

PRESS RELEASE – for immediate release

Airline consolidation limits competition and reduces consumer choice, study confirms

BRUSSELS, 11 October 2017

An independent research report released today shows that airline consolidation decreases consumer choice. The report finds that airline mergers, acquisitions, joint ventures and code-share agreements, have over time contributed to a reduction in competition, fewer choices and higher prices for consumers.

The study was conducted by aviation economists GRA and was supported by the European Federation of Travel Agents' and Tour Operators' Associations (ECTAA), the European Passengers Federation (EPF), the European Technology & Travel Services Association (ETTSA) and air passenger rights watchdog Friendly Flying.

As airlines and airline groups are becoming more powerful, they are increasingly driving consumers to their own websites where they avoid head-on competition and comparison shopping. The study finds that many airlines do this by making less information available to travel agents and/or financially penalizing consumers who prefer to buy from those independent and neutral distributors.

"Particularly now that the airlines have consolidated, the most effective way of ensuring consumers have a fair chance of finding the best air travel option available is through neutral comparison shopping which depends on independent distribution," finds the GRA report.

"The findings of this report expose a harmful double effect of airline consolidation," says Christoph Klenner, Secretary General of ETTSA. "Consolidation on its own reduces the number of competing airlines, but what is more, the larger airlines and airline groups become more powerful. This power allows them to hold consumers captive to their biased websites in order to reduce transparency and deprive them of the ability to compare competing options."

Michel de Blust, Secretary General of ECTAA, remarks: "Neutral, independent travel distribution plays a critical role in providing transparency and real choice for consumers and travel buyers. As the study shows, if powerful airline groups are allowed to engage in discrimination of the neutral distribution channels, consumers will pay the price in the form of less choice and higher fares."

“The study shows clearly the need to reassess the effects of consolidation on airline competition and the European consumer. An attack on transparency is an attack on twenty five years of a successful EU air transport policy. Europe has the legal instruments and the regulatory framework to prevent further detrimental impact on the consumer from airline consolidation. Obtaining tickets for the best price is the main interest of passengers of any mode of transport,” adds Josef Schneider, Chairman of the European Passengers’ Federation (EPF).

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For more information

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About ECTAA

ECTAA is the European Federation of Travel Agents’ and Tour Operators’ Associations. Its members are national travel agents’ associations from over 30 European countries.

About EPF

The European Passengers’ Federation (EPF) is the voice of all European transport consumers. EPF has over 30 member organisations across Europe. **Friendly Flying** is a member of EPF, and a dedicated watchdog of air passenger rights and airline consumer matters.

About ETTSA

The European Technology & Travel Services Association is the voice of the travel technology industry in Europe. ETTSA’s members are all the principal independent providers of travel information and distribution services.

Key findings from the report “Impact of Airline Consolidation on Consumer Choice” (GRA)

- Further airline consolidation risks **jeopardising competition** in key European markets.
- Independent distribution is **necessary for consumers to compare** travel options through neutral and transparent comparison shopping.
- Carriers are employing anti-consumer strategies to drive consumers to their own websites to **avoid the competition** they face on independent channels.
- Airlines are **hindering effective comparison shopping** by denying independent channels access to content and by imposing discriminatory surcharges on consumers who purchase tickets from independent distributors.
- De-emphasising comparison shopping **harms new entrants, and ultimately further undermines consumer choice.**

Q&A GRA report

What effect has the liberalisation and deregulation of airline markets had?

While liberalisation and deregulation have allowed new market entry, government authorities have permitted airlines to consolidate at the expense of competition.

What are some of the characteristics of airline consolidation?

Consolidation in the airline industry can take the form of mergers and acquisitions, joint ventures, code share arrangements and transatlantic mega-airline alliances immunized from the consumer safeguards otherwise found in US antitrust law. Each of these reduce competition.

Why should consumers be concerned?

A reduction of competition as a result of airline consolidation has led to consumers having less choice and fewer travel options. Airlines have gained the power to increase fares in markets where competition has been reduced.

How does airline consolidation affect price transparency for consumers?

As airlines and airline groups are becoming more powerful, they are increasingly driving consumers to their own highly-biased websites where they avoid head-on competition and comparison shopping. Airlines are doing this inter alia by making less information available to travel agents and online platforms so as to deliberately make their offer less attractive, and by introducing discriminatory surcharges penalising consumers who want to compare offers.

What should European regulators do?

Regulators in the EU should carefully assess the effects airline consolidation has had on competition, and determine whether the doctrine used to analyse proposed consolidation is fit for purpose. Also, regulators should prevent airlines from discriminating against consumers who want to compare offers and have price transparency.

What instrument do regulators have to address these issues?

This should be done by diligently enforcing and possibly strengthening existing rules that ensure fair competition and protect consumers such as (Regulation (EC) No 80/2009 on a Code of Conduct for CRS, and Regulation (EC) No 1008/2008 on common rules for the operation of air service.