

Lufthansa Group (LHG) redirecting its commercial strategy and the introduction of the distribution cost charge (DCC)

What the Corporate travel buyer community says.

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On June 2nd Lufthansa Group (LHG) announced a redirection of its commercial strategy and the introduction of a €16 surcharge (named distribution cost charge - DCC) on all bookings made through the GDSs. In the official press release LHG stated as follows: "Airlines wish to market their innovative offerings" to "provide our customers with the necessary tailored benefits and services" on a "more flexible and modular basis with individualized price options and extra services". "The new commercial strategy includes a clear cost differentiation in the various booking channels" (hence the €16 surcharge - DCC - on all bookings made through the GDSs)

The Belgian Association of Travel Management (BATM) surveyed Corporate members on this controversial topic.

The outcomes from the survey show that the Belgian Corporate travel buyer community is not embracing the new LHG commercial strategy.

88%



88% of the Corporate Travel Buyers do not see the new commercial offer from LHG as "innovative" and, for 90% of them, the new "benefits" and "services" are not required.

73% of the respondents don't believe that the new offering provides continued fare transparency.



73%

93%



93% of the respondents consider the currently offered direct booking solution as a not a viable option and, for 78% of them, it creates only an unnecessary fragmentation in the Corporate distribution channel.

90% of the Corporate Travel Buyers say that LHG new commercial strategy won't help to achieve their Companies Travel Program's goals and objectives and, for 85% of them, it doesn't meet the travelers' requirements.



90%

90%



90% of the respondents say that LHG doesn't understand the fundamental principles of Travel Management and Corporate Responsibility. 88% of them see this as a potential disruption for professional Travel Management.

88% of the surveyed community see the introduction of the new offering and of the DCC as a price increase.



88%

80%



For 80% of the respondents the implementation of the new commercial strategy doesn't provide any ground to improve commercial relationship and partnership with Airlines.

78% of Corporations are reconsidering Airlines positioning into their existing Air programs.



78%

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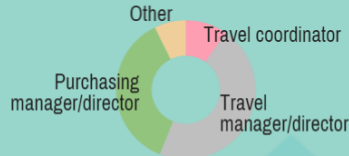
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Survey research methodology & demographics:

- The survey was conducted between September 22 and October 8, 2015.
- More than 100 Corporate Travel Buyers were invited to enter into the survey.
- Survey response rate was 39% (well above the typical average response rate for on-line survey)

- 46% of the respondents hold a position as travel manager/director.

Respondents by job function



- Travel Buyers that responded to the survey manage an aggregated travel spend in excess of €0.3bn.

Respondents by travel budget size

