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The Journey Ahead: Challenges and Opportunities in Airline Retailing

Maximiliano Vicini
Americas Sales Representative





One of the largest PSS providers in the airline industry.

Serving 73 airlines, ground handlers and OTAs in 49 countries.

One common platform for FSCs, LCCs and Hybrid Airlines.





Airline Retailing with Offers & Orders





Airline Retailing

The What, the Why and the How

WHAT?

Airline Retailing is the notion that airlines should be **in the center of a seamless, digital** travel shopping experience.

This would necessitate airlines to be able to offer **not just “tickets + seats + extra baggage”** but also a rich content of products and services, both air and non-air, all dynamically priced and bundled based on **personalized preferences**.

This seamless traveler experience should also extend to the **management and fulfillment** of these varied services.

WHY?

Airlines are the main enablers and value generators of the travel lifecycle, but they risk being **“commoditized”**.

GDSs and OTAs put **downward pressure** on airlines to reduce them to just “getting from point A to point B for \$X”, while the increasingly digital passengers push for ever greater personalization, richer content and **freedom of choice**.

As such, airlines need to be able to generate and serve **their own rich content** without being beholden to 3rd parties.



Airline Retailing

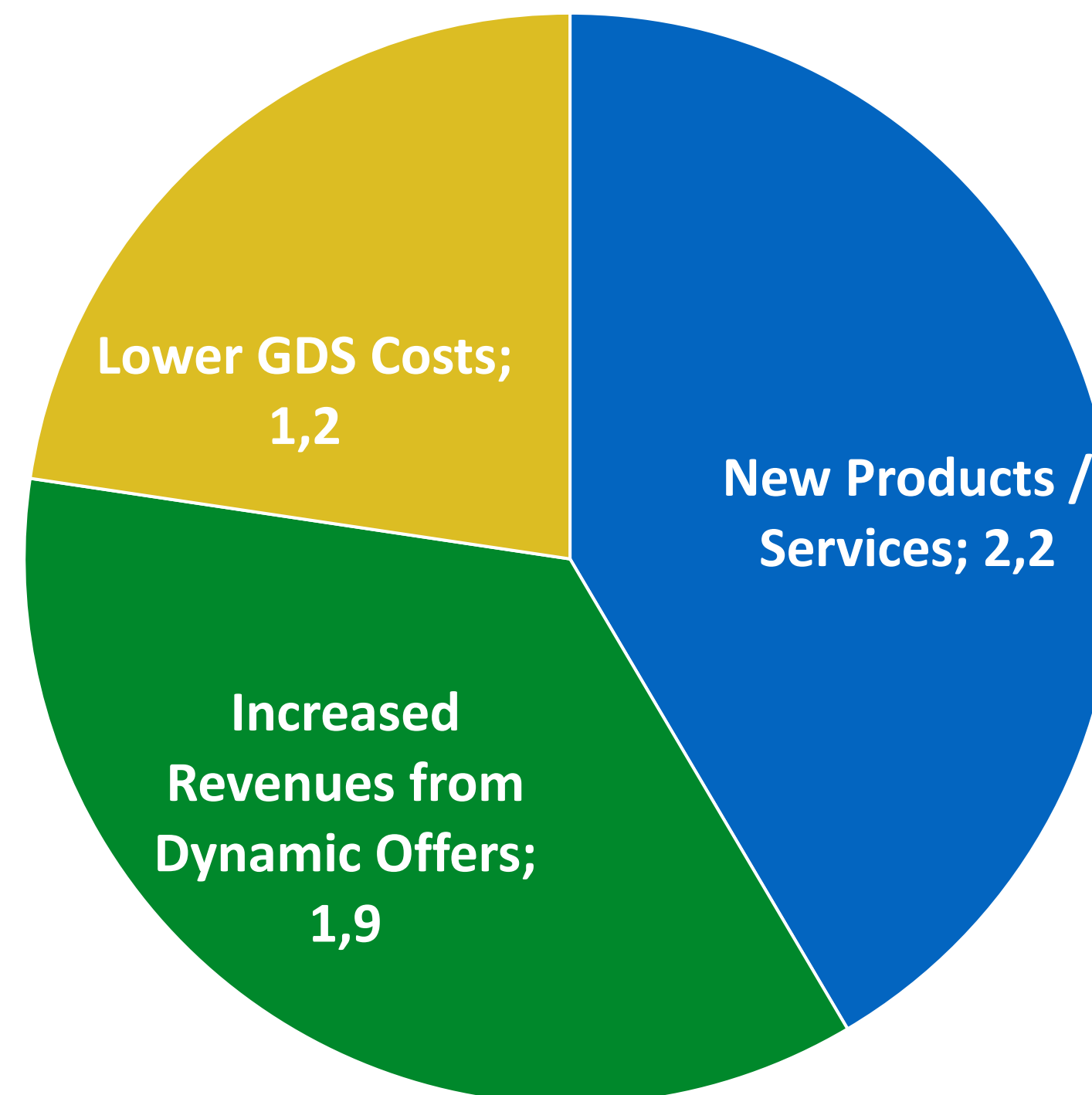
The What, the Why and the How

WHY? – CONTD.

Airlines managing to fully realize their retailing capabilities will be able to **cut unnecessary costs**, differentiate themselves from the pack, more easily **leverage opportunities** and bring new products to the market.

