

DOT Aviation Consumer Protection Advisory Committee (ACPAC)

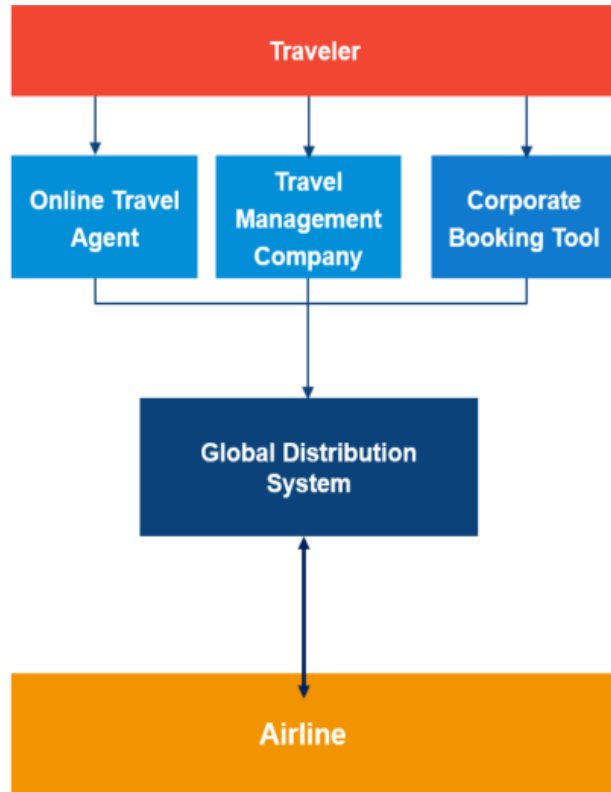
Ancillary airline fee disclosures

Douglas Lavin

VP – Member and External Relations, North America

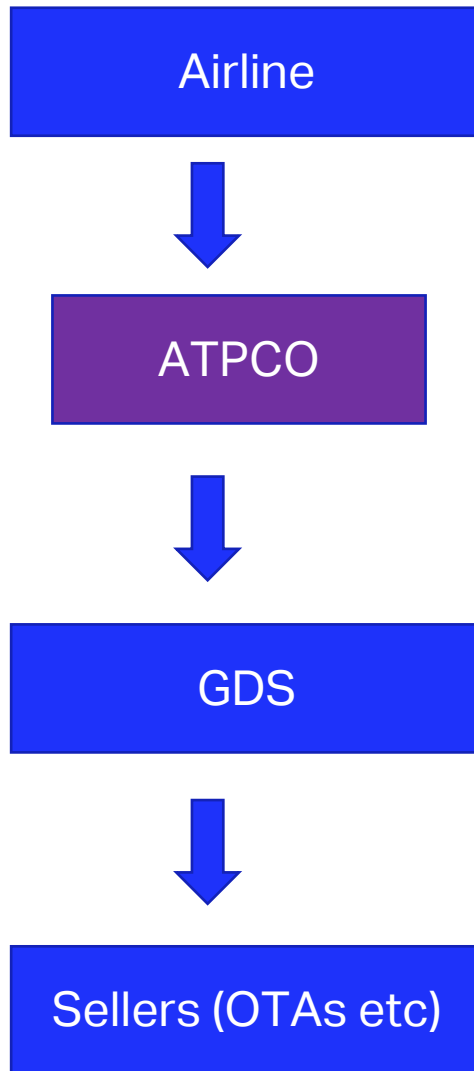


Traditional Airline Distribution Via Agents



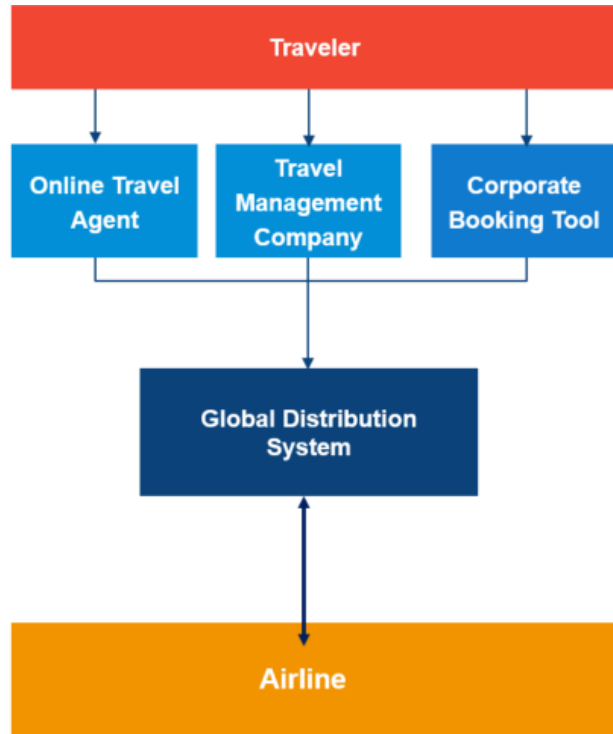
- ✓ Traveler goes to travel agency – brick and mortar or online – and requests offer
- ✓ Agency pings Global Distribution System (GDS) for fare and availability
- ✓ Agency presents offers to traveler
- ✓ Traveler makes choice of offers and purchases ticket
- ✓ GDS books the seat in the airline inventory

