

Digital Comparison Tools Market Study: Response form

1. Thank you for taking the time to respond to the questions in the Statement of Scope for our Market Study of Digital Comparison Tools (DCTs), published on our [website](#) on 29 September 2016.
2. Please download and save this form before completing it. Please submit your response by **5pm on Monday, 24 October 2016**, either by:
 - Email to: comparisontools@cma.gsi.gov.uk.
 - Or by post to: Digital Comparison Tools Market Study
Competition and Markets Authority
7th floor
Victoria House
37 Southampton Row
London WC1B 4AD
3. Please note:
 - You can choose which questions to respond to, but we ask all respondents to provide a small amount of background information at the start of this form. The boxes will 'expand' to accommodate long responses if required.
 - We are particularly keen to receive evidence in support of responses. If you are able to supply evidence please attach this with your response.
 - We intend to publish responses to our Statement of Scope in full. If you wish to submit information that you consider to be confidential, this should be indicated to us clearly and an explanation given as to why you consider it to be confidential.
 - The CMA may use the information you provide for the purposes of facilitating the exercise of any of its statutory functions. This may include the publication or disclosure of the information. Prior to publication or disclosure, in accordance with its statutory duties under Part 9 of the Enterprise Act 2002,

the CMA will have regard to (among other considerations) the need to exclude, so far as is practicable, any information relating to the private affairs of an individual or any commercial information relating to a business which, if disclosed, would or might, in our opinion, significantly harm the individual's interests or, as the case may be, the legitimate business interests of that business (confidential information). Further information about how the CMA will use information submitted during the Market Study can be found on our [website](#).

4. If you have any questions about our Market Study or this online form please contact the team at comparisontools@cma.gsi.gov.uk.

Your details

(Fields marked * are required)

Title*	Senior Legal Counsel
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Forename	André
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Surname*	Thalmann
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Email*	[✕]
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What is your role / profession*	Legal Counsel of KAYAK in Europe
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Are you representing yourself or an organisation?*	An organisation <i>(please delete as appropriate)</i>
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If you are representing yourself rather than an organisation would you be content for us to include your name when we publish your response?*	No <i>(please delete as appropriate)</i>
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If you are representing an organisation:

(a) What is the organisation's name?*	KAYAK
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(b) Please could you briefly explain the role of your organisation, including the sectors in which it operates or has most interest?*
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KAYAK operates a travel search engine for Flights, Hotels, Car Rentals, Packages and Activities. The KAYAK search engine is available on several platforms: website (desktop and mobile), mobile applications, chatbots on messenger services. The KAYAK search engine has two levels: consumers can search for flight options and compare the prices of different flights; consumers can also compare booking options for the same flight .

Our replies are limited to the Flights sector only; we do not express any views regarding the other sectors in the scope of the study.

Theme 1: Consumers' perceptions, use and experience of DCTs

We will analyse consumers' awareness, understanding and perceptions of DCTs – for instance, how well consumers understand and/or trust DCTs, and what this means for whether they use them.

We also want to understand consumers' behaviour and experiences with DCTs, including what consumers expect to get from DCTs compared with what they actually receive. We will also look at whether they use DCTs just to compare products and suppliers or also to switch; how many DCTs they use; how successfully they use them; and the benefits they derive from doing so. We will also want to understand what happens when something goes wrong and consumers' expectations are not met (knowingly or otherwise). We also plan to understand whether increased use of DCTs results in excessive focus on price, to the exclusion of other factors and to the detriment of consumers' overall decision-making.

1. When and why do consumers use DCTs? To what extent do they trust them?

We believe consumers use flights DCTs when they are looking for travel and booking options. In the first step the consumers want to find the best flight for them. In the second step, they want to choose where they book the flight, i.e. with which Online Travel Agency (OTA) or directly with the airline.

We believe that consumers trust DCTs when it comes to searching for travel options, and that they are more differentiating regarding the booking options.

