

# Airline Distribution Costs

Infrata Report

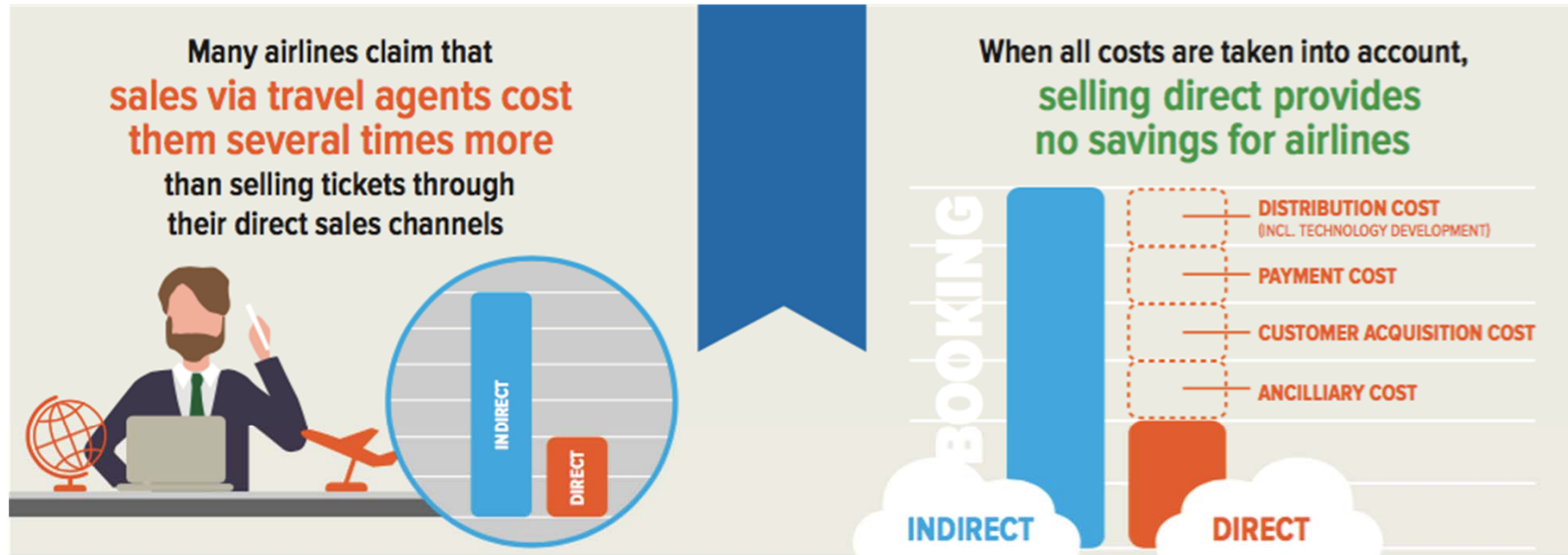
Supported by ECTAA, ETTSA

Valencia, 2 November 2017



Presented by:  
**Christoph Klenner**, Secretary General, ETTSA

# Direct vs indirect bookings

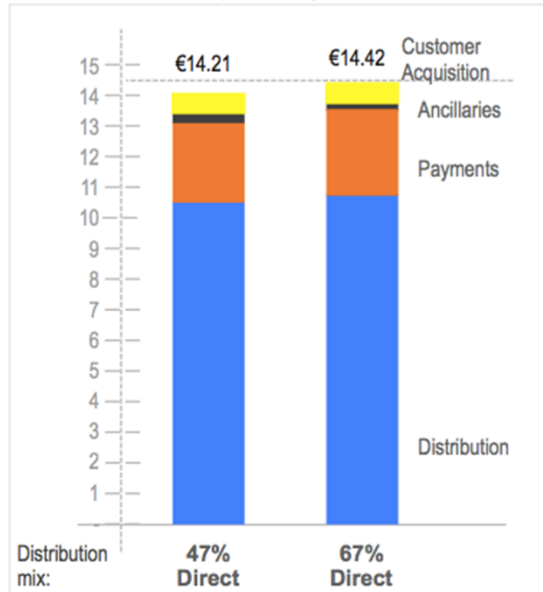


Taking all factors into consideration, going direct does not reduce costs; in fact in several cases it increases costs.

