

eu travel tech

**policy objectives
for the 2019-2024
European Commission**

> november 2019



technology is changing travel, let us tell you how

eu travel tech, formerly ETTSA, represents the interests of travel technology companies, using its position at the centre of the travel and tourism sector to promote a consumer-driven, innovative and competitive industry that is transparent and sustainable. Our membership¹ spans Global Distribution Systems (GDSs), Online Travel Agencies (OTA), Travel Management Companies in business travel (TMCs) and metasearch sites.

Digitisation and technology have transformed the European travel and tourism industry and delivered greater choice, flexibility and value to consumers. Half of all travel bookings are now done online². In aviation, consumers have greater access to routes, fare classes, airline combinations and more means of searching and buying tickets. In accommodation, consumers can compare and select options with one click of a mouse across the entire sector, from hotels and apartments, to campsites and family-run B&Bs. Small- and medium-sized companies and new market entrants – be they airlines, boutique hotels or local attractions – also benefit because they are instantly able to reach a worldwide customer base.

This manifesto outlines **eu travel tech**'s priorities for the coming years and our thoughts on how the new European Commission can support a competitive travel market that works in the best interests of European consumers and businesses alike, as well as the EU economy as a whole.

¹ eu travel tech's members include Amadeus, Booking.com, eDreams Odigeo, Expedia Group and Travelport. Associate members include SkyScanner, TripAdvisor and American Express GBT. Strategic Partners include Lastminute.com, etraveli, Travix, Travelgenio, Hitrail, OAG and CWT.

² PhocusWright Online Travel Overview Europe 2018



> 01 ensuring a competitive, transparent travel sector for EU consumers

EU competition policy has contributed to delivering fairness between all players, innovation, and better offers for consumers. However, competition needs to be protected when under threat. Too often in recent years, the Commission has not been able to guarantee fair competition on certain markets, failing to enforce its rules or decisions and put an end to illegal practices by lack of adequate tools. Consumers deserve competitive markets for airfares, hotels and other travel services.

Increasing transparency in the airline ticket distribution market and stopping the unfair practices of large airline groups

The Commission should deal urgently with the ongoing restrictions to air travel distribution and in certain cases abuse of dominance imposed by major European airlines, which negatively impacts consumers and their ability to compare air travel services. Consolidation has led to the emergence of three dominant airline groups in Europe: Lufthansa Group, Air France KLM and IAG (British Airways/Iberia). Although 83% of consumers think comparing airlines fares allows them to save money,³ these groups limit the ability of consumers to compare fares and find the best deals. They limit transparency on the marketplace by discriminating against indirect neutral distribution channels, making their lowest fares available only on their direct booking sites, imposing surcharges on tickets purchased through indirect neutral distribution channels, and restricting the advertising of their flights by online travel agents. As a result, the market share of neutral independent distribution channels has significantly shrunk over the last years and they now represent approximately 30% of the total airline tickets distributed⁴.