Content is provided by the airlines via ATPCO



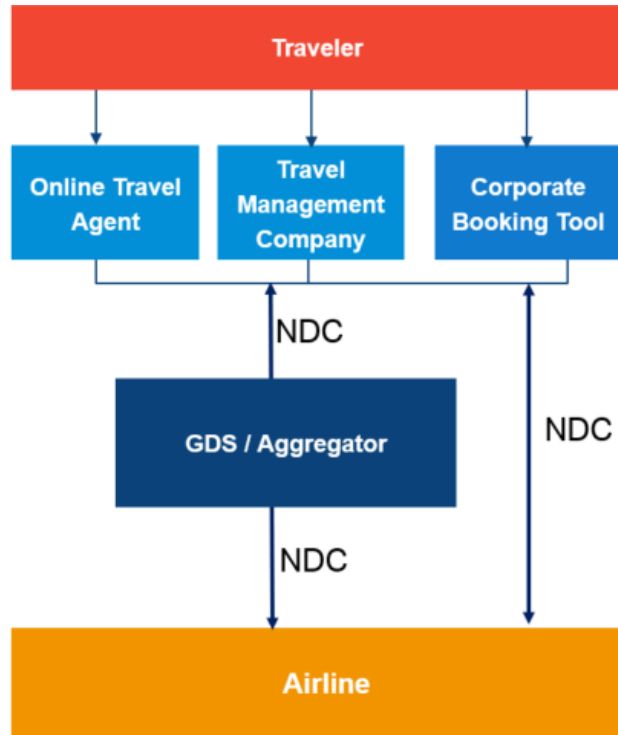
- ✓ Airlines create fare levels, fare conditions (such as change and refund), and ancillaries (for examples bag fees etc)
- ✓ They file data with an industry owned database (ATPCO, Airline Tariff Publishing Company)
- ✓ This database distributes fares and ancillaries to GDSs and to OTAs
- ✓ GDSs provide the content to sellers
- ✓ Sellers provide the information to the end consumer

Challenge with traditional airline distribution



- ✓ GDSs have charged high fees for this service
- ✓ Distribution via GDSs has been complex, slow and inefficient as offers become more personalized
- ✓ Travel agencies have been frustrated by the poor quality of display & information
- ✓ Airlines could not identify travelers and could not personalize these ancillaries
- ✓ Airlines have favored their direct dotcom: faster implementation and capacity to personalize

Modern airline distribution



- ✓ Airlines are creating offers (fares and ancillaries) in their environment
- ✓ Ancillaries and fees are well described and easily distributed to 3rd parties thanks to standard (NDC)
- ✓ Most GDSs are finally adopting NDC and rolling it out
- ✓ Leisure agencies have already implemented NDC, and corporate agencies have now started
- ✓ New commercial models are emerging, making it less costly for airlines to distribute

Standards and workflows are in place to enable like for like comparison between airline's offers

Why does NDC implementation take so long?

- ✓ **GDSs first blocked NDC and they are still slow.** They perceived NDC as a GDS "by-pass" and a big threat to their current oligopoly.
- ✓ **Travel agents resisted.** Travel agents were first concerned about the benefits of NDC, then about their GDS incentives (as GDSs were unhappy) and finally about the cost of implementation.
- ✓ **There was very little alternative / competition.** In the early days, there were very few technology providers other than the 3 main GDSs.
- ✓ **Airlines are locked in by their GDS contracts.** They need to review these contracts (which have up to 5 year terms) to get out of "Full Content" deals in order to benefit from new NDC channels (no MFN or parity clauses)
- ✓ **Airlines are locked in by their PSS contracts.** They need to renegotiate these contracts (which have up to 10-year terms) in order to have the commercial freedom to be in control of their NDC offers.
- ✓ **Airline implementation takes time.** To be properly implemented NDC needs C-suite level buy-in, IT investments and time (at least 12 to 18 months before any benefits can be seen).

OTA - Travelocity

The screenshot shows a web browser window with the URL `travelocity.com/Flights-Search?flight-type=on&mode=search&trip=roundtrip&leg1=from%3AWashington+%28DCA+-+Ronald+Reagan+Was...`. The page is titled "DCA to ORD flights" and features a navigation bar with "Choose departing flight", "Choose returning flight", and "Review your trip".