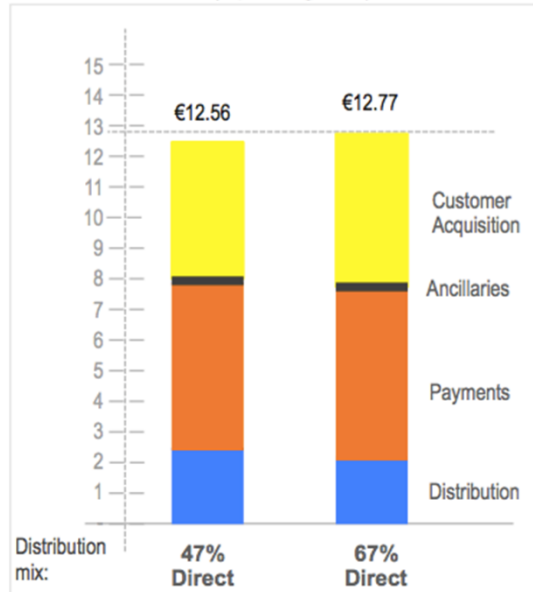
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# Network Airline with a large home market

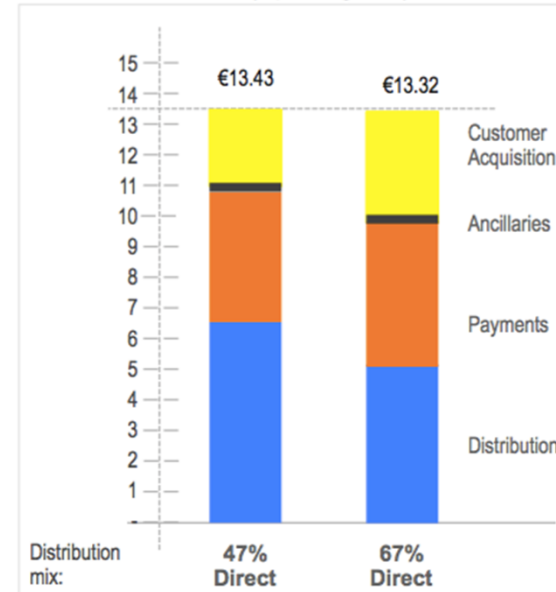
**Indirect** Distribution (€ per Segment)