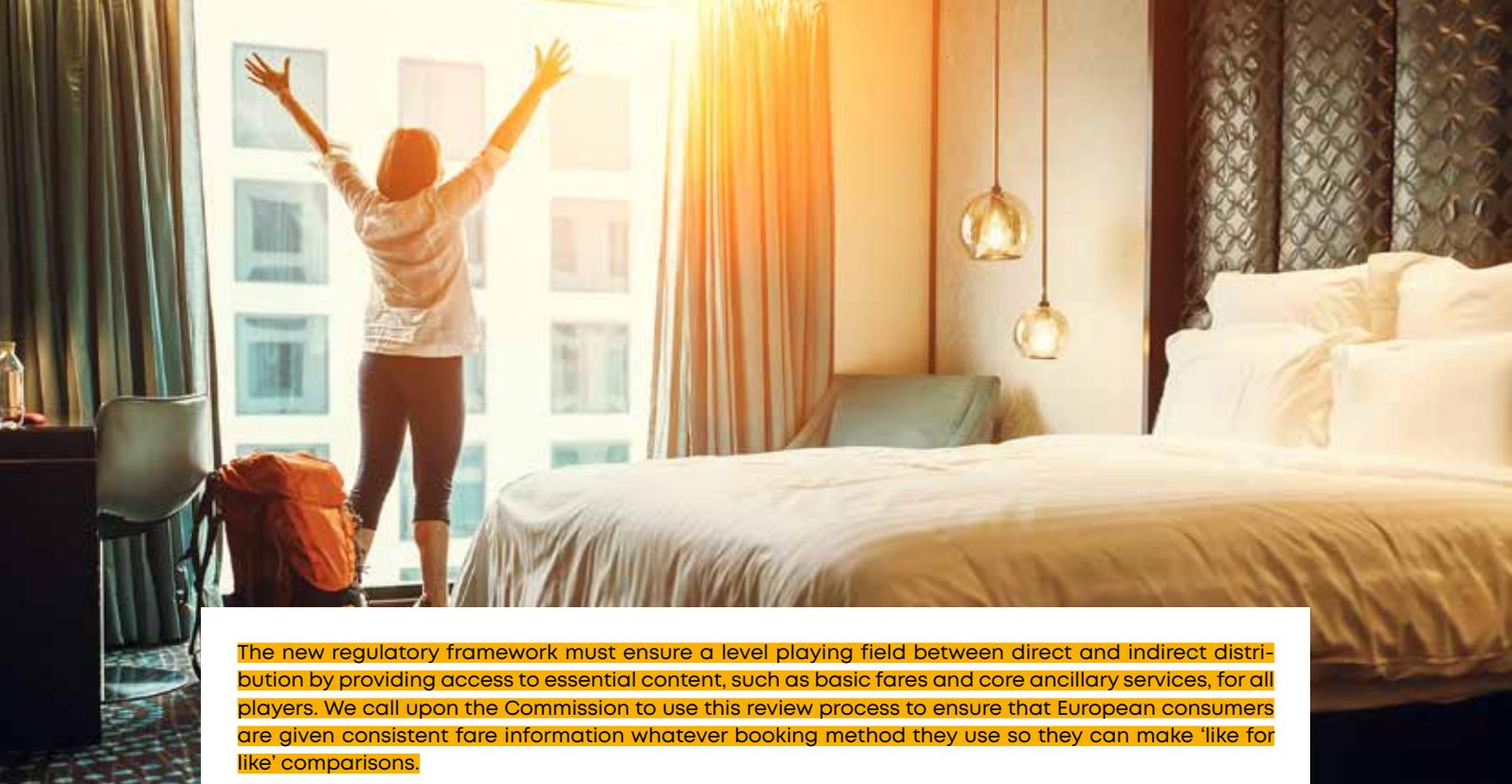
These abusive practices are leading to higher prices, with the overall cost for consumers already estimated above €1 billion. eu travel tech has challenged these practices and calls on the European Commission to act now upon its existing complaints⁵.

Furthermore, the Commission should use the review of the existing regulatory framework for air travel distribution - the CRS Code of Conduct (EU Regulation 80/2009) and the Airlines Services Regulation (EU Regulation 1008/2008) - as an opportunity to ensure consumers get the transparency they deserve and that competition amongst SME airlines and big airline groups continues to be protected.

³ Research conducted by Brunswick in 2016

⁴ T2RL report: "In-depth expert analysis: passengers boarded sold per distribution channel", May 2019

⁵ eu travel tech (formerly ET TSA)'s 2015 complaint to DG MOVE against Lufthansa Group (for violation of Article 10 of EU Regulation 80/2009) and 2018 complaint to DG MOVE against Lufthansa Group (for violation of Article 9 of EU Regulation 80/2009); eu travel tech (formerly ET TSA)'s 2018 complaint – submitted jointly with VIR – to DG COMP (for violations of Article 102 of the TFEU on Lufthansa's abuse of dominance in the German and Austrian markets).



The new regulatory framework must ensure a level playing field between direct and indirect distribution by providing access to essential content, such as basic fares and core ancillary services, for all players. We call upon the Commission to use this review process to ensure that European consumers are given consistent fare information whatever booking method they use so they can make 'like for like' comparisons.

Similarly, **eu travel tech** members selling rail tickets invest constantly in leading-edge technology to improve customer experience and make rail travel more attractive, leading to a wider use of this greener mode of transport. However, this innovation depends on ensuring a level playing between direct distribution and indirect distribution.

