

SABRE / FARELOGIX MERGER INQUIRY

SUMMARY OF HEARING WITH TRAVEL AGENT 2 HELD ON 23 OCTOBER 2019

Services Provided

Travel Agent 2 (**TA2**) said it is purely a UK-based travel agent. TA2 explained that it only sells tickets to customers flying outbound to global destinations from the UK.

TA2 indicated that most of its customers are leisure customers. TA2 said it targets customers through both online and offline marketing activities. TA2 said its online business has grown in recent years.

TA2 said it competes with airlines and other travel agents for both leisure and business travellers.

TA2 said it has several divisions, including a small Travel Management Company selling to the corporate market, a sports division, a student division, a wholesale division and several retail sales divisions. TA2 added that it sells to other sub-agents in the UK.

TA2 explained that its offline sales are made through its call centre. TA2 said it has a call centre in Delhi, India and it is open 24x7.

TA2 indicated that it has one retail branch in the UK. TA2 added that it has a walk-in client's office. TA2 explained that this is where the company started.

Bookings

TA2 said it deals with most airlines. TA2 explained that to get most of its business, it needs a connection to the 70-80 airlines it deals with on a regular basis.

TA2 said there are differences between its online and offline bookings. TA2 explained that, with online sales, customers search different offers and TA2 team gets involved once a booking has been made and paid online. TA2 said that, for offline sales, its team can help find different offers based on each customer's needs.

TA2 said its offline agents use the Global Distribution System (GDS) they are familiar with. TA2 explained that it has an internal fare manager that can select seats, but it is quicker to use the native GDS.

TA2 said its offline agents receive training on how to book with specific airlines. TA2 said the offline agents are trained on other GDSs beside their native GDS. TA2 added that once an agent knows one GDS, it is not difficult to learn how to use other GDSs. TA2 said GDSs have made this easier over the years.

GDS

TA2 said it uses the GDSs of Amadeus, Sabre and Travelport. TA2 explained this gives it a greater selection of offers and helps to ensure that customers do not miss out. TA2 said that some airlines are not available on all GDSs.

GDS Negotiations

TA2 said it negotiates its contracts with GDSs on a case-by-case basis. TA2 explained that GDSs are generally willing to pay higher incentives for large agents because of they cover more segments.

Incentives

TA2 said travel agents receive incentives from GDS and airlines. TA2 explained airlines may offer incentives to travel agents for setting up a direct connect. TA2 said this is generally lower than the incentives received from a GDS. TA2 noted, however, that there is a GDS surcharge per ticket if an agent does not have a private channel Agreement for NDC.

New Distribution Capability (NDC) development by GDSs

TA2 said GDSs are taking an incremental approach to incorporating NDC by building upon existing technology. TA2 explained this can take longer than building the technology from scratch.

Direct connect

TA2 said it is in the preliminary stages of setting up a direct connection with an airline using NDC and has experienced problems. TA2 explained that it has experienced incorrect fares, incorrect rules, missing VFR fares and other booking errors with direct connect. TA2 added that this direct connect makes it difficult to re-issue or exchange bookings. TA2 said this problem is compounded by the fact that it does a lot of business over the phone. TA2 noted that the speed at which it can use direct connect to make its bookings, compared to using GDSs, is an important factor in considering the extent to which it uses it.

TA2 said it deals with hundreds of airlines. TA2 said that if it were to set up a direct connection with each, then this would require its sales and reservation staff to alternate between different airline apps. TA2 explained that, in contrast, for a selected route a GDS would provide all the different fares, net fares, published fares and different airlines flying that route. TA2 said this means everything is in one screen, enabling agents to make sales significantly faster.

TA2 said that when travel agents use direct connects instead of a GDS, they miss out on the incentive payment. TA2 said that if travel agents were to exit because of this, it would reduce competition and deliver fewer benefits to customers.

TA2 said travel agents stimulate the market and, in some circumstances may offer lower fares to consumer. TA2 explained that deals like this help travel agents capture more business and consumers get better offers.