IATA estimates the **added value generation** potential of such an approach at a staggering:

+5.3 USD per passenger





Airline Retailing

The What, the Why and the How

HOW?

Wait – wasn't NDC supposed to take care of this stuff already?

NDC was, and still remains, **the building block** of airline retailing. It allows the exchange of rich content without being limited by the legacy capabilities of GDS or older data standards such as EDIFACT.

However, NDC by itself is **just part of the equation**. An airline offering rich content via NDC, but still keeping Fare Classes, RBDs, PNRs, EMDs, E-Tickets, Coupons, PNLs etc. in the background cannot fulfill the full potential of airline retailing.

That is where the concept of “orders”, as envisioned by IATA One Order, comes into play.





Airline Retailing

The What, the Why and the How

SO..?

Basically, Airline Retailing with Offers & Orders is a transition:

FROM OLD “3 LETTER THINGS”



INTO COOL “4 LETTER THINGS”..!

- GDS
- RBD
- PNR
- EMD
- PNL
- ETL
- RET

-
-
-

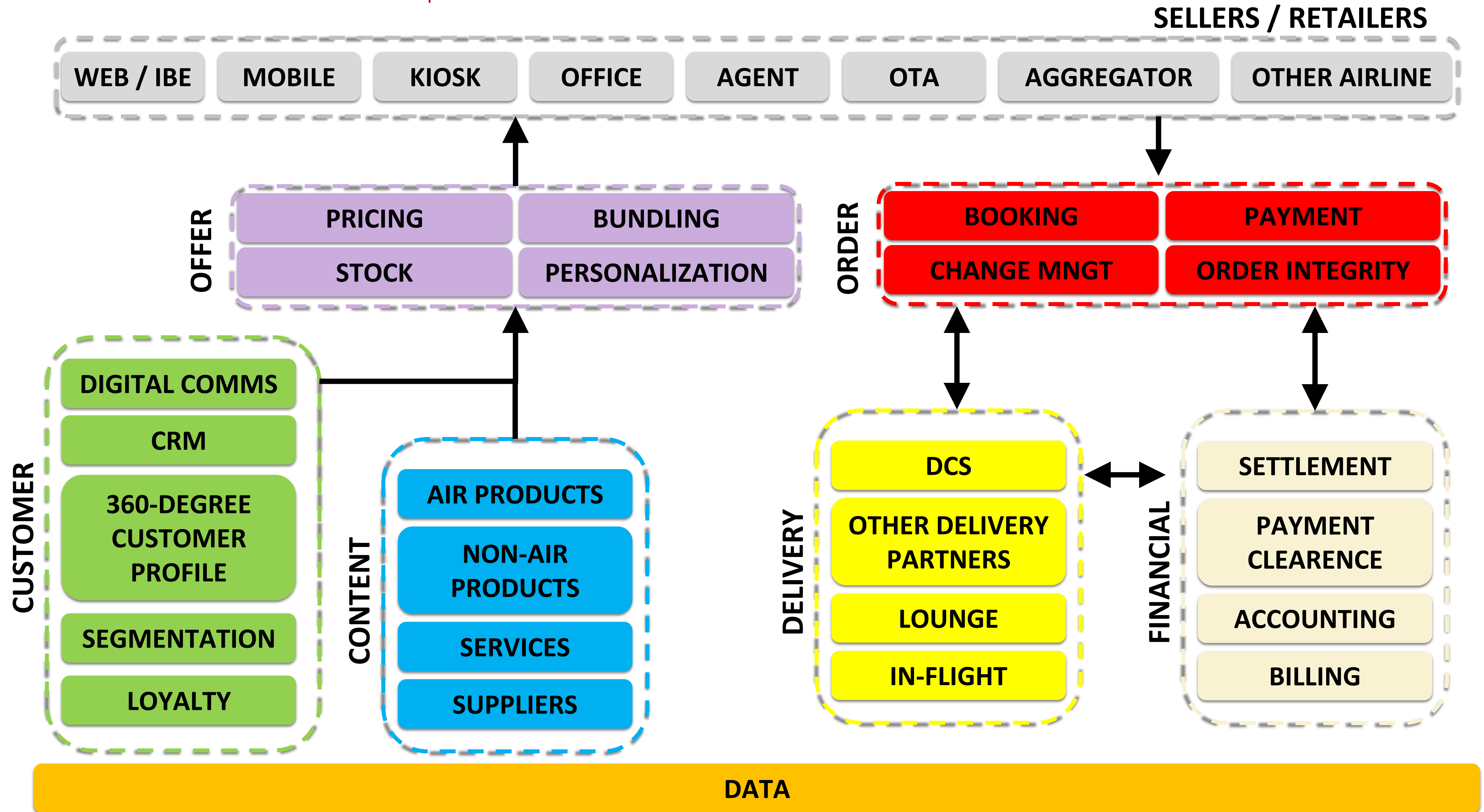
OOMS
(Offer and Order Management Systems)

OOSD
(Offer Order Settle Deliver)



Airline Retailing

IATA Airline Retailing Reference Architecture





Airline Retailing

Recent IATA Retailing Consortium Whitepaper @ IATA WPS (26 OCT)

October 2023

Modern Airline Retailing

IT Provider readiness
and airline transition pathways

// We can re-use some components of our PSS in a non PNR environment.