Filter by

- Stops**
 - Nonstop (20) \$271
 - 1 Stop (34) \$282
 - 2+ Stops (1) \$957
- Airlines**
 - American Airlines (33) \$273
 - United (11) \$271
 - Delta (8) \$282
 - JetBlue Airways (3) \$386
 - Cape Air (1) \$957
- Travel and baggage**
 - Seat choice included \$271
 - Carry-on bag included \$271
 - No cancel fee \$323
 - No change fee \$271

Choose departing flight > Choose returning flight > Review your trip

Flexible dates
Compare prices for nearby days

Sort by
Price (Lowest)

Prices displayed include taxes and may change based on availability. You can review any additional fees before checkout. Prices are not final until you complete your purchase.

Sign in for airline credits
If you have an airline credit, sign in to use it. If you don't have an account, create one using the same email address you used when you purchased your original flight.
Sign in

Flight Time	Duration	Price
7:00am - 8:05am	2h 5m (Nonstop)	\$271
6:00am - 7:08am	2h 8m (Nonstop)	\$271

Washin... (DCA) - Chicago (ORD)
United

SIXT rent a car
Premium car rentals worldwide
Book today

Outlook Files 60°F Mostly clear 5:54 AM 6/24/2022

Ancillary Display: Travelocity

The screenshot shows a web browser window with the Travelocity flight search results page. The browser's address bar shows the URL: `travelocity.com/Flights-Search?d1=2022-07-07&d2=2022-07-16&flight-type=on&fromDate=7%2F7%2F2022&leg1=from%3AWashington%20...`. The page displays a list of flight options with filters on the left and a detailed fare selection modal on the right.

Filters:

- 1 Stop (59) - \$280
- 2+ Stops (1) - \$763
- Airlines:**
 - American Airlines (39) - \$273
 - United (25) - \$271
 - Delta (14) - \$282
 - JetBlue Airways (2) - \$308
 - Cape Air (1) - \$763
- Travel and baggage:**
 - Seat choice included - \$271
 - Carry-on bag included - \$271
 - No cancel fee - \$323
 - No change fee - \$271
- Departure time in Washington:** (Visual indicators for sun and moon)

Flight Options (From Washington, DCA to Chicago, ORD):

- 7:00am - 8:05am** - 2h - United
- 6:00am - 7:08am** - 2h - United
- 8:35am - 9:44am** - 2h - United

Fare Selection Modal: Select your fare to Chicago
Your selection applies to all flights

\$271
\$270.19 roundtrip for 1 traveler

Economy
Cabin: Economy

- ✓ Seat choice
- ✗ Cancellation
- ✓ Changes
- ✓ Personal item

[See more](#)

Carry-on:

Item	Included
1st checked bag:	\$35 up to 50 lbs
2nd checked bag:	\$45 up to 50 lbs

Select

Ancillary Display - Kayak

KAYAK Business Trips Sign in

484 of 1819 flights

Recommended filters

- Hide 1 stop

Stops

- Nonstop \$1,118
- 1 stop \$793
- 2+ stops \$952

Fee Assistant

- Carry-on bag
- Checked bag

Flexible options

No change fees	9:15 am – 11:43 am	Alaska Airlines	nonstop	5h 28m	DCA - LAX	\$929
<input type="checkbox"/>	9:50 pm – 11:35 am ⁺¹	JetBlue	1 stop	10h 45m	LAX - DCA	Main, Blue Basic Priceline

Ad

Best No change fees

8:35 am – 11:03 am	American Airlines	\$1,118 Main Cabin	\$1,212 Main Plus
<input type="checkbox"/>	8:35 am – 11:03 am	American Airlines	American Airlines
<input type="checkbox"/>	7:50 am – 4:00 pm	American Airlines	American Airlines

\$1,118 Main Cabin	\$1,212 Main Plus
<input checked="" type="checkbox"/> Seat selection	<input checked="" type="checkbox"/> Seat selection
<input checked="" type="checkbox"/> Basic seat	<input checked="" type="checkbox"/> Basic seat
<input checked="" type="checkbox"/> Change anytime	<input checked="" type="checkbox"/> Change anytime
<input checked="" type="checkbox"/> Carry-on hand baggage	<input checked="" type="checkbox"/> Extra legroom
<input type="checkbox"/> \$ Second checked bag	<input checked="" type="checkbox"/> Carry-on hand baggage
<input type="checkbox"/> \$ Ticket changes	<input type="checkbox"/> \$ First checked bag

\$1,118 Main Cabin American Airlines

View Deal

Interested in flight + bus prices? Beat flight costs by including bus connections. Show More

28 June 2022 9:58 AM 6/23/2022

In summary.....

- OTAs already have full access to ancillary information either directly from ATPCO or through their GDS
- If DOT wants ancillaries displayed on first OTA page, they can mandate them to display information they already have
- OTAs cannot personalize passenger experience – need NDC direct connection
- GDS lack of full embrace of NDC diminishes US passenger experience
- No market failure; no deceptive practice