

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*	[✂]
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Forename	[✂]
-----------------	-----

Surname*	[✂]
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Email*	[✂]
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What is your role / profession*	[✂]
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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?*	Yes / No <i>(please delete as appropriate)</i>
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If you are representing an organisation:

(a) What is the organisation's name?*	[an airline]
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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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[✂]

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 mainly use DCTs to:

- Price compare
- Seek out what options are available to them (airline options/routings etc.)
- Make combined bookings of flights + hotels etc.

There is a mix of using DCTs to make bookings, and using them as price comparison tools. The price comparison aspect of DCTs is relatively clear. The booking aspect is more complex, as different DCTs act in different ways.

Some DCTs link directly to airline websites and send consumers to those websites to book after first accessing data to present from the airlines. This is sometimes done for a fee. [✂] Other DCTs effectively act as booking agents and take data from various sources, including Online Travel Agents (OTAs) and the booking is created through the DCT. This can either be done in agreement with airlines, where the DCT has direct access to that airlines' booking system, or without the airlines agreement where the data is often scraped from websites to create the offer for consumers.

It is important to note that some DCTs may act in ways that mislead consumers when they either take data from OTAs or work with those OTAs, either by:

- Presenting their website as an official airline website on search engines
- Not including all non avoidable charges in the up front quote
- Or by adding in their own charges on top of the airfare, without transparently informing consumers of these fees

[✂] We are not sure of the extent to which the CMA assessment is differentiating between OTAs and DCT's as separate types of businesses or considering them both together. In our view it is relatively hard to separate the operation of each of these models in practice as for example a site like Expedia may be used to both compare options and to make bookings.

We think that trust in travel DCTs may be falling due to the negative media coverage about DCTs in other sectors such as insurance.

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

Consumers choose DCTs either through search, through loyalty to a particular DCT or through the apps they have installed on their smartphone. We have no evidence on the relative break down of this.

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 have no direct insight in to what consumers expect of DCTs, but we observe that in the context of airline journeys they mainly use DCTs to:

- Price compare and identify routing/airline options
- Make bookings that combine different travel elements

This suggests that they expect the DCTs to be able to display the complete set of options available to consumers. We would also suggest that they expect DCTs to:

- have full transparency over costs
- show prices on the same basis as other travel websites do (such as airlines)
- not to mislead

However, we should note that we do not think that DCTs should have an automatic right to access airline fare or routing data.

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 have no empirical evidence on consumer experience of DCTs. However, we can say that we see:

- [✂]
- Some DCTs misleading consumers through their adverts on search engines by presenting their websites as an airline linked websites [✂]
- Some DCTs adding fees to underlying fares without transparently showing these fees
- Some DCTs adding in administrative charges after quoting air fares up front that are lower than those set out on the airline's website
- DCTs not retaining and sharing customer information with airlines, so in the event of disruption airlines have no ability to contact customers

- Some DCT's acting as online agents but manually processing outside of the agreed automated booking process which can impact the customer's price based on the time to process not being aligned to airline dynamic pricing models.
- Some DCT's guiding consumers to more expensive options more aligned to their own commercial models.

Note that the various elements of consumer harm we have outlined above are generally carried out by DCTs that are acting as OTAs.

We believe that specific improvements are needed around:

- Taking action to stop misleading search adverts
- Requiring transparency over costs and fares

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?

There are several factors that drive a supplier's use and choice of DCTs:

- The cost of acquiring traffic or bookings from the DCT
- Whether the DCT is already featuring supplier's content through screen scraping [✂]
- Whether the DCT is prepared to support the delivery of supplier's service to consumers [✂]
- Whether the DCT's price fairly and transparently to consumers

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

[✂]

We do think DCTs can be important for consumers in supporting the research stage of planning for a trip and therefore DCTs may be helpful for new suppliers who would otherwise not be recognised as a potential option.

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

The airline sector is highly competitive, [✂]

The structure of the market supports the level of competition as [✂]

Taking this together, we think it is unlikely that DCTs will have had a significant effect on competition as the underlying structure of the market is highly competitive.

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

We do not see any significant barriers to DCTs increasing competition. The issues with DCTs are around consumer protection and ensuring that DCTs do not mislead consumers, not limited competition in the market.

Some DCT's present airline content in accordance with the level of compensation they receive from those airlines. This is used by some airlines who decide to compensate these channels to drive growth.

[✂]

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 have not seen any changes here. [✂]

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?

We are not experts on competition among DCTs.

It is unlikely that DCTs have been able to create significant savings for consumers, as they do not have access to fares that are lower than those available on airline websites.

They may bring some benefit if they facilitate consumers booking on separate airlines, e.g. to create a return booking by using two separate airlines for the outward and return journeys. Similarly, DCTs can also be used to create connecting journeys where the connection is not a product offered by an airline but instead is developed by combining separate journeys. Note that such products carry different degrees of risk for consumers in the event of disruption, which may or may not be made clear to consumers on booking.

11. What factors influence how effectively DCTs can compete – for example, whether they can secure the necessary consumer data, supplier information or other data?

We are not in a position to comment on this.

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

We are not in a position to comment on this.

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?

Yes, there is a lack of effective regulation/enforcement of:

- Search adverts
- Consumer pricing information
- The retention/sharing of consumer information to ensure their welfare can be protected in the event of disruption

This is due either to there being no clear responsibility for oversight of the DCTs themselves, or an unclear legal framework for their legal obligations.

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

Yes, as described earlier we believe that some are:

- Using misleading advertising on search engines
- Not pricing transparently
- Not retaining or sharing consumer information

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

As we have described above, we think effective control is needed over:

- Search adverts
- Pricing presentation
- The retention and sharing of consumer data

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?

We do not think there will be significant new developments in the market over the next three years.

Other comments and further contact

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

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

Yes / No
(please delete as appropriate)

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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