Hitit

//

IT players are expecting to move from monolithic PSSs to business functions by modules. Even leading PSS providers indicated that their current PSS would be replaced with a modular solution.

Accordingly, the following four broad phases of transition are outlined.


- **In the prerequisites phase**, the airline sets up its retailing ambition with the launch of a modern indirect distribution channel (NDC) and modernization of digital direct channels (airline.com).
- **In phase 1**, the airline modernizes its Offer Management. As it is moving away from filed fares, PSS inventory and availability, the launch of dynamic pricing, new products and dynamic packaging already start to drive significant revenue benefits.
- **In phase 2**, the airline modernizes its Order Management. As it is moving away from PNR and ticket-based process, the usage of a single record (the Order) to manage customer purchases, delivery, and financial processes brings improved customer experience in servicing and disruption handling.
- **In phase 3**, the airline uses translation services to manage the remaining scope of legacy (EDIFACT) interlining based on the new environment, while it decommissions legacy systems – including the PSS.



Opportunities

Show, Don't Tell

Sample Offer#1: Flight offer includes rich content for personalized retailing.

 **15:40**
ISB


NO STOPS

18:00
DXB


3h 20m 1208 mi
1

FLIGHTS CABINS PRICING FREE BAGGAGE **AMENITIES** SEATS


ISB > DXB

 **LIGHT MEAL**
Light meal provided

Free Yes Standard


 **NONALCOHOLIC**
Nonalcoholic beverages provided

Yes Standard N/A Free

 **Chance of entertainment**

Free Yes **better**

Delivery Medium In-Seat
Content Type AVOD
Selection Type On Demand

 **ADAPTER**
Power outlets require adaptor

Free Yes Standard No

Yes **No** No All



Opportunities

Show, Don't Tell

Sample Offer #2: Bundles reflect not only their own attributes, but also potential up-/cross-sells.

The screenshot displays a flight booking interface for a Singapore Airlines flight from Singapore (SIN) to Dubai (DXB) on October 12th. The main flight is scheduled for 21:40 and has a duration of 7h 10m (3635 mi) with one stop. The interface shows various cabin options with their respective prices and additional costs:

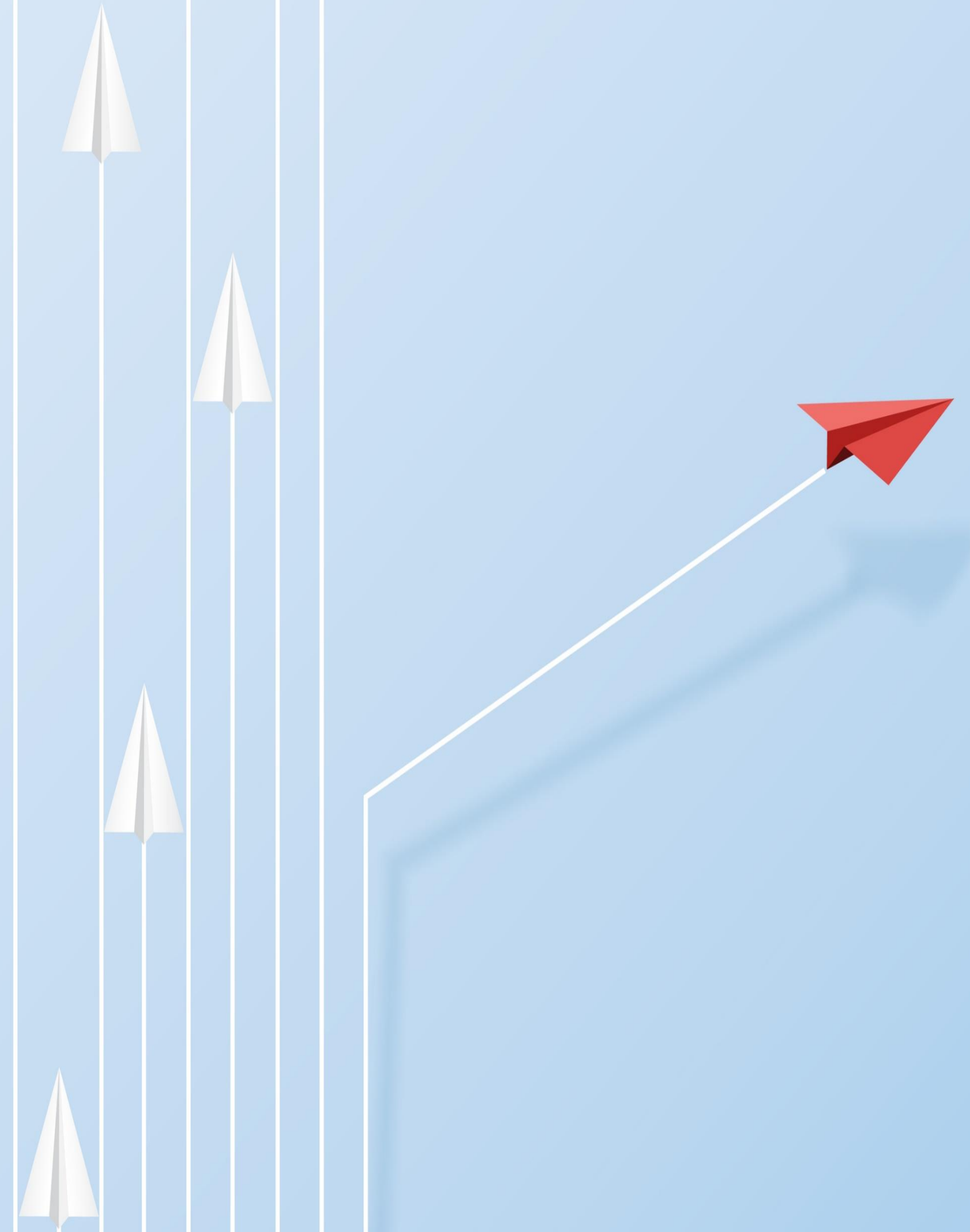
Cabin Option	Price
ECONOMY ECO SAVER	346 USD
ECONOMY ECO FLEX	+148 USD
ECONOMY ECO FLEX...	+506 USD
PREMIU... PREM EC...	+555 USD
BUSINESS SAVER	+1166 USD
BUSINESS FLEX	+1687 USD
BU FL	+2...

