

## 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](mailto:comparisontools@cma.gsi.gov.uk).
  - Or by post to: Digital Comparison Tools Market Study  
Competition and Markets Authority  
7<sup>th</sup> 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](mailto:comparisontools@cma.gsi.gov.uk).

## Your details

(Fields marked \* are required)

<b>Title*</b>	ANON
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<b>Forename</b>	ANON
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<b>Surname*</b>	ANON
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<b>Email*</b>	ANON
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<b>What is your role / profession*</b>	ANON
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<b>Are you representing yourself or an organisation?*</b>	ANON
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<b>If you are representing yourself rather than an organisation would you be content for us to include your name when we publish your response?*</b>	No
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### If you are representing an organisation:

<b>(a) What is the organisation's name?*</b>	ANON
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<b>(b) Please could you briefly explain the role of your organisation, including the sectors in which it operates or has most interest?*</b>
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Online Travel Agent  
(OTA)

## 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?

Consumers use DCTs when they either have an immediate need for or are researching future travel providers. They are looking for a single site that will allow them to compare multiple providers and airlines directly all on a single screen. Anecdotal information and reviewing comments within social media would suggest that the DCT brand is what drives loyalty and trust, not the providers compared within it. Often we see either complaints or praise start with the words "I booked my flight with (DCT name)". A bad experience with a provider does not always result in the user severing their relationship with the DCT.

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

Advertising and social recommendation will heavily influence which DCT a user chooses. There will be some users that will use more than one DCT. These are people that are looking for the best possible deal and that recognise provider prices can vary by DCT. The majority, however, will just use a single site.

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

The consumer will expect to see all the major options, familiar brand names and airlines directly. As long as they see this then the relationship between DCT and supplier is of little or no relevance. They will also expect an unbiased set of results; they want the best deal for them, not the DCT.

**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?**

Experience will generally be good as they provide an answer to the key consumer goal “where can I find and compare cheap deals”. Websites are mostly clearly laid out and make good use of results filters enabling consumers to easily find deals that match their needs. From an OTA point of view they should make more effort to demonstrate who the consumer is comparing. Too many DCTs hide the suppliers (OTAs) creating confusion around who they are contracting with.

## **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?**

Traffic volumes and quality.  
Commercial terms.  
Profitability.

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

They allow suppliers to compete almost entirely on price which is a very simple concept. It is however not a guarantee of quality or security. Smaller companies feel that they can compete on low margins but traffic and booking volumes can be very high therefore cost is high.

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

They have escalated the level of competition significantly and continue to encourage this through supplier focused tools and the way in which they filter or display supplier results. This has driven down the prices to below supplier direct site levels and in some cases below provider price.

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

Encouraging greater levels of competition whilst at the same time increasing costs and imposing rules on how results are displayed will not lead to profitability for suppliers. This means that suppliers will be forced into one of three options: 1) continue running at a loss in the hope that they can sell other products / encourage consumers to visit again; 2) increase prices which means that the DCT will be less competitive; 3) remove content or withdraw entirely meaning less choice for consumers and less content for DCTs. DCTs need to think about how they can drive better traffic to their suppliers.

In short, this will not lead to greater transparency for supplier or profitability for suppliers.

**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?**

The biggest change would be around price transparency.

### 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.

<b>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?</b>
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User experience is the key battleground. The easier and more intuitive the more user friendly the site becomes. Some DCTs try to insert clauses into OTA contracts to say that the OTA must provide them with lowest prices. Other factors include functionality and advertising.
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<b>11. What factors influence how effectively DCTs can compete – for example, whether they can secure the necessary consumer data, supplier information or other data?</b>
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Supplier content and key local market players. Ability to compete in channels like SEO, SEM and TV. Quality of traffic to attract suppliers that want to compete for the sale.
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<b>12. If there are barriers to competition between DCTs, how significant are these and how can they be overcome?</b>
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Reach and audience. It is very hard for new or smaller DCTs to grow in markets dominated by larger DCTs. Willingness for suppliers to work with them.
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## 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?

Promoting an unbiased platform when in reality DCTs are filtering or “stacking” the display in favour of certain suppliers.

Forcing suppliers to provide greater detail on the business model, booking data and internal processes.

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

DCTs having deals, specifically with airlines, that see OTA content being removed. This was the case when [✂].

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

Regulators need to challenge claims of unbiased results.

Greater transparency as to which suppliers are being compared and where the consumer is being re-directed.

The biggest problem of DCTs is that their business model is based on advertising and that you never know what is their real level of transparency. Why does an advertiser appear in top rankings? Is it because he objectively deserves it, or is it because he is paying high CPCs to the DCT? Why we do not appear while we have a competitive offer? In global distribution systems, GDS tools have an obligation of neutrality. The application of neutrality filters for DCTs is definitely worth considering.

On the travel market, does a DCT enabling user to use a "facilitate" booking function and keep consumer on its website till the end of the booking process need to be regulated by the rules applicable to OTAs (Atol scheme, financial guarantee, etc.).

This is a question to consider as those websites compete with OTAs on same market but with less level of regulation, which is ultimately unfair.

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?**

Instant booking will further blur the lines between DCT and suppliers.  
Deals that exclude OTAs, but promote airlines.  
Joint consumer data ownership allowing DCTs to re-target consumers offering different products.  
Large DCTs dominating the market and using their size to set the regulatory environment.

**Other comments and further contact**

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

We would be willing to arrange a meeting with the CMA and discuss all the restrictions that we are facing as an OTA.

**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](mailto:comparisontools@cma.gsi.gov.uk).**

**Or post it to:**

**Digital Comparison Tools Market Study  
Competition and Markets Authority  
7th floor  
Victoria House  
37 Southampton Row  
London  
WC1B 4AD**