

CMA provisionally finds competition concerns in airline booking merger

The Competition and Markets Authority (CMA) has been investigating the proposed \$360 million purchase of Farelogix Inc by Sabre Corporation. Among other products and services, the companies supply software solutions which help airlines to sell flights via travel agents including those that operate online. They do this by providing IT services that assist airlines in managing retail offers including information about in-flight add-ons to tickets such as seats with extra leg room, WiFi and meals. Additionally, Sabre and Farelogix offer solutions to help airlines connect with passengers via travel agents.

Following [the launch of an in-depth "phase 2" investigation](#) in September, the CMA is concerned that Sabre's acquisition of Farelogix could result in less innovation, higher fees and more limited choice of supplier for airlines using these types of IT systems. As a result, UK passengers would be worse off.

In responding to passenger demand, airlines want passengers booking via travel agents to have more choice over their flight experience by being able to select, for example, specific meals or seats with extra leg room.

Farelogix has developed technology that allows airlines to offer this choice to passengers. Sabre does not currently offer this new technology but is investing in developing it. However, the CMA is concerned that if Sabre buys Farelogix it will not have the incentive to develop the technology itself and airlines, and ultimately their passengers, will lose out as the companies will not be competing with each other to provide a better product.

Additionally, Sabre is one of the main established businesses worldwide that airlines can use to connect to travel agents. The CMA has provisionally found that Farelogix offers airlines a good alternative and is therefore a threat to Sabre's business.

The CMA's provisional finding is that Farelogix's continued independence will likely motivate Sabre to innovate further, giving airlines more choices in connecting to travel agents that will allow them to sell tickets and extra products through travel agents in more innovative ways. The expected innovations will further benefit passengers booking by providing them with more options to customise their travel experience.

The CMA is consulting on these provisional findings and views are invited by 28 February 2020. Its current view is that blocking the merger may be the only way of addressing these competition concerns.

Martin Coleman, chair of the CMA inquiry group said, "This is ultimately about passengers and their ability to get good value and innovative services when flying. For this to happen it's really important that airlines have a

good choice of supplier for this type of software solution to make sure services are cutting edge. Farelogix is at the forefront of a technological change in this industry and we are currently concerned that the merger will see airlines and their UK passengers miss out on the benefits from the continued innovation.”

This is one of several global mergers currently being investigated by the CMA. It has worked with the US Department of Justice on this case as the DoJ carried out a separate review into the deal and has taken Sabre and Farelogix to court to block the merger due to its concerns.

The trial ended on 6 February with the judgment to follow. The statutory deadline for the CMA’s final report is 12 April. For more information, visit the [Sabre / Farelogix merger inquiry web page](#).