A detailed breakdown of the Premium Economy (PREM ECO FLEXPLUS) benefits is shown below:

Benefit	Category
CHECKED BAGGAGE	Free
CARRY10KG 22LBUPTO 45LI 115LCM	Free
BEVERAGE	Free
MEAL VOUCHER	Free
PRE RESERVED SEAT ASSIGNMENT	Free
110 PERCENT MILES EARNED	Free
ENTERTAINMENT	Free
INTERNET ACCESS	Paid
UPGRADE ELIGIBILITY	Paid
LOUNGE	Unavailable
PRIORITY BAGGAGE	Unavailable
PRIORITY BOARDING	Unavailable
CHAUFFEUR DRIVE	Unavailable



Challenges



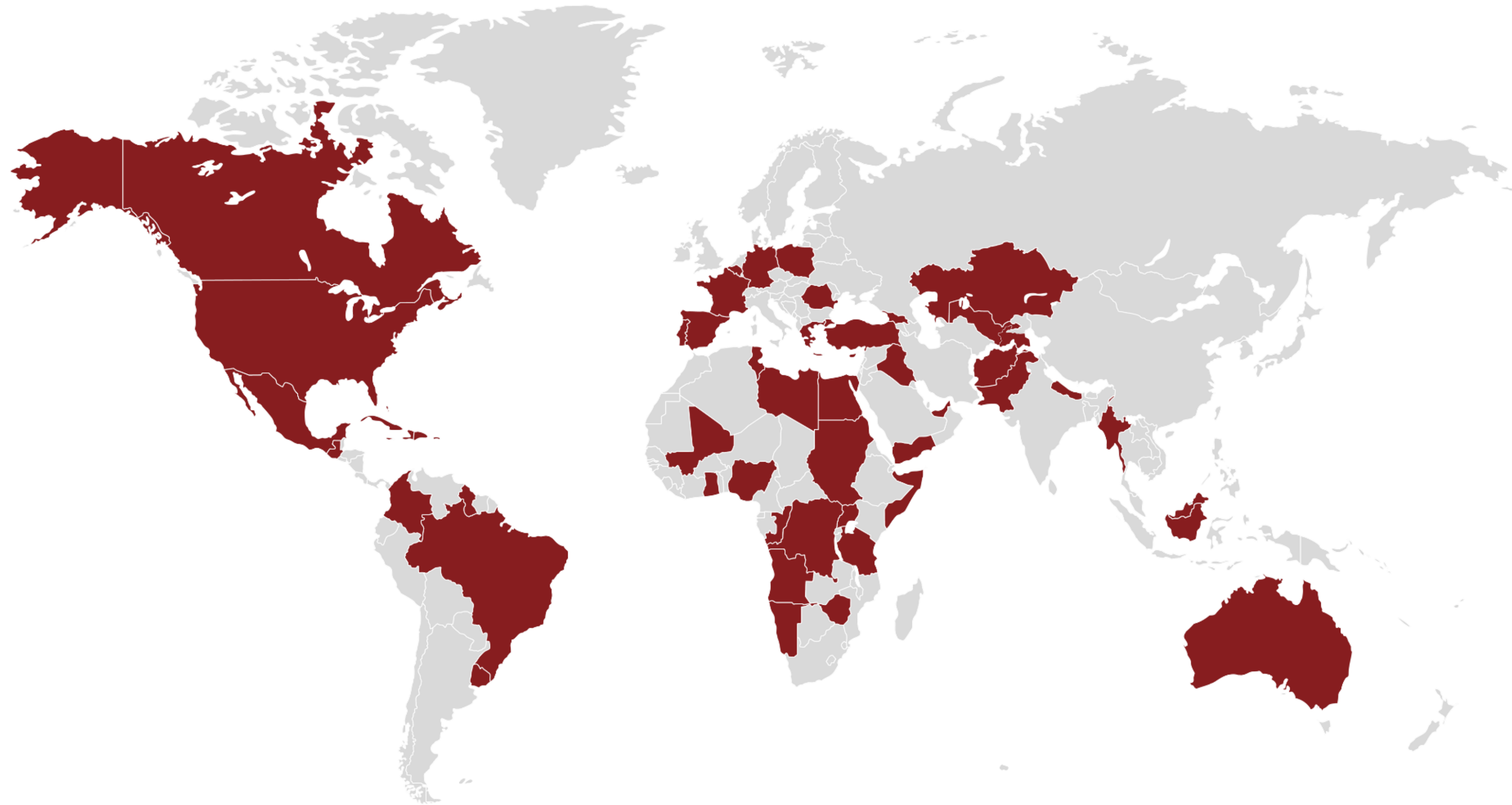


Industry Input

What Do Airlines Think?

