

## **Changes to the Lufthansa Group airlines' distribution costs**

**On 1 September 2015 the Lufthansa Group airlines (Austrian Airlines, Brussels Airlines, Lufthansa and SWISS) will introduce a global\* charge for bookings made through Global Distribution Systems (GDS): the Distribution Cost Charge (DCC). Direct bookings via Lufthansa Group websites will still be exempt from the DCC.**

You will find all the important details and background information about these changes in the following sections:

### **1. The need for adjustment in the context of the use of distribution channels**

As a result of increasing digitalisation, you are using a variety of options to find out information about the Lufthansa Group offer and to book flights and additional services. The most-used options currently include, for example, customer booking in a travel agency via Global Distribution Systems (GDS), via Lufthansa Group websites and via online search engines.

These different booking channels lead – depending on the technology and services – to varying high costs which, up until now, have been borne in the main by the Lufthansa Group airlines. These costs have been passed on across-the-board to all passengers as part of the ticket price.

In future the Lufthansa Group airlines will no longer pass on these costs across-the-board, but rather apportion them based on the cost-causation principle. This is because the costs of using a GDS, in particular, are many times higher than the costs of direct booking through the Lufthansa Group airlines.

As you know, the use of a GDS offers travel agency customers numerous benefits over and above the straightforward booking of Lufthansa airline tickets. These include, for example, being able to compare the services of different carriers and enabling travel agencies to book other travel services through one single system. These extra services cost the Lufthansa Group airlines hundreds of millions of euros each year. Moreover, the

contracts with the GDSs that are most important to the Lufthansa Group airlines have been renegotiated resulting in considerable fee increases.

Because of these changed parameters, the Lufthansa Group airlines will introduce a global charge for bookings via GDS with effect from 1 September 2015: the Distribution Cost Charge (DCC). Direct bookings with the Lufthansa Group Airlines will still be exempt from the DCC.

As with the introduction of the new Economy Class European fare, with this new charge the Lufthansa Group airlines are enabling their customers to pay only for those benefits and services that they actually use.

## **2. Global Distribution Cost Charge (DCC)**

A globally\* uniform charge for all GDSs will be levied on all Lufthansa Group airlines' tickets (Austrian Airlines, Brussels Airlines, Lufthansa and SWISS) issued through a GDS with effect from 1 September 2015. This Distribution Cost Charge will be calculated automatically in the GDS and factored in to the ticketing.

The amount of the DCC will be geared to the extra costs that the Lufthansa Group incurs through GDS bookings compared to its own sales distribution channels. Based on last year's amounts and list prices, the DCC would be in the region of €16 per ticket. The exact amount of the DCC will be announced at the beginning of August 2015 as the commercial frameworks have not yet been agreed with all the GDS companies.

## **3. Booking channels that are still DCC-exempt**

The DCC will not apply if you book directly with the Lufthansa Group airlines. The following booking channels will also remain DCC-exempt in the future:

- the websites [austrian.com](http://austrian.com), [brusselsairlines.com](http://brusselsairlines.com), [LH.com](http://LH.com), [swiss.com](http://swiss.com)
- the Austrian Airlines, Brussels Airlines, Lufthansa and SWISS call centres
- ticket desks at airports or city offices
- the new website [LHGroup-agent.com](http://LHGroup-agent.com) (booking platform for travel agencies)

#### **4. New functionality on LH.com and LHGroup-agent.com**

Coinciding with the introduction of the DCC, corporate customers worldwide will be given the option of booking their individually negotiated contract rates DCC-exempt on LH.com. This option will also be available, through the new Lufthansa Group agent.com, to the travel agencies that support them.

#### **5. Further information and answers to your questions**

You will find a presentation on the introduction of the new DCC [here](#). If you have any further questions, please do not hesitate to get in touch with your usual Lufthansa Group contacts who will be happy to help you.

\* In some countries the introduction of the DCC will require official approval. At the time of writing, this approval is not yet available for all countries. Communication of the introduction of the DCC will therefore take place subject to the agreement of the appropriate government agency in each case. The current exceptions are: Hong Kong, Iran and Libya. You will find the latest information on [lufthansa.com](http://lufthansa.com).