

Background

A total of 130 representatives from corporate buyers, travel management companies (TMCs), self-booking tools (SBT), airlines and IT providers convened in Geneva for the 2nd IATA Business Travel Summit (IBTS). Over the two days of wide-ranging discussions, a consensus emerged that the air travel value chain is on the path toward adoption of New Distribution Capability (NDC), with the only questions being the timeline and process through which it will occur.

The bigger picture

- Traffic growth above long-term trend of 5,5%, massive LCC share of Passenger Kilometres in some regions (SE Asia: 50%) – challenge for corporate contracting.
- Very significant yield decline, however this does not include the “unbundling” impact.
- Lots of legacy systems, processes, and current concentration of large players (3 GDSs, 4 large TMCs), make it tough for new entrants.
- Discussion on possible major changes in TMC role to be expected, no consensus on where it could end (taking VR, UI etc. into account)
- “Personalization” is the buzz word, but the industry should also think in terms of “contextualization”
- The “Propathon”, which is an exercise designed to foster new ideas and to articulate a “Corporate” vision for the industry (via NDC-enabled technologies and solutions) makes sense. It also shows the capacity of the industry to progress and to innovate, together.
- The opportunity for more strategic corporate/airline relationships is well accepted, however it could be demanding (staff skills, etc.)
- There are opportunities for industry transformation. NDC is sometimes a mindset, sometimes a trigger, sometimes an enabler. Growing focus beyond air e.g. into hotels.
- More changes/disruption to be expected: e.g. Alexa to sell flights within a year? And Alexa will not offer 20 options!

NDC adoption by the industry

- The industry spirit has clearly moved from “why” or “what” to “how” and “when”.
- The standard version 17.2 now seems to be the reference for any new deployments.
- The commercial model remains one of the main blockers to widespread NDC adoption
- User Interface (UI) is key – display offers, in particular mobile requires simple offers.

Position of value chain members

- Airlines are becoming more transparent on internal complexity (eg. align all teams), and on the end vision (NDC is just an enabler for ... dynamic pricing, as an example).
- GDSs say they are “in”. Travelport expects level 3 certification by year end, Amadeus and Sabre are also committed. GDSs becoming level 3 aggregators is key for mass adoption.
- Diverse TMC attitudes depending on technological expertise. HRG getting ready with own platform enabled by NDC by October.
- Still no SBT certified, however not necessary (as currently they’re the User Interface that gets the content from an aggregator).
- Large corporates want to move forward, there is still some confusion (frustration?) on best path and a lack of mass airline content. Need for a strategy to engage smaller corporates.
- IT players: the number of products powered by NDC is growing.



**How Travel Managers Created New Product & Service Ideas
And A Vision For Business Travel Retailing
Enabled by The NDC standard**

Background

In 2015, IATA established two Travel Manager Advisory Groups (TMAG), in Europe and in the US, with the aim to engage the business travel value chain in understanding the benefits, the challenges and the opportunities for them & their customers, driven by IATA's new standard for distribution: NDC.

In 2016, the TMAG decided to create a travel-buyer-led vision of the future of aviation business travel.

The Propathon

The first phase consisted in a Propathon - a 24 hour idea creation process - to propose ideas for new airline products and services for the business travel industry and also to suggest what the key components of a future airline/travel manager relationship might look like.

This Propathon took place in spring 2017, in Geneva & New York, gathering 15 corporate buyers from large companies. The ideas were listed, ranked, and then submitted to several airline groups (individually) to get their feedback.

Three types of ideas – Over 60 ideas were generated and will be published but here's a glimpse.

1/ Enhancing the traveler experience or create a more joined up trip. For example, the ability to pre-select whether to eat or not if on a red-eye or other flight. The choice not to eat is rewarded with additional frequent flyer points and the airline can reduce F&B accordingly thereby saving cost and weight.

2/ Reducing travel management costs or increasing airline revenues or preferably both when possible. For example, during the procurement/contracting phase, spend budgets are agreed for city pairs. Within those budgets are options from a menu of ancillary services. These budgets may vary by fare class or traveler type or destination, or be consistent regardless of variables. At the point of sale (POS) the traveler is offered a menu of ancillary services which fall within the budgeted amount and from which they can choose two or, say, three according to their preference and the budget allocation.

3/ Using data to drive better decision making - On the User Interface (Self-Booking Tool, mobile, Natural Language Processing, Chatbot etc.) additional information is provided at the point of sale to determine the best choice. Quality scores (UGC or otherwise) and On Time Performance metrics are listed alongside price to allow a broader decision making other than just direct cost.

The vision

The TMAG also created a vision of the future of the airline & buyer relationships. This consists in a model with nine core components for a more strategic value chain collaboration.

Next steps

The Propathon ideas, including the new strategic component, and more... will all be published in an IATA whitepaper which will be launched during the GBTA Convention in Boston on July 17th.

See you at the IATA booth # 431 in Boston!

IATA Business
Travel Summit