2. How do consumers choose which and how many DCTs to use?

We believe consumers choose their flight search engines based on several criteria, which have different weighting for each consumer:

- Availability of the search engine on the platform used by the consumer (e.g. mobile app)
- ease of use of the product
- design of the product
- functionalities of the search engine, e.g. possibilities to filter search results by preferences and needs, to sort search results in different order, etc.
- depth of the information provided, e.g. inclusion of information about amenities on a flight, flight quality ratings, reviews of the airlines, etc.
- breadth of the content and booking options provided
- Additional features; KAYAK offers e.g. a trip management tool (Trips), a function to find destinations by budget (Explore), an estimate of how fares will evolve (Price Forecast), email alerts when prices change (Price Alert)
- quality of the booking options on the DCT, e.g. identity of the suppliers listed, price value
- trust in the quality of the search results of the DCT, e.g. freshness and accuracy of the search results

As to how many DCTs consumers use, we believe this is mainly driven by their

expectation that they could find a better price for their flight by searching on other DCTs and their willingness to invest time in such a search.

3. What are consumers' expectations of DCTs – for instance in terms of market coverage and the relationships between DCTs and the suppliers they list?

We believe consumers are well aware that no Flight DCT covers the whole market and all booking options. They know in particular that offerings of brick-and-mortar only travel agencies are never included in the search results. We do not believe that consumers want to have as many booking options as possible, since there is no real added value in having two dozen vs. one dozen booking options. Instead, consumers want to find results that are relevant for them.

KAYAK is transparent about the fact that it has commercial relations with the suppliers listed.

4. What are consumers' experiences of using DCTs? Do they benefit from using them and, if so, how? What works well and what could be improved?

We believe consumers benefit from Flights DCTs by having a choice of both flight options and booking options, and being able to find all these options on one portal through one search.

KAYAK constantly works on improving its product, by improving its easy to use interface that caters both to the casual and to the power user, by striving to display search results that are relevant for the user and having high quality booking options.

Theme 2: Impact of DCTs on competition between suppliers of the services they compare

A critical test of DCTs' impact is whether they are improving or hindering competition between suppliers. A major way of improving competition is increasing engagement through reducing search costs. We plan to understand this effect and whether anything may be hindering it.

We also want to explore the relationships between DCTs and suppliers and to know whether DCTs are having effects on supplier behaviour. For example, we want to explore the impact of DCTs on the range, quality and pricing of their services, and the extent to which this leads to better or worse outcomes for consumers. We also want to understand the extent to which DCTs facilitate supplier entry or expansion.

5. What factors influence suppliers' use and choice of DCTs and why?

DCTs are part of Flight suppliers' marketing strategy. DCTs are a means for Flight suppliers to generate traffic to their own sites, similar to search engine optimization or banner advertising. The advantage of DCTs for suppliers is that they provide high quality traffic from consumers who have already informed themselves regarding flight options and prices, made their choice and now want to book, as opposed to the generic traffic of consumers looking for a flight coming from a traditional search engine. Furthermore, the economic models are more attractive, as they are usually tied to the actual referral (CPC) or even the actual booking (CPA) and not to the impressions.

6. To what extent do DCTs make it easier for suppliers to enter the market, attract more consumers and engage more effectively with them?

DCT make it much easier for Flight suppliers to enter the market by giving them immediately access to a very large audience of potential customers without having to spend any money on brand marketing. DCT are a very cheap way for OTAs to generate traffic to their websites, especially since they only have to pay for the actual traffic (Cost per click models) or even only for the actual transaction (cost per acquisition model).

7. How have DCTs affected competition between suppliers? What impact has this had on the price, quality and range of products offered by suppliers?

Flight DCTs increase the competition between suppliers by increasing the transparency of the market and allowing consumers to compare several options in the same place. Suppliers had to react by either lowering their prices to the level of their competitors or offering a service quality and building a brand that consumers choose in spite of a higher price.

DCTs invest in building a product that is attractive to consumers. They invest even more in marketing to drive consumers toward using their products. The business model of KAYAK

is to refer its users, which it has spent a lot of efforts to acquire, to suppliers. It is therefore in KAYAK's very interest that its users are provided a good service by the suppliers, as any negative experience with the supplier will be transferred by the consumer to KAYAK, and, in the worst case, in a decision to cease using KAYAK. Accordingly, we do monitor the quality of the suppliers listed on KAYAK, which we believe has a positive impact on the quality of their service.