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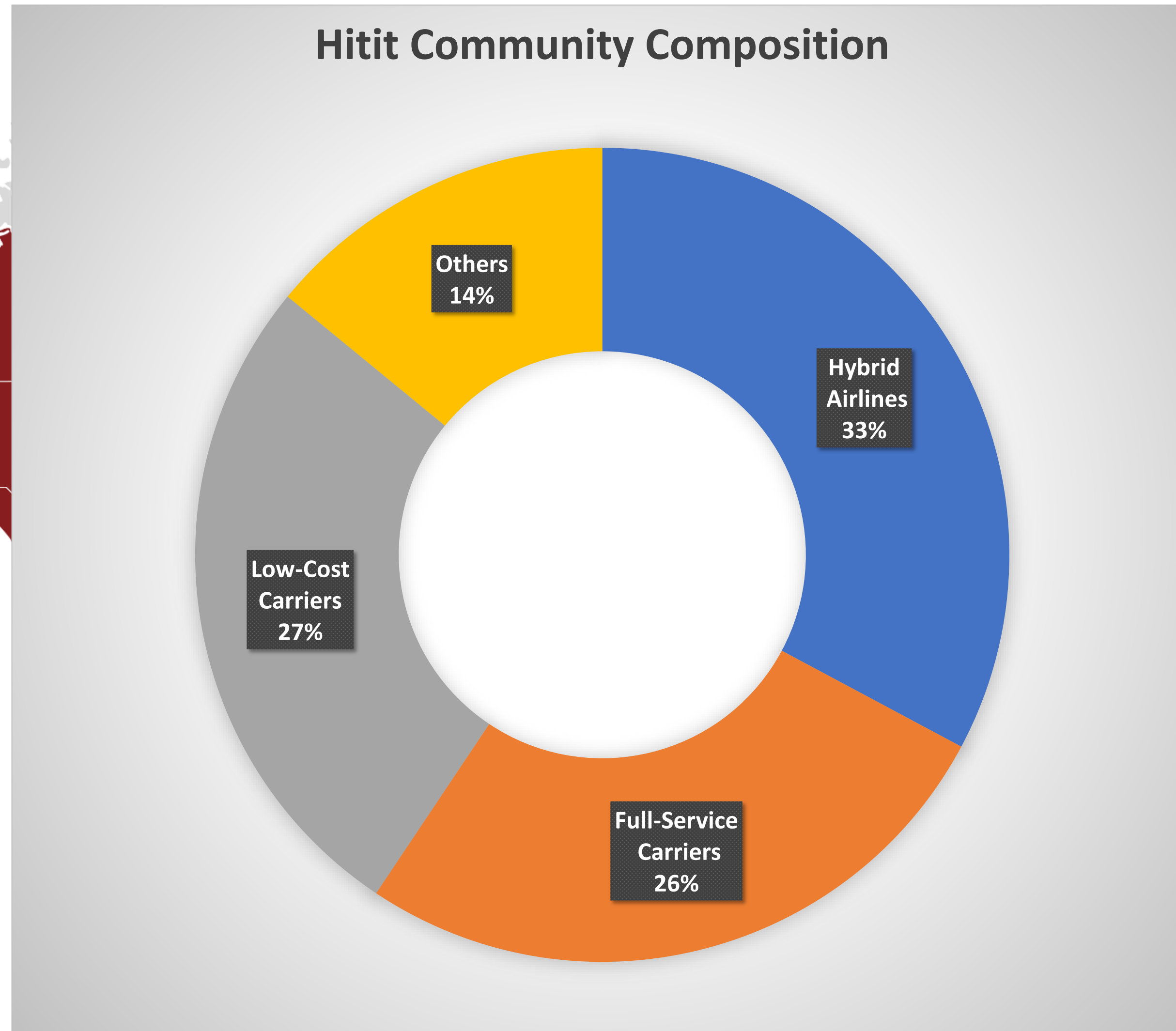




