

IS GOOGLE A THREAT TO THE TOUR OPERATING INDUSTRY?

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Netflix destroyed Blockbuster, Amazon has cut a swathe through independent high street bookshops, 'selfies' are wiping out postcard publishers and Uber is disrupting the taxi business. Could Google devastate the tour operating industry in the same way?

Currently when I am looking for travel products, like millions of others, I start at my front page and google what I want. I can find package holidays, online travel agents, individual airlines and hotels and a range of sites like Skyscanner and hotels.com. Those at the top of the page are usually adverts but further down unpaid sites appear. In each case Google is merely the gateway to these products; they do not sell travel products themselves and as far as I can ascertain they make their money, not by taking commission but by paid for adverts or pay per click. As such they are not covered by the current Package Travel Regulations nor will they be by the new Package Travel Directive.

But what if Google takes a different route? What if, by using their clever algorithms, consumers can search Google and come up with exactly what they want: two weeks self catering accommodation for the first two weeks in August in Corfu for two adults and two children with convenient flights times from Newcastle to Corfu plus a transfer, but, and this is a big but, they so structure the process that they do not become organisers because they are not *selling* this package. They are merely using their software to put the consumer in contact with the individual suppliers and collecting a commission for advertising or pay per click. They are replacing one middleman, the tour operator, with another, a software platform. And maybe they do this much faster and cheaper than conventional tour operators. Cheaper because they do not have to carry the cost of insolvency or health and safety protection.

Such a scenario undermines the Directive and removes the protection of the Directive from consumers. But will it happen? This will depend upon the willingness of Google to go down this path and their ability to tailor the search results to consumers' needs. I have no evidence one way or another but if it did happen then apart from the loss of consumer protection it could have two possible effects on the travel industry. First, given Google's market power, it might just decimate the existing tour operating industry. Why would consumers search for package holidays from other tour operators when they can get precisely what they want by

going via Google (where the vast majority of searches begin already) more conveniently and more cheaply?

Secondly, it might trigger a reaction by conventional tour operators. Faced by such a threat what would prevent them from setting up their own software platform as an independent legal entity which would then operate in much the same way as Google to access flights and accommodation. If this occurred then it would preserve competition in the travel industry but it would also undermine the consumer protection offered by the new Package Travel Directive. I wonder if Brussels is watching?