8. What are the barriers, if any, to DCTs increasing competition between suppliers, and how can these be overcome?

Barriers could arise if certain suppliers (e.g. the airlines) tried to decrease the competition between suppliers by either imposing restrictions on the DCT as to the suppliers they can contract with or limiting access to certain critical content (e.g. flight schedules).

9. In what ways, if any, have DCTs changed suppliers' approach to consumers - for instance in terms of whether they treat consumers who use DCTs differently to those who do not?

We believe suppliers are in a better position to answer this question.

Theme 3: Competition between DCTs

We will aim to establish whether DCTs are competing effectively with each other, as well as facilitating competition between suppliers of the services they compare. If not, we will explore what may be holding back competition in any particular market.

We will explore how DCTs compete both for consumers and for suppliers. We will assess what well-functioning DCT competition looks like, and the potential for DCTs or suppliers to engage in practices that limit this.

10. In what ways do DCTs compete with each other – for instance in terms of coverage, the savings consumers can make, the services they provide, their ease of use, transparency and how they protect consumers' data?

KAYAK competes with other Flight DCTs in following ways:
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|---|
| <ul style="list-style-type: none">- ease of use of the product: KAYAK strives to deliver a search engine that is easy to use but powerful and returns relevant results- transparency of the comparison; KAYAK provides e.g. a payment fee and checked-in luggage fee calculator which allows to compare prices including the fees that are relevant for the specific consumer- savings achievable by the consumers- coverage of flight options, though relevance is also a criteria (e.g. flight search results with several stops and/or long stopover have little value to most consumers)- coverage of booking options, with a focus on relevance (decreasing marginal value of additional booking options beyond a certain number)- accuracy of the search results |
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We have not observed that transparency or protection of consumer data have an impact on competition between Flight DCT; this is also not surprising in our opinion since all DCTs have to comply with data protection laws and consumers' data do not play a central role in DCTs' business models.

11. What factors influence how effectively DCTs can compete – for example, whether they can secure the necessary consumer data, supplier information or other data?
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The main factor is the ability to access the necessary content, i.e. information and details regarding flights, fares and availability, in an automated and real time way.
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A further factor is the level of regulation in a specific geographical market. If a market is highly regulated and therefore requires a high degree of customization of the DCT's product, it will make it difficult for an international DCT such as KAYAK to enter that market.

12. If there are barriers to competition between DCTs, how significant are these and how can they be overcome?

We do not believe that there are today barriers to competition between Flight DCTs in the UK.

Theme 4: The regulatory environment

There is a range of regulation of DCTs in place across our sectors of interest, from full regulation in financial services to voluntary accreditation in the telecoms and energy sectors. We will provide an overview of the different approaches to regulation being adopted and assess whether there are lessons to be learnt from comparing approaches.

13. Are there any areas of regulation or self-regulation applying to DCTs that lack clarity, certainty, consistency, or enforcement?

Whereas in certain other jurisdictions, we have found regulations to be unclear both regarding their content and their applicability, we do believe that regulation in the UK regarding Flight DCT is adequate and guidance clear.

14. Do there appear to be any areas where DCTs may not be meeting competition or consumer protection requirements?

In our opinion, KAYAK is meeting all competition and consumer protection requirements.

15. Do any aspects of regulatory approaches to DCTs need to change and, if so, why?

In our opinion, there is no need to change the regulatory approaches to Flights DCTs.

In relation to all of the themes and issues set out earlier, we will look at both the current situation and the effect of likely future developments in the DCT sector.

16. Finally and in relation to all of the issues above, what likely developments over the next three years should we take into account and why?

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Other comments and further contact

Do you have any other comments you would like to add?

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Would you be willing for us to contact you to discuss your response?*

Yes

Thank you for taking the time to complete this form.

Please email it to: comparisontools@cma.gsi.gov.uk.

Or post it to:

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