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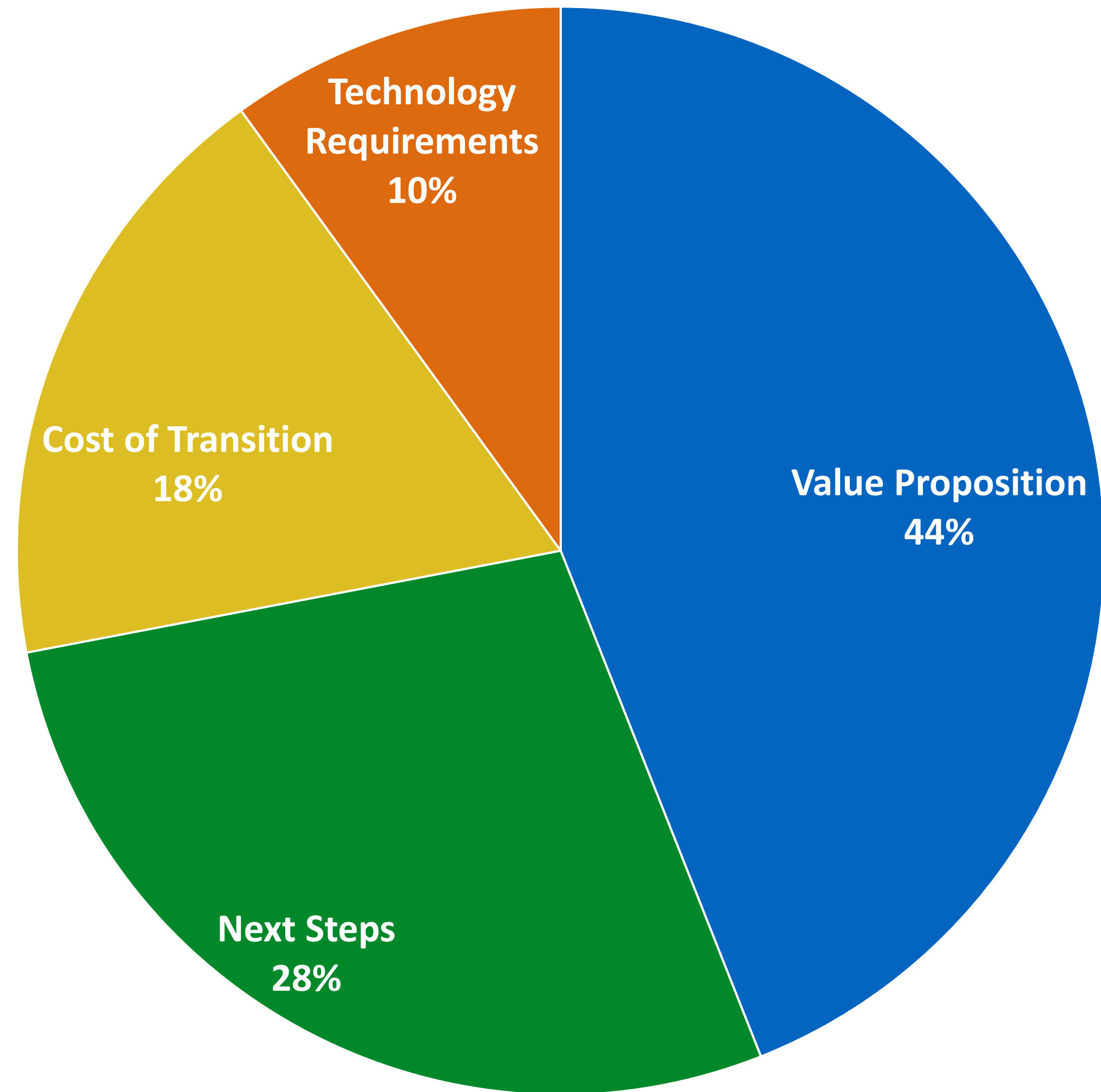




Industry Input

What Do Airlines Think?

Question: When it comes to Airline Retailing transition, where do you need the most guidance?