Putting an end to Google's abuse of dominance in search for flights and hotels

eu travel tech has longstanding concerns about Google's abuse of dominance in the online search market by giving self-preference and prominent display to its Flight, Hotel and now short-term rental and attractions vertical search tools at the expense of rival services. The Commission already ruled against a similar Google practice in its 2017 Google Shopping decision but has not addressed so far the travel sector. The long-term impact of such an abuse on consumers and competition in travel is a major worry: travel is Google's biggest vertical in terms of ad revenue, as well as a major growth area for its own flight search and hotel finder tools.

With the majority of travel queries starting on the search engine, Google's practices are making it much more challenging for competitors in travel search and booking services to have visibility in search results pages and maps and to compete on their own merits with Google, resulting in less choice and higher prices for consumers. **eu travel tech** calls on the new European Commission to act promptly against Google's abuse of dominance in the online search market for travel services and to restore a competitive and fair market for these services that puts the consumer at the centre, through the ongoing case on Google Shopping as well as through regulatory action.

An EU competition policy fit for the era of digital conglomerates

Digital platforms, including **eu travel tech** members, provide consumers with significant benefits and account for around 60% of private consumption of digital goods and services⁶. Yet, the growth of digital conglomerates (such as Google, Amazon, Alibaba, Facebook etc.) and their increasing tendency to move into new markets, as well as to show preference to their own products and services, means it is important that EU Competition Policy is fit for purpose, so abuse can be avoided. It is crucial to clearly distinguish the digital conglomerates from digital platforms in general, as there is a tendency in EU policy development to lump all platforms together.

The report "Competition policy for the digital era", issued in 2019 by DG COMP, contained a series of recommendations relating to how Competition Policy could evolve (e.g. more interim measures, shift of the burden of proof) to ensure that decisions taken by digital conglomerates to move into neighbouring markets or to show preference to their own products and services do not hinder competition. **eu travel tech** believes the new Commission should take action on these issues in particular within a review of the application of EU competition policy and its fitness to deal with the rise of digital conglomerates.

⁶ Commission Staff Working Document, Proposal for a Regulation on promoting fairness and transparency for business users of online intermediation services, 26-4-2018



> 02 overcoming a fragmented Single Market

The common rules of the Single Market benefit not only businesses but also consumers, providing them with more choice, price competition and higher standards. However, eu travel tech members are concerned by the fragmentation of the regulatory environment caused by the failure to implement EU legislation properly. Too often, different interpretations of European law result in divergent obligations and requirements on economic operators (e.g. with regards to the Package Travel Directive, the e-Commerce Directive or the Unfair Commercial Practices Directive).

As a result of regulatory divergence, online travel platforms are faced with increased complexity and legal uncertainty, resulting in reduced consistency for consumers. eu travel tech recommends that the new Commission should prioritise the tackling of fragmentation in the Single Market by working with Member States to ensure the effective transposition and enforcement of EU law.

Regulating short-term rental in a harmonised way

Short-term rental has seen strong growth in the last decade, now representing the largest leisure accommodation sector in Europe, valued at 35bn EUR in 2016⁷. The European Commission should continue its work on the collaborative economy and short-term rentals. A harmonised implementation of existing EU law (Services Directive, e-Commerce Directive) for this new business model is needed. As local authorities are facing new policy issues stemming from the dynamism of the sector, they need adequate guidance to regulate short-term rental and platform hosting activity in a fair, proportionate and consistent way, limiting regulatory inconsistency.

Following up on the workshops and the Commission conclusions on the sector, eu travel tech calls for the adoption of official guidelines by the Commission. This would benefit not only economic operators (platforms, property managers) and citizens, but also national governments and local authorities.

Upgrading the rules applicable to digital platforms in the Digital Services Act

The new European Commission will be tasked with making EU law fit for the digital platforms era, through the Digital Services Act, which may include a review of the rules of the e-Commerce Directive. Such discussion is fully legitimate for a text that is now almost two decades old. However eu travel tech calls for a careful, fact – based assessment before any modification of the text. The current framework allowed for the boom of e-commerce of goods and services over the last 20 years.