**Direct** Distribution (€ per Segment)

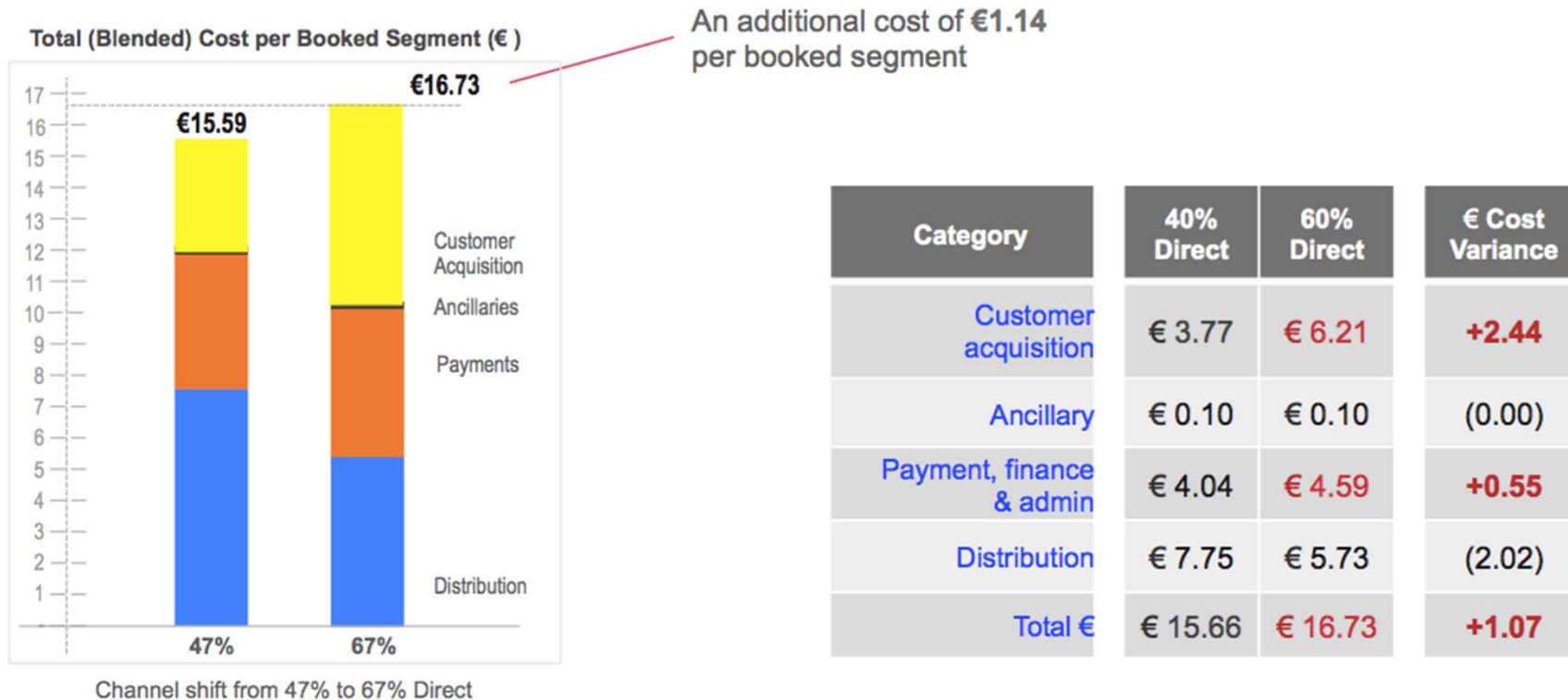


**Blended** Distribution (€ per Segment)



For large network airlines, going direct has potential negligible cost **savings of 11 eurocents** (€13.43 vs €13.32), which represent less than 1% of their distribution cost.

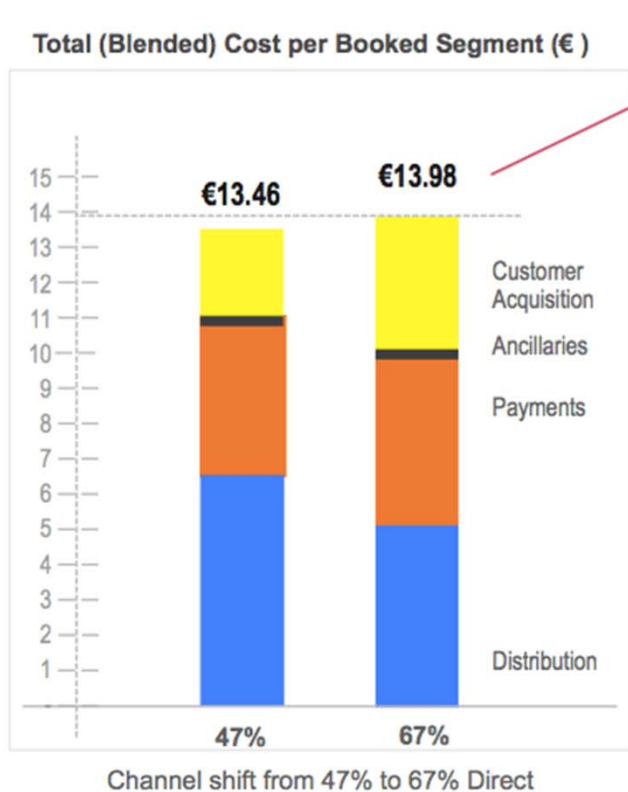
# Network airlines with a small home base



Network Airlines with small home markets experience an increase in overall channel costs

For network airlines with a small home base, going direct adds an **extra eleven percent** to the cost of each booking.

