

# Travel site aggregators face challenges when compared to airlines that market directly

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If you are a budget-conscious traveler, there is a chance you've used a travel site aggregator like Orbitz to book your air transportation. Or, perhaps you shopped around on multiple aggregators, and made your final booking on an airline website. Did you ever wonder if you were presented with all airline options, or what kind of itineraries you could

have received had you explored all airline sites one by one? Between aggregators and airlines, who ultimately has the upper hand?

Those questions were on the minds of two data scientists who conducted a comprehensive study on who has more clout: the airline or the aggregator? What they found was that the aggregator can come out losing the most when its site is not comprehensive.

The research study, to be published in the September issue of the INFORMS journal *Marketing Science*, titled "Value of Aggregators," is authored by Selin Akca of the University of Zurich and Anita Rao of the University of Chicago.

"Search aggregators, such as Google, Kayak, Expedia, and Orbitz, improve consumers' search experience by providing a quick and comprehensive view of all available options," said Rao. "But those aggregators are facing increased scrutiny by [regulatory authorities](#) who fear that many firms are now at the mercy of aggregators and their ranking algorithms. This can pose significant operational, and even survival challenges for firms that are not part of an aggregator."

At the same time, some firms like Southwest Airlines have consistently bypassed aggregators, choosing instead to sell directly to consumers. This has given successful firms more market power.

To determine who benefits the most in the airline-aggregator relationship, the study's authors conducted an in-depth analysis of a 2011 dispute between American Airlines and aggregators Orbitz and Expedia, which centered on distribution fees on flight reservation systems.

"That dispute created a clear shift in the choice set available to consumers visiting Orbitz, with the timing being driven entirely by the contract renegotiation deadline," said Akca. "Expedia then delisted

American's flights for a shorter three-month period in 2011. During that time, by bypassing the aggregators, American saved on its distribution costs, and its fares were not being presented on either Orbitz or Expedia."

The researchers revealed that loyalty to airlines is more common than loyalty to aggregators. According to the authors, nearly 52% of aggregator users browse only one airline, while most users use multiple aggregators in their searches. This means that more consumers tend to express loyalty to a specific airline over a specific aggregator, and they will use multiple aggregators to get the best option on the airline to which they are most loyal from a brand perspective. This further underscores the need for aggregators to be more comprehensive.

"When we studied the dispute between American Airlines and the aggregators, we found that the aggregator was negatively impacted in both site visits and purchases," said Rao. "Site visits at both Orbitz and Expedia dropped by nearly 11%, and purchases declined 2%."

Akca added, "Our results suggest that aggregators and search engines do not always have substantial market power. We learned that where consumers can choose between multiple aggregators and fewer airlines, the aggregator does not have as much market power as many might assume."

**More information:** Selin Akca et al. Value of Aggregators, *Marketing Science* (2020). [DOI: 10.1287/mksc.2020.1236](https://doi.org/10.1287/mksc.2020.1236)

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