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TRAVEL TECHNOLOGY RESEARCH

FIRST VIEW

T2RL'S First View is our rapid analysis of breaking news. It helps provide perspective, putting the facts in the context of our wider and deeper knowledge of the market.

Ryanair Sometimes Wins in Court

T2R Staff

The Facts

In a remarkably little-reported judgement a court in the Dutch city of Utrecht has ruled that Ryanair does have the right to prevent third party web sites scraping fare and availability information from its web sites.

The Analysis

Ryanair has long followed its own course in commercial strategy. Ever since it transformed itself from a struggling Irish regional carrier into the most aggressive low-cost operator in Europe, if not the world, it has eschewed all forms of third party distribution. The activities of some meta search providers in accessing Ryanair's web sites to extract schedule and fare information has been a considerable irritation to the airline and it has worked vigorously to try to prevent it.

The most recent court ruling in the Netherlands which was issued on 29 July was to prevent the website Wegolo.com selling Ryanair flights online and charging a handling fee for doing so. The airline alleged damage to its reputation and its business. The court agreed that the web site was infringing Ryanair's copyrights and ordered Wegolo to stop selling Ryaniar flights and to pay damages and costs to the airline.

This is not the first time that Ryanair has gone to court to prevent screen scraping by third party web sites. Earlier in July the Irish High Court ruled, in the case of Ryanair vs Billigfluege.de that the airline had the right to impose terms and conditions banning screen scraping on the German web site even without an explicit agreement to accept those conditions. The fact that the user continued to make queries of the site was held to be implicit acceptance of the terms and conditions. Hence Billigfluege was bound by the prohibition of screen scraping for commercial purposes.

Ryanair has shown that it will not hesitate to resort to legal defence of its brand proposition. Its main selling proposition is that it is consistently the lowest cost airline in Europe and that the only way to avail of its low fares is to book them on Ryanair.com. With over 65 million passengers boarded in 2009 there is no doubt that Ryanair has sufficient brand presence in the market place to make this a sustainable strategy. Simply put, the travel intermediaries need Ryanair far more than Ryanair needs them and it will make use of this asymmetry of market power to the maximum extent possible.

The Speculation

The reason that this case has wider importance than a local dispute between Ryanair and an upstart web site is tied in with one of the great unknowns of the airline distribution market - exactly what is Google planning to do with ITA Software?

The most obvious speculation is that Google intends to become the dominant provider of airline priced availability search in the market and to generate substantial revenues from the need of airlines to secure advantageous placement in its search results. Furthermore Google will derive additional benefit and revenues from a more efficient 'deep-linking' query, driving conversion from the initial search screen. This prospect is causing serious concerns amongst airline marketing executives. They see the prospect of having to spend substantial new money over and above existing marketing budgets, or to switch money from existing channels to Google in order to support their online channels.

Some airlines, especially those with very strong brands, may prefer to stand apart from this development and decline to participate in Google searches. Until now it has been hard to see how they could achieve this since their information is largely in the public domain. The rulings that Ryanair has been able to obtain hold out at least the hope that airlines may be able to choose their own strategies in this respect. Google might not have things all its own way.

A further possibility is that the regulators feel obliged to step in, just as they did with the GDSs in the 1980s and 1990s. This may force Google to create a neutral availability product – where "neutral" is defined by the consumer or user of the search tools. This may in turn limit Google's ability to sell screen positioning to the level it would probably be seeking, especially if it ends up paying the $700M+ for ITA !

Travel Technology Research Ltd (T2R) is an independent research and consulting company that specialises in the market place for airline IT systems. Based on data gathered and analysed since the year 2000 it has defined and tracked classifications of airlines and their IT providers. Its research is used by airlines to enable them to make informed choices of systems and vendors and by the vendors to help them develop products that best meet the current and future needs of the airline industry.