⁷ PhocusWright's report "Private Accommodation in Europe: 2010-2020", 2017



Any revision should aim at preserving its key principles: liability exemptions for online intermediaries, absence of general obligation to monitor and application of the country-of-origin principle. A review of the directive may also be an opportunity to define further the corresponding obligations of digital platforms, i.e. proportionate measures adapted to the content of each platform to comply with the “duty of care” objectives, and to ensure a more effective enforcement by an EU oversight body while providing more legal certainty for the online platforms.

As the new Commission will prepare the upgrading of the rules applicable to digital platforms through the Digital Services Act, it should approach with caution the revision of the current framework, bearing in mind the potential risk of undermining the legal certainty it provides. eu travel tech stands ready to contribute to the discussion on the Digital Services Act and platform liability. For eu travel tech, the modification of the e-Commerce Directive would need to prove its added value for consumers and for businesses.

Implementing the new regulatory framework for online platforms

With the adoption of the Platform-to-Businesses (P2B) Regulation and the Omnibus Directive on consumers’ rights, the last legislature introduced a regulatory framework for online platforms. It is now up to the new Commission to ensure that those texts are consistently transposed, interpreted and implemented by Member States, as limited harmonisation can only be harmful to businesses and consumers.

In its review of the P2B Regulation, it will be critical that the Commission ensures that the legislation is delivering a level playing field for all players, including online intermediaries and online search engines. eu travel tech encourages the Commission to consider more targeted measures that would explicitly prevent search engines unfairly showing preference to their own products and services in their results pages. The Commission should also include Google’s Adwords tool within the scope of the regulation.

Furthermore, the work of the EU Observatory of the online platform economy should ensure that any further regulatory intervention in relation to platforms and their business users will occur only where there is evidence of market failure, such as self-preferencing by dominant platforms.

Finally, eu travel tech calls on the Commission to act upon the infringements of EU law with regards to national bans on narrow parity clauses between platforms and hotels, especially now that the discussions under the P2B Regulation have concluded, as such bans contravene EU law.

Avoiding a fragmentation of the taxation of digital services

Digitalisation creates new challenges for the taxation of digital services at national level, leading to necessary and legitimate policy discussions. In the last 2 years, the EU and the OECD have started addressing the matter, looking for evidence-based, rational solutions, leading to the recent issuing by the OECD of new proposals. However, some Member States have taken the initiative to legislate on their own, leading to a patchwork of taxation schemes with different scopes and rates and significant risks of double, even triple taxation of the same revenue.

eu travel tech believes that uncoordinated attempts to tax digital services by Member States will only lead to a more fragmented Single Market, making innovation and cross-border trade harder for all EU players, especially SMEs. Instead, we strongly encourage the European Commission and EU Member States to work within the OECD to develop a global consensus ensuring a level playing field on tax.



> 03 making the travel and tourism industry more sustainable

The travel and tourism industry continues to experience strong growth. Whilst this is undoubtedly positive for European consumers and businesses, there are important questions to be answered about how such growth can continue in a sustainable way. The new Commission will have to address these questions and eu travel tech firmly believes that digital technologies and tech players have a key role to play in the transition towards a more sustainable travel and tourism industry.

Developing a more attractive multimodal offer

Multimodality will be a key objective of EU transport policy under the new Commission. European travellers need less CO₂-intensive travel options and greater connectivity. Today, multimodal ticketing faces many obstacles.

eu travel tech members, and the technology and the services they provide, will be the lifeblood of a genuine multimodal ticketing infrastructure. eu travel tech encourages the Commission to work with stakeholders to design a technical, policy and regulatory framework that supports the development of a truly world leading multimodal transport ticketing system across the European Union.

Supporting informed choices by consumers

Green labels, particularly for accommodations, have a clear role to play in reducing the carbon footprint and driving forward the sustainability agenda of the travel and tourism sector. The existence of many different green labels across the EU runs the risk of creating confusion for consumers and being counter-productive to the sustainability agenda.

Online travel platforms play a key role in supporting informed consumer choice and driving the demand for more sustainable travel and tourism options. eu travel tech recommends that the new Commission retain the existing commitment to simplify and improve eco-labelling for the benefit of the environment and consumers alike.



technology is changing travel, let us tell you how

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amADEUS

Booking.com

eDreams ODIGEO



Travelport

ASSOCIATE MEMBERS



Skyscanner

tripadvisor

STRATEGIC MEMBERS

CWT

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