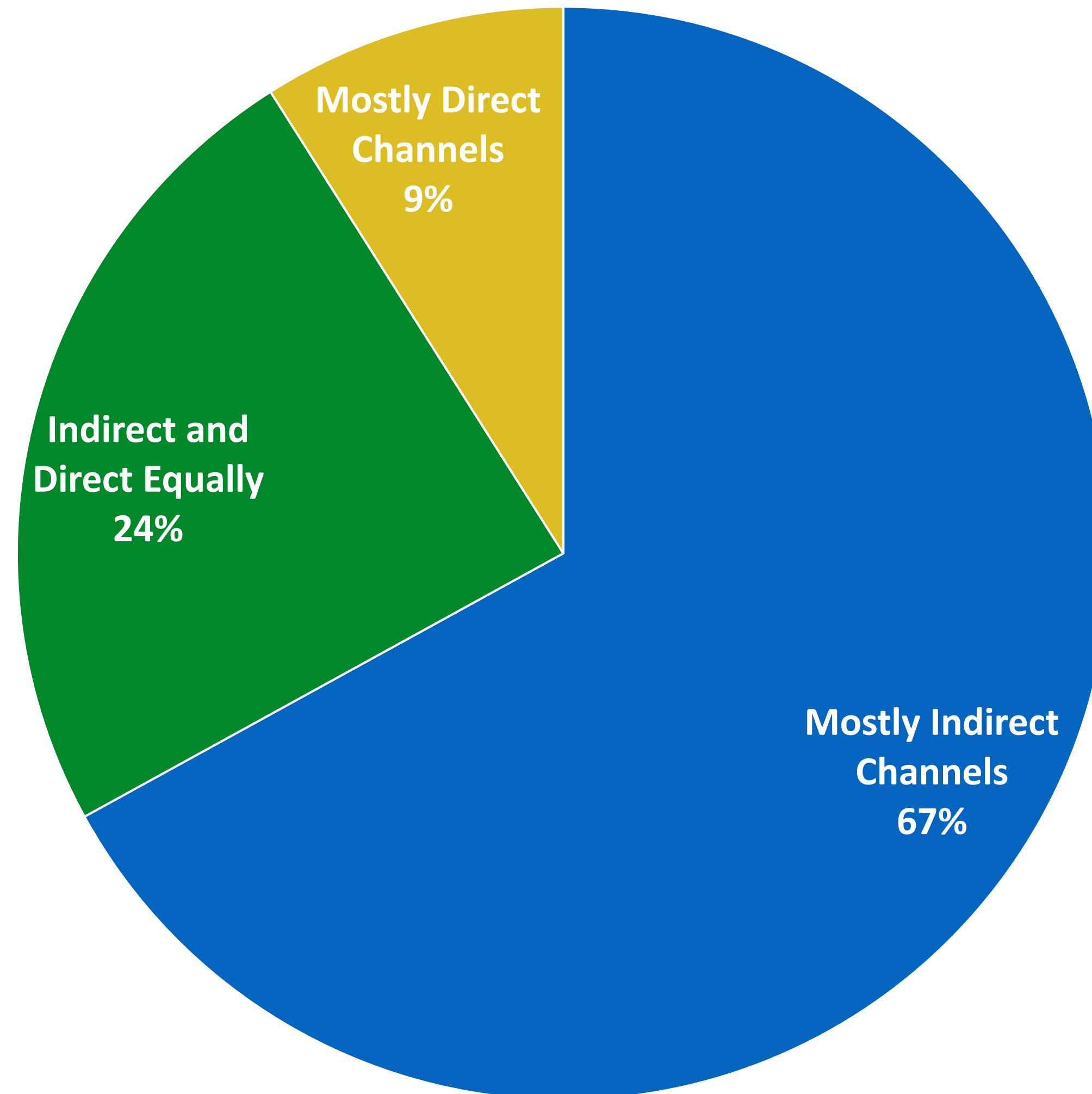




Industry Input

What Do Airlines Think?

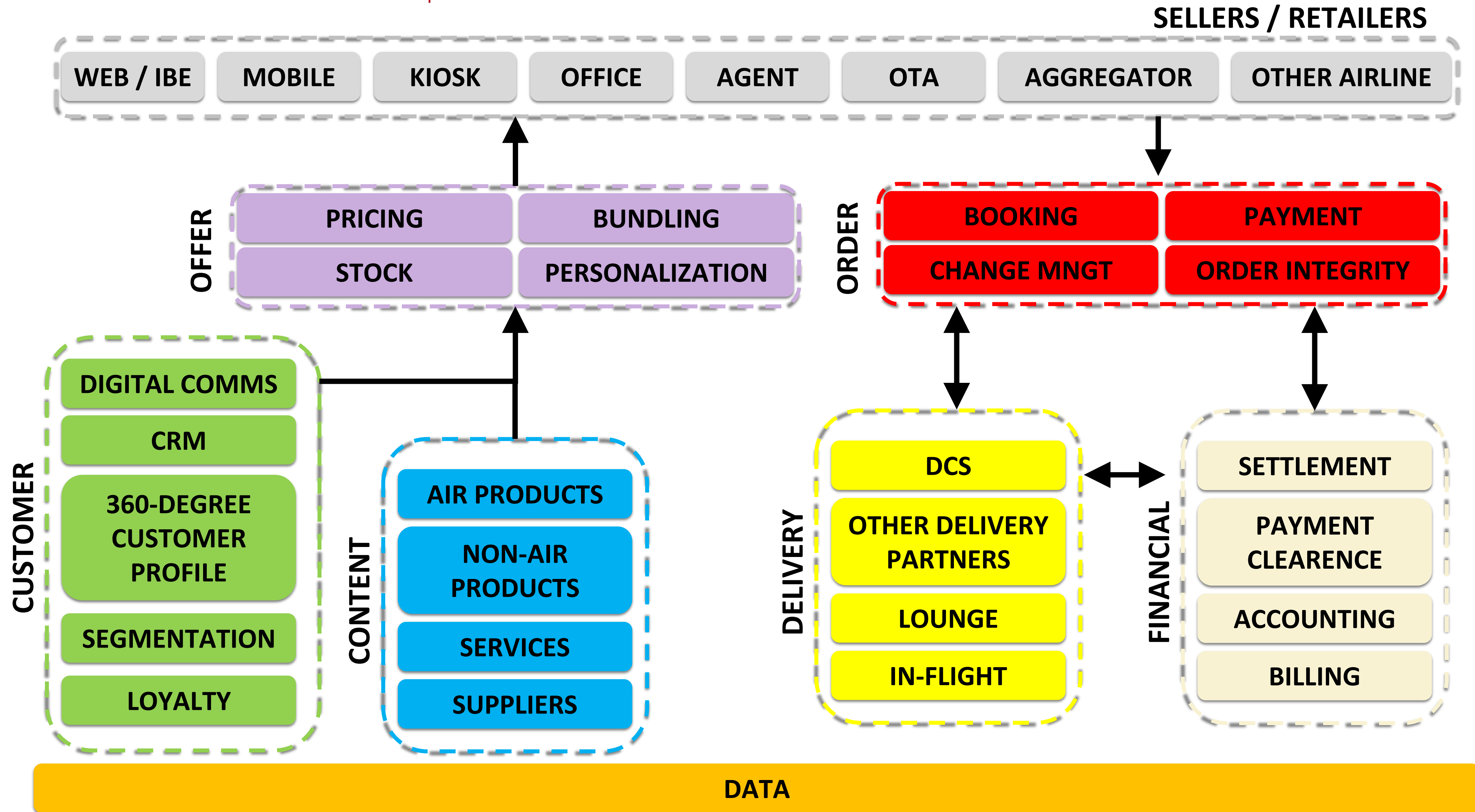
Question: Where do you think there is an acute need for such a transformation?





