

# CWT info

Vienna, 01 February  
2010

## Update on Lufthansa/ Swiss Preferred Fares

Dear Carlson Wagonlit Travel Customers,

we are pleased to report a positive development concerning the LH/LX Preferred Fares. As a result of pressure from several associations such as the ÖRV and DRV, Amadeus and Lufthansa/ Swiss have finally reached an agreement regarding the fees applied to Preferred Fares. As per 01.03.2010 these will be cheaper for you, the customer. However for the travel agencies, the implementation will remain complicated and in fact become more complex.

Generally the Austrian market has to be looked at differently than the German market. In Germany Amadeus is the market leader with around 80% of market share. In Austria Galileo/ Traviaustria has a market share of over 40% and is, in contrast to Germany, also charging Preferred Fares Fees.

To briefly recap, Lufthansa and Swiss (and shortly thereafter Austrian) introduced a new fare structure at the beginning of 2008 – The Preferred Fares. The published fares, bookable through Computer Reservation Systems (CRS), were raised by € 15 for a single flight and € 30 for a return flight respectively. As an alternative to these increased fares, the airlines offered a Preferred Fares scheme subject to charges if booked via the reservation systems. From February 2009, the reservation systems discontinued compensating for these additional charges.

The new fares affected every flight that could be booked via the travel agencies' CRS. This included regular published fares in the CRS as well as lower fares that previously could only be booked through the internet. These cheaper "internet" fares were also integrated into the CRS from the above mentioned date.

The fact that each fare appears twice in the reservation systems has caused a considerable increase in the amount of time spent on consultation and bookings for the travel agencies.

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Additional work-load and expenses are explained by:

- There are still 2 fares displayed – the LH / Swiss Preferred Fares and the non-preferred fares. Which in turn massively increase the amount of time our colleagues spend on customer calls regarding reservations.
- Despite the abolition of additional fees for Preferred Fares, a considerable increase in the consultation time needed for corporate clients remains, especially when pointing out the pros and cons of individual variations.
- Explaining the difficulties of rebooking if the Preferred Fare needs to be changed during a trip – Upgrading.
- OS and LH Preferred Fares remain non-combinable with each other.
- IT-related costs caused by the Preferred Fares scheme were shifted from the airlines to the travel agencies via the CRS.
- Increased costs for the travel agencies regarding IT-related implementation of the CRS-mapping.
- Internal costs for programming individual Back-Office solutions regarding Preferred Fares.
- Massively increased time and effort in accounting.
- In the last couple of years, airlines have shifted responsibilities regarding the production of tickets to the travel agencies. These have been (and continue to be) performed free-of-charge.
- Additional line on the invoice in order to maintain transparency.

The declining margins no longer allow the travel agencies to carry these costs. In order to provide appropriate, transparent and source-related accounting, Carlson Wagonlit Travel in 2009 decided to adopt a segment-based settlement of the CRS fee at €6,90 per Segment (Coupon) for LH / Swiss documents. In order to keep accounting concise and clear, the segment fees appeared (and will continue to appear) without V.A.T. on the invoices- except where flights within Austria are concerned. CWT continues to believe that a segment-based settlement is the most straightforward, since this ensures that only segments actually flown are invoiced.

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Through the agreement between Lufthansa / Swiss and Amadeus, a positive development will take place from 01.03.2010. It will be guaranteed that all Lufthansa/ Swiss fares and availabilities remain displayed in the CRS of travel agencies taking part in the Preferred Fares scheme. Thus the diversity of choice and offers, for you the customer, remains in place. Thereby, we are able to reduce the fee for Preferred Fares on Lufthansa / Swiss to € 3.90 per segment. A CRS fee of € 1.90 per segment for all other airlines will be introduced from 01.03.2010

Unfortunately Austrian Airlines remains the exception. Until an agreement can be reached we will have to continue charging € 6.90 per segment. However, it is to be expected that this fee will also rapidly be reduced, and we will keep you updated accordingly.

Aside from this positive development, unfortunately there is also a negative one. From 01.02.2010 Lufthansa is going to tighten the restrictions on individual bookings in accordance with IATA Resolution 830a:

## **1. Inactive Segments**

Segments with the Status HX, NO, UN or UC that have not been updated 48 hours before departure, will be automatically cancelled

## **2. Fictitious Names**

Test bookings, booking that only include a surname (no first name), etc.. will be cancelled by the airline

## **3. Fake Ticket Number**

Where a booking contains a ticket number not corresponding to the passenger or the reserved flights, all flight segments will be cancelled after a warning

## **4. Fictitious Groups**

Individual bookings for more than 9 passengers travelling together, which have not been booked via Lufthansa's group department, will be cancelled

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## 5. Ticket Limit Bypass

Flight segments that have been cancelled and rebooked in a new PNR before the original ticketing deadline will be cancelled by LH, if there is not immediately issued a ticket in the new booking.

## 6. No Show PNR without an issued ticket

In a booking, where a ticket has not been issued before departure of the first segment, the booking will be cancelled

LH will charge the following fees for the above mentioned points on all LH flights and all applicable LH Code share flight numbers: (In addition to a € 10 ADM Fee)

Inactive Segments: € 5  
Fictitious Names: € 5  
Fake Ticket Number: € 5  
Fictitious Groups: € 5  
Ticket Limit Bypass: € 5  
No Show: € 10

For any further questions please do not hesitate to contact your CWT Team

Best Regards

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