# Regional airlines



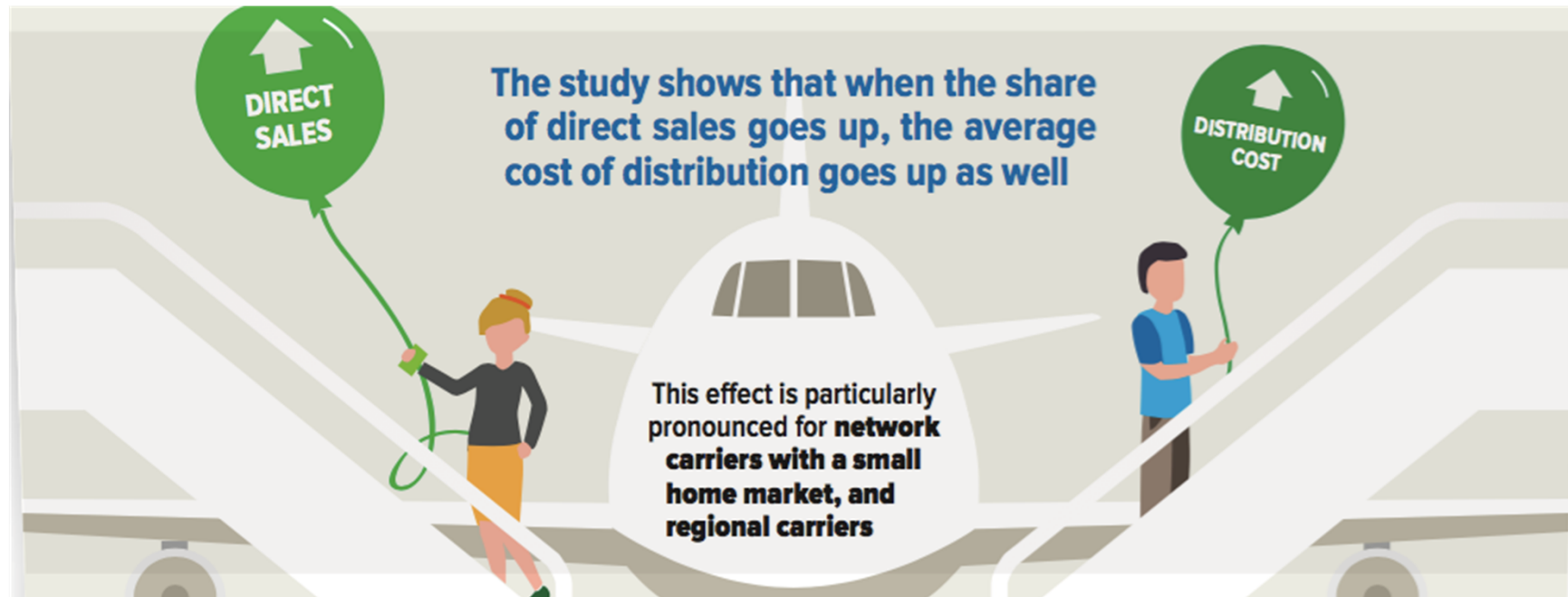
An additional cost of €0.52 per booked segment

Category	47% Direct	67% Direct	€ Cost Variance
Customer acquisition	€ 2.64	€ 4.0	+1.52
Ancillary	€ 0.06	€ 0.06	0
Payment, finance & admin	€ 3.46	€ 4.09	+0.63
Distribution	€ 7.3	€ 5.83	(1.47)
<b>Total €</b>	<b>€ 13.46</b>	<b>€ 13.98</b>	<b>+0.52</b>

Regional Airlines experience an increase in overall channel costs

Regional airlines also see an **additional four percent increase to the cost per booked segment for going direct.**

# Conclusion



The reason for this is that the cost of customer acquisition, (online) marketing and advertising, technology development, and customer service **increase considerably** for airlines that want consumers to book direct.

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