



VB VERTICALBOOKING

What are GDS?
In-depth technical analysis

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How and when were they born?

The airline industry created the first GDS in the 1960s as a way to keep track of flight schedules, availability, and prices. The GDSs were among the first e-commerce companies in the world facilitating B2B electronic commerce as early as the mid-1970s, when SABRE (owned by American Airline) and Apollo (United) began installing their propriety internal reservation systems in travel agencies.

Prior to this, travel agents spent an inordinate amount of time manually entering reservations and pricing itineraries referring to tariff books published by Airline Tariff Publishing Company. The airlines realised that by automating the reservation process for travel agents, they could make the travel agents more productive and essentially turn them into an extension of the airline's sales force. It is these original GDSs that today provide the backbone to the Internet travel distribution system.

The major GDS systems today are:

- Amadeus
- Galileo
- Sabre
- Worldspan and Dhisco (formerly known as Pegasus)

What are they?

A GDS is another distribution channel from which a hotel can receive reservations in addition to those on the hotel website and through the OTAs. The difference is that the people on the other end of the GDS are travel agents, Consortia and Large Companies, not the general public like the other channels.

Although any kind of hotel can connect to the GDSs, the channel is best suited to business hotels in primary locations, mostly large cities with airports, where there are lots of big companies, trade fairs, and events, and therefore lots of business clientele. In fact, reservations through the GDS are mostly for single rooms, short stays, with a short booking window, and often for multiple rooms.

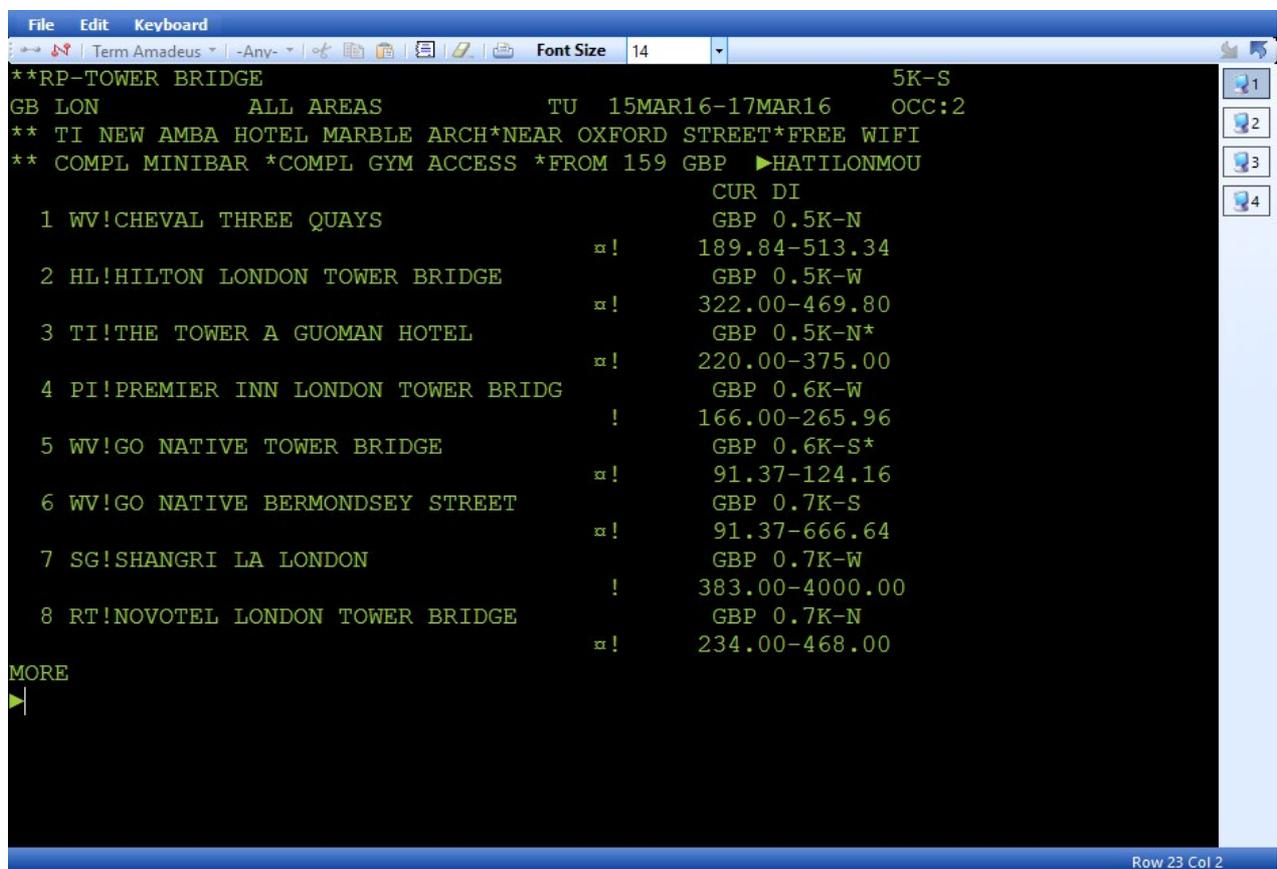
How do they work?

On the users' end, the system requires training. Travel agents must learn the "language" of the GDS system in order to search for hotels and understand the results.

To give you an idea, here's what the interface looks like on the travel agent's side:

Example 1

This example shows the results of an availability search near a “reference point”. Here the travel agent is looking for a hotel near a specific attraction, in this case Tower Bridge, London. The results appear in order of proximity to the attraction, which you can also see here indicated in the DI column.



Example 2

This screen shows the results of an availability search for a specific hotel. You see the price of the first night, the total price of the stay including taxes, the name of the rate, the technical description of the room and facilities, and the travel agent’s commission.



On the hotelier’s end, Vertical Booking integrates GDS connectivity in the CRS, so that rates and availability on the GDS are updated along with all your other channels. Set-up, however, requires a technical approach. Get this wrong and you’re hotel won’t appear in the search results you want to be in. But Vertical Booking also provides consultancy to help hotels optimise their technical approach and marketing strategies for GDS distribution.

What opportunities does it offer the hotelier?

The GDSs represent an exclusive channel, meaning that there is no alternative way of tapping in to this specific and profitable client base. GDS distribution accounts for a significant portion of sales and revenue for many hotels.



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