

Delta, Continental support alternative GDSs

BY DENNIS SCHAAL

ATLANTA — Delta and Continental executives supported the emergence of the alternative GDSs, saying their airlines need more distribution options when content agreements with the traditional GDSs expire in 18 months.

Speaking on a panel, "Alternative Approaches to Travel Distribution,"

at the ResExpo 2005 conference here, they pointed to a brave new world of fragmented distribution, where some GDSs will get an airline's inventory and some won't, and where start-up distributors like ITA Software, G2 SwitchWorks and Farelogix will get traction and market share.

Those content agreements, like Sabre's Direct Connect Availability-3 contracts, bought the airlines three years and, because of deregulation, carriers will not be required to distribute through all four GDSs when the DCAs conclude in mid-2006, noted Pam Elledge, Delta's vice president of sales and distribution.

Elledge said the era of airlines relying on all four of the GDSs — Sabre, Amadeus, Worldspan and Galileo — for distribution is gone, and Delta is focusing on "key strategic partners." There is no choice but to change the distribution cost structure, she said, because otherwise "you are not in business."

The Delta official said the GDSs raised booking fees 4% to

6% year-over-year for the past several years while airline fares dropped 25%.

"It will be messy," Elledge said. "We have to negotiate the right deal."

She noted that Delta has conducted productive discussions about new deals with "some GDSs" about having them unbundle services for lower booking fees.

There are parallels between the emergence of the alternative GDSs and the low-cost carriers because both are forcing change, Elledge added.

John Slater, Continental's managing director of distribution planning, struck similar

themes.

Slater said there will be further fragmentation in distribution partners, and Continental is willing to invest in the new entrants to expand the airline's options.

Seemingly referring to the established GDSs, Slater said, "There will be haves and have-nots."

The comments from Delta and Continental came after United several weeks ago pledged that it will pay incen-

tives to its largest agency and corporate customers to move bookings to what it termed the GNEs (GDS new entrants).



Pam Elledge, Delta's vice president of sales and distribution, speaking at ResExpo 2005.

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