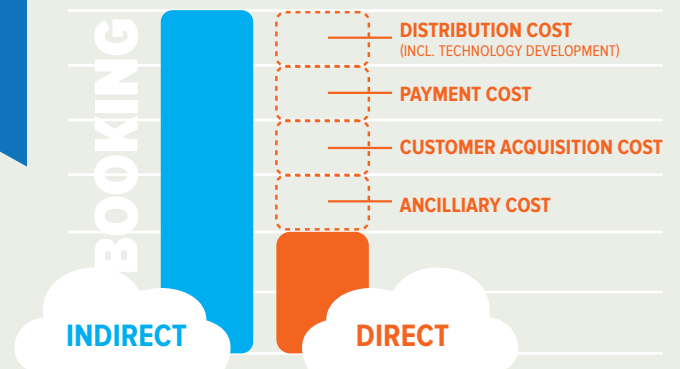
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FACT

Many airlines claim that sales via travel agents cost them several times more than selling tickets through their direct sales channels



When all costs are taken into account, selling direct provides no savings for airlines



The study shows that when the share of direct sales goes up, the average cost of distribution goes up as well



This effect is particularly pronounced for **network carriers with a small home market, and regional carriers**

83%

of EU consumers think comparing air fares in one location helps save them money*

AIRLINES ATTEMPT TO JUSTIFY SURCHARGES AND OTHER CHANNEL DISCRIMINATION PRACTICES ON THE BASIS OF COST SAVINGS

Airlines avoid competition and comparison in their own direct sales channels

*Survey among 1000 air travellers in Germany, Austria, Switzerland and Belgium during May 2016, conducted by Brunswick Insight

Desk research

A comprehensive review of 50+ papers from industry bodies, trade press and academia

Interviews

20+ confidential interviews with airlines, technology providers, travel agents and industry bodies

Modelling

The model included all distribution costs. It applied channel sensitivities to derive aggregate airline costs per chosen distribution mix

Time period



Mar-Sep 2017

Conducted by

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