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# Global Distribution System

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## **Global Distribution System, Tourism**

In the tourism and hospitality industries, GDS (Global Distribution System) refers to a network system connecting multiple vendors of services with end consumers or travel agents and allow them for direct booking. The service vendors include airlines, hotel rooms, car rentals, cruises, events, and activities.

During the 1960s, hotels and airlines started to build Central Reservation Systems (CRS) to handle reservations for their individual business or inventory. In the 1980s, the need to conveniently access reservations for all aspects of the travel prompted different airlines and hotel chains to connect their inventory together and sell them directly to travel agents. GDS was established as a spin-off service that would link the different CRS's of multiple companies. Companies in the same type of industry were connected, as well as different industries, such as airline, hotel chains, and car rentals. Since the late 1990s, along with the development of the Internet, GDS's have emerged as a business in their own right, specializing in travel distribution for many different types of services (Buhalis and Licata 2002). Sabre, Galileo, Amadeus, and Worldspan have emerged as the GDS's with the largest market shares (Buhalis 2003).

Sabre was developed in 1960s by American Airlines along with IBM Inc. on a mainframe computer. Sabre and American Airline separated in 2000. Currently Sabre powers Travelocity, Expedia, lastminute.com, and a few other Online Travel Agencies (OTAs). Worldspan was formed in early 1990s by merging the individual reservation systems of Northwest Airlines, Delta Airlines and TWA to sell seats to travel agencies. The owner airlines sold Worldspan in 2003 and later to Travelport in 2007, which also owns Galileo. Galileo was formed by nine European air carriers in 1987. In 1992, it merged with Apollo, the CRS created by United Airline in 1971. Besides air travel, Galileo can also be used to book train travel, cruises, car rentals and hotel rooms. In 2007, Galileo merged with Worldspan and both were owned by Travelport. Amadeus was founded in 1987 by an alliance of Lufthansa, Air France,

Scandinavian Airline, and Iberia Airline. In the 1990s, in addition to flights, Amadeus expanded their services by including rental cars and hotels. In the 21st century, Amadeus expanded their market share by forming partnerships with British Airways, Finnair, and Quantas Airways

From a historic perspective, the area of GDS is always in a status of dynamic evolution.

Currently, major OTAs such as Expedia, Travelocity, and Orbitz, are working with GDS. GDS is still crucial in providing airline scheduling and staff allocation (Tesone 2005). However, individual airlines and hotel chains are trying to sell directly to their customers by bypassing GDS. The competitions among different GDS's as well as with OTAs will continue the dynamic change in this arena. Further consolidation and fierce competition are expected.

**See Also:** e-Tourism, information technology, Airline, Internet, Technology

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