

CHAPTER 23 Consumer Rights and Responsibilities

A Dogfight Over Net Travel Info?

by Mica Schneider in New York

When Web surfers hunt for cheap travel deals at search engine Qixo, they get a wealth of airfare information from 19 separate travel sites. That helps customers find cheaper fares with less effort. Just one problem: Qixo never bothered to ask Travelocity or Expedia for permission to mine their sites. In fact, Qixo CEO Daniel S. Ko has partnership deals with only seven of the sites his company scours, most of them hotel resellers.

Online travel giants Travelocity and Expedia aren't too happy about it, either. They've sent letters to Qixo threatening to take legal action if the company doesn't stop republishing fare information from their sites. Both companies view this info as proprietary and Qixo's tactics as violations of user agreements. Nonsense, says Ko, who points out that his site only provides information—it doesn't book the tickets. "The technology allows us to do it, and the law is not very clear. We are just grabbing price information. There is no economic loss to them," he claims.

WHO PROFITS? The Qixo conflict is perhaps the most visible example of a growing dispute that pits travel sites loath to share their information against aggregators seeking to make life easier for Web surfers. By steering customers to the Internet and simplifying the cyber-search for cheap fares, Qixo and other aggregator sites threaten the control airlines have sought to gain over the travel-booking business. At issue: Who profits from the billions of dollars consumers will spend on travel sites in coming years?

Before the Internet, travel agents served as valuable intermediaries for customers by navigating the byzantine fare structures for them. But with the advent of the Net, airlines have been methodically trying to cut travel agents out of the picture. They see a way to save billions in commissions and establish direct relationships with customers.

Consumers have clearly taken a shine to the convenience of these offerings. According to Forrester Research, surfers have spent more than \$12 billion on online travel purchases this year. That figure should increase to \$30.4 billion by 2003.

One airline, Southwest, is already booking 80% of its ticket sales on the Net.

NO SITE DOES IT ALL. But wiping the middleman out of the picture hasn't necessarily benefited consumers. Hopping from airline to airline in search of low fares on the Internet remains a time-consuming and often fruitless endeavor. Even travel supermarkets such as Travelocity and Expedia have faced complaints from customers frustrated with cumbersome interfaces and questionable best-pricing guarantees. "The paradox is that all of this technology [still hasn't made] things easier for consumers. There isn't one site that can do it all for you," says William McGee, editor of *Consumer Reports Travel Letter*.

That's where Qixo and a handful of other companies hope to step in. By scouring dozens of sites, these so-called fare-scrappers can present a broad picture of available fares on the Internet. For the service, Qixo tacks on \$10 per booking. Other companies, such as New York City-based FareChase, are hoping to grab a percentage share of each transaction. "Travelocity isn't happy with us, but the rest are willing to pay us to bring them traffic," says FareChase CEO Lior Delgo. Adds Ken Swanton, CEO of travel site Lowestfare.com: "We're in the business of providing low-cost travel for people on our Web site. And new intermediaries are what make the Internet fun, frankly."

The rise of new intermediaries is putting plenty of pressure on the big airlines and travel companies. Continental, United, Northwest, Delta, and American have collectively shoveled \$50 million into a still-evolving megasite dubbed Orbitz. Powered by ITA's flight-search engine for domestic flights, Orbitz will offer fares from more than 450 air carriers, 200 hotel companies, and 44 car-rental companies. And the airlines claim it will provide customers with unparalleled choice. But that's if it gets off the ground: The Justice Dept. is investigating Orbitz for possible collusion.

"DEEPLINKING" CASE. And Qixo itself might be heading into rocky legal turf. In 1999, auction sites such as eBay went after so-called auction-scraping sites, including Bidder's Edge, which used "deeplinking" to allow people to compare auction bids across multiple Web sites. Bidder's Edge and eBay ended up in court, where the U.S. Ninth Circuit ruled in favor of eBay. The case is on appeal. But a favorable ruling for eBay could provide the precedent Travelocity, Expedia, and others need to follow suit.

“If you were an [aggregating] site, you’d be a little nervous if Bidder’s Edge lost,” says Stuart Levi, head of the Internet and e-commerce group at New York law firm Skadden Arps Slate Meagher & Flom.

The upstarts are still tiny. Qixo and FareChase combined attract about 1 million users a month. That’s compared with the 7 million unique visitors each for Travelocity and Expedia in October. Yet Qixo and its fellow scrapers may be giving consumers

a taste of something enticing. Should fare-scrapers grow even more popular, the likes of Expedia and Travelocity may have to fight expensive court battles, or reconfigure their business models to provide more information to consumers who have already seen the travel world without blinders on.

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