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Mr Jens Bischof
Member of the Lufthansa German Airlines Board -
Sales, Product & Marketing
Deutsche Lufthansa AG
Lufthansa Aviation Center
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Open letter regarding planned introduction of DCC

09.07.2015

Dear Mr Bischof

German companies and their business travellers, who make a significant contribution to the turnover of the Lufthansa German Airlines in the passenger sector, are opposed to the sales strategy you have announced. As the advocate of 550 member companies, representing a total annual turnover in the business travel sector of more than ten billion euros or 25% of the total market, we would like to explain in this open letter why we are against the introduction of the Distribution Cost Charge (DCC) scheduled for implementation on 1 September.

The German economy is not only based on reliable partnerships between companies and their customers but also between companies and their service providers. The introduction of your DCC involves a fundamental unilateral change to the system - those that fail to comply pay a high price, with a surcharge of 16 euros per ticket. Aiming to reduce sales costs is understandable. However, by introducing the DCC, Deutsche Lufthansa has used its market dominance in central Europe to present the market players with a fait accompli.

The organisation and settlement of business travel involves numerous processes which are carefully coordinated with one another. The distribution measures planned by Lufthansa would not only interfere with these highly efficient processes, but would also encroach on interactions with other service providers and on the relationship between companies and their employees. The booking alternatives you have already mentioned such as booking via an LH agent or Lufthansa.com are not a viable option for companies with a high volume of business travel. This will lead to a loss of transparency, comparability and consequently, neutrality. Important booking data which make it possible to locate the whereabouts of a traveller in emergencies, for

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R. Rettig (Vizepräsident)
B. Ruttloff (Schatzmeister)
C. Carnier
D. Schade
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H.-I. Biehl (HGF)

example, could no longer be verified or would need to be recorded manually at great expense.

During the recent numerous strikes that have been occurring since April 2014, business travel agencies have been working flat out. If all the flight and booking changes are to be carried out via the Lufthansa website in future, this will require a number of technical improvements. This additional administrative and procedural work will generate costs in the region of millions of euros for companies, as will the acceptance of the surcharge when booking via the usual channels. This is why a recent survey carried out by VDR has revealed that almost 70 percent of our members are planning to take their business away from the Lufthansa Group or are at least considering doing so, should the DCC be introduced in its current form without an alternative.

From the point of view of German companies with business travellers, service providers, i.e. in this case Lufthansa, the distribution systems and travel agencies are required to create viable solutions for their customers. There is an extremely tight time schedule for the introduction of the DCC and it is imperative that our members are not forced to bear the additional costs of the surcharge simply because no marketable alternatives could yet be offered.

Dear Mr Bischof, you are presumably about to face more company strikes which have taken their toll on your customers in the past. You then appealed to our understanding and our solidarity as a long-term partner. We now make such an appeal to you, and strongly urge you to hold results-oriented discussions and to search intensively for workable joint solutions. The introduction of a unilateral, non-coordinated DCC should be avoided for the time being.

We will continue to actively and closely monitor further developments regarding the DCC. We would be pleased to engage in discussions on this subject at any time.


Yours sincerely



Dirk Gerdom
President



Ralph Rettig
Vice President



Hans-Ingo Biehl
Executive director