

Sabre ramps up online travel battle with American

January 5 2011, By JOSHUA FREED , AP Airlines Writer

(AP) -- American Airlines was already in a fight with two relatively small online ticket sellers when on Wednesday it found itself in the ring with an 800-pound gorilla.

Sabre Holdings, a major distributor of airline tickets to coveted business travelers, said it would immediately make American fares harder to find in its displays. It's also dropping a discount on the fees the airline pays when its tickets are sold. Sabre plans to end its contract with American in August, although it expects the parties to discuss an agreement between now and then.

American got the attention of the travel business last month by pulling flight listings from online travel site Orbitz when they couldn't agree on a new contract. Expedia then dropped American flight listings. The two competitors were on the same side in resisting American's attempts to force them to get flight and fare information directly from it instead of through so-called global distribution services like Sabre.

The spat highlights how airlines want more control over what travelers see when they search for a ticket and who gets paid when they click "Buy." Airlines want travelers to be able to buy more add-ons such as seat upgrades, baggage, and internet access when they buy their ticket. Online sellers have said they're working to make that possible.

Airlines generally see the distribution services as obsolete middlemen who add costs. Travel sellers have supported the GDS's, saying they

make it easier for travelers to compare fares. They contend that travelers will have a harder time comparison-shopping if they're driven to buy tickets directly from individual airlines. Orbitz Worldwide Inc. is controlled by Travelport, which also runs two global distribution services.

The airlines pay the GDSs and travel websites every time a traveler clicks to buy a ticket outside the airline's own website. The GDS take is an average of \$3.10 for each flight segment, according to a federal filing in November by airlines including American, Continental, Delta Air Lines Inc., United, and US Airways Group Inc. The fee would add up to \$12.40 for a round-trip ticket with a stop in each direction, the airlines wrote.

[Airlines](#) have been increasingly focused on business travelers, and have been less interested in leisure travelers, who tend to be the main customers for sites like Orbitz and Expedia. That's why Sabre's move could hurt American in a way that the tussle with Orbitz and Expedia would not.

"Sabre does have a very strong market share among business travelers, and American does not want to lose a single one of those," said Standard & Poors airline equity analyst Jim Corridore. "So to have a dispute with Sabre is a lot different than having a dispute with Expedia or Orbitz. It definitely ratchets up the pressure to make a deal sooner rather than later."

Sabre customers include big corporate travel agencies such as American Express and Carlson Wagonlit.

"Across the board our customers from agencies and corporations and consumers have told us that the model that American is proposing is one that makes it harder for them to comparison shop and will add costs to

their process," said Chris Kroeger, Sabre Travel Network's senior vice president for marketing.

Sabre's retail booking site, Travelocity, issued a statement saying it was making no immediate changes to the way it shows American fares, but would "continue to consider available options consistent with our contractual obligations."

In a statement, American called Sabre's moves "anti-consumer, anti-competitive and harmful to its subscribing agents." American said it "has met all its obligations and continues to work in good faith with Sabre." American said it is "committed to working with all efficient distribution channels, including traditional travel agencies, online travel agencies and global distribution systems."

Shares of American parent AMR Corp. rose 47 cents, or 5.7 percent, to close at \$8.57. Orbitz shares rose 11 cents, or 2.1 percent, to close at \$5.30.

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