Airline Retailing

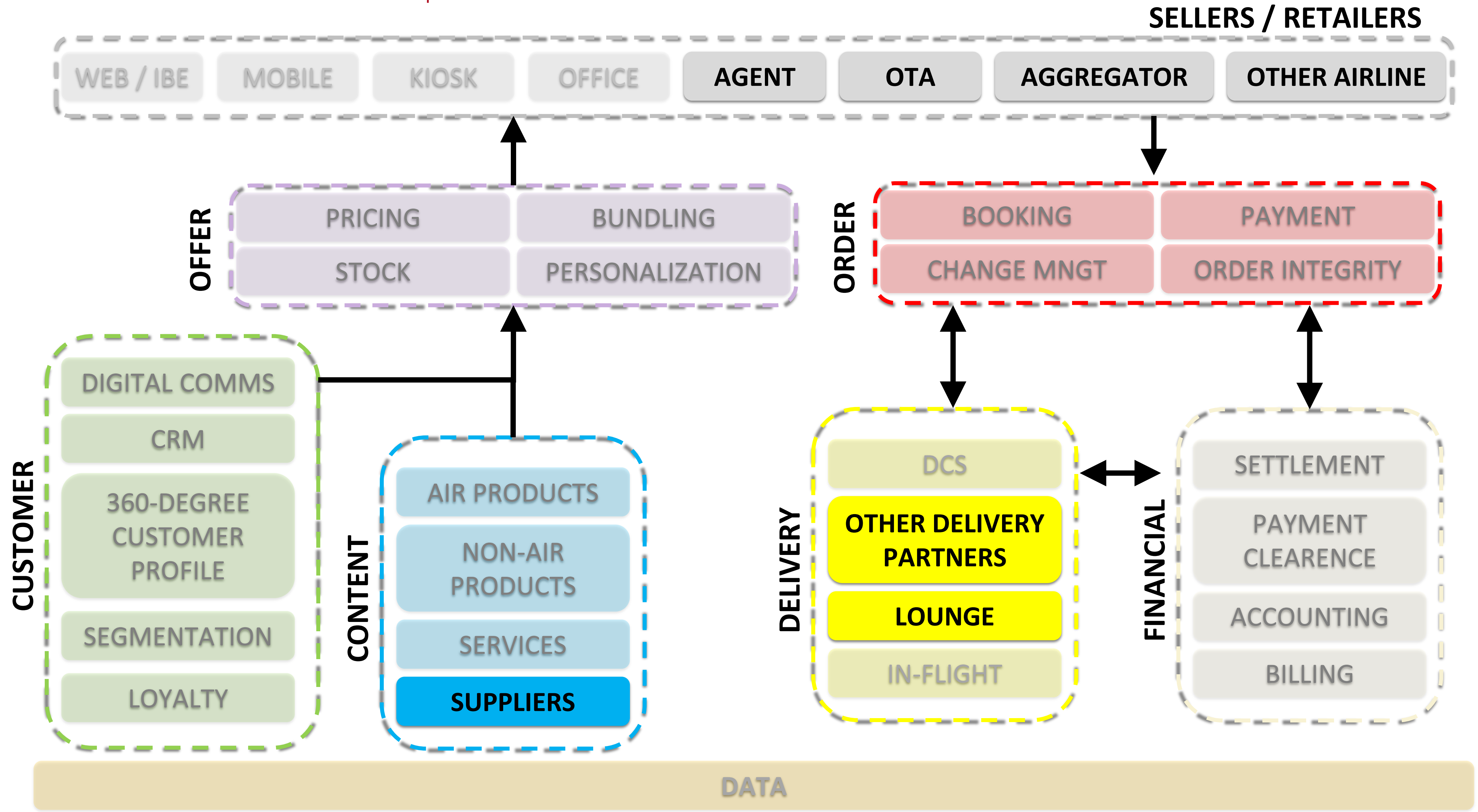
IATA Airline Retailing Reference Architecture





Airline Retailing

IATA Airline Retailing Reference Architecture





In Summary

Key Takeaways

Airlines need airline retailing...

...to take control of their own products and extract the proper value – or others will!

...to address the evolving passenger needs and preferences – customer centricity and seamless experience are key.

It is a marathon rather than a sprint.

But that doesn't mean there are no halfway points to realize shorter term benefits.

Airlines and other stakeholders need a comprehensive vision to guide them throughout the whole journey.

It is going to take a while, but things are already in motion.

Hitit and many other industry actors are already moving in phases towards the final vision.

Airlines should act now to at least establish their own value expectations and roadmap rather than wait and see.



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