

GOOGLE + ITA: A THREAT TO COMPETITION AND CONSUMERS

On July 1, 2010 Google announced its intention to buy ITA Software and with it the flight search technology that powers many of the web's most popular travel booking sites. Fully understanding the potential impact of this transaction requires understanding the dominant positions both Google and ITA hold in their respective search categories.

ONLINE TRAVEL IS THE LARGEST E-COMMERCE CATEGORY

- 64% of personal leisure travelers and 65% of business travelers use search engines to begin their travel planning. **Nearly 50% of airline tickets are purchased online.** [[hotelmkt.com](#) 9/17/10; [Search Engine Watch](#) 7/2/10]
- In 2009, **travel accounted for \$80 billion**, or 38%, of the total \$210 billion in e-commerce sales, making it **the largest e-commerce category**. That is **more than 3.25 times Amazon's 2009 sales.** [[Internet Retailer](#) 2/12/10; [Forrester Research Internet Shopping Model](#), 12/08; [Yahoo! Finance](#)]
- It is estimated that in the U.S. the combined online sales of airline tickets, hotel rooms, rental cars, cruises, and tours and packages for the leisure and small-business market will climb from \$79 billion in 2009 to nearly \$111 billion in 2014. [[The Boston Globe](#), 4/22/10]
- Leisure travel (airfare, hotels & resorts) accounted for 6% (\$1.5 billion) of 2009 internet ad revenues. [[IAB](#) 4/10]

GOOGLE DOMINATES SEARCH AND SEARCH ADVERTISING

- Search advertising is the largest source of online advertising revenues. [[Search Engine Watch](#) 6/18/10]
- Google, which has called itself the "kingmaker" of the Internet, **controls 72% of all online searches and more than 77% of the search advertising market.** [[Telegraph.co.uk](#), 6/17/10; [Experian Hitwise](#) 10/8/10; [Dow Jones](#) 10/12/10]
- Outside the U.S., Google has a dominant position in almost every EU member state, with a search market share of up to 95% in some countries. [[EC Press Release](#) 5/26/10]

GOOGLE ALREADY COMPETES IN TRAVEL SEARCH

- According to Google, of those who use search engines for travel, **82% name Google as their preferred source for researching travel products and services. More than 30% of all travel searches already begin with Google**, the most of any single provider. [[Google](#) 10/06; [Experian Hitwise](#) 10/8/10]
- **Online travel agencies** (like Expedia and Travelocity) **generate 8% to 10% of Google's gross revenue worldwide** through online advertising, Goldman Sachs analysts estimate. [[The Wall Street Journal Blogs](#) 7/2/10]

MOST OF GOOGLE'S COMPETITORS IN AIR TRAVEL SEARCH RELY ON ITA SOFTWARE

- Founded in 1996, ITA provides flight pricing and availability data for many airlines and leading travel sites and is estimated to power **the majority of all online flight searches**, including flight searches on KAYAK and Hotwire. [[Fast Company](#) 2/1/10]
- Released in 1999, ITA's QPX software is **optimized to conduct U.S. domestic flight search**, which requires calculation of an almost endless combination of schedules, routes, availability, tariffs, rules and fees. Orbitz became its first customer in 2001, and **access to ITA's flight search software helped fuel innovation and growth within online travel over the last decade.** [[ITA](#) 11/18/09; [The Boston Globe](#) 4/22/10]
- Named one of the Ten Most Innovative Companies in Transportation by *Fast Company* magazine in 2009, **ITA has stated that it now powers 65% of carrier-direct flight sales**, and its customers include popular travel price comparison sites and **six of the top 10 air carriers in the U.S.** [[Fast Company](#) 11/09; [ITA](#) 11/18/09]

ITA Customers Include:

- Accovia
 - Aeroplan
 - Air Canada
 - Alaska Airlines
 - Alitalia
 - American Airlines
 - ANA
 - Bing
 - CheapTickets
 - Continental Airlines
 - Defense Travel System
 - FareCompare.com
 - Fly.com
 - Hawaiian Airlines
 - Hotwire
 - KAYAK
 - LOT
 - nuTravel
 - Orbitz
 - Rearden Commerce
 - SideStep
 - Southwest Airlines
 - TAP Portugal
 - Travel Impressions
 - TripAdvisor
 - United Airlines
 - US Airways
 - Virgin Atlantic
- [[ITA Website](#) 10/22/10]
- In 2009, ITA claimed to power **more than \$25 billion in sales for airlines in the United States.** [[The Boston Globe](#) 4/22/10]
 - Google's closest travel search competitors have invested heavily in developing technology that is dependent on ITA. [[WSJ](#) 9/7/10]

Learn more: www.fairsearch.org