# IATA ANNUAL GENERAL MEETING

IATA

Host airline
PEGASUS AIRLINES

Co-host airline
ANADOLUJET
A TRADEMARK OF TURKISH AIRLINES

Media Center sponsor
cfm
The Power of Flight

79th AGM and World Air Transport Summit
Istanbul, Türkiye   4 – 6 June 2023

# Modern Airline Retailing

**Muhammad Albakri**
Senior VP Financial Settlement
and Distribution Services

#IATAAGM

A new **cohesive program** to unleash **value creation** and **customer centricity...**

# Modern Airline Retailing

Thank you for joining us today.Last December during our Global Media Days, I introduced the case for change to support airlines' focus on greater customer centricity and value creation.We call this Modern Airline Retailing.

To become **truly customer centric** airlines need a **legacy-free** framework with **Offers & Orders**

Airlines and their value chain partners need to break free from the decades-old legacy standards, processes & technology around the sale and distribution of airline products and services in 3rd party channels. This means: Moving to a world of 100% Offers and Orders.

Retailing with **Offers**

Delivering with **Orders**

- In a world of **Offers**, which is powered by the New Distribution Capability (NDC) technical standard, the airline creates the offer rather than having it assembled outside the airline by the Global Distribution Systems (GDSs).

- In a world of **Orders**, built upon the ONE Order standard, airlines and passengers no longer have e-tickets, PNRs and Electronic Miscellaneous documents to record and track their purchases. Instead, they have a single order, just like with any retailer.

- So…. where are we today?

Finnair to go all-in on NDC by 2025
16 September 2021

Air France-KLM : « Objectif 2027 : 90% des ventes indirectes via NDC »
Par David Keller - 23 avril 2023

**BERNSTEIN** 15 May 2023

**Global Air Tech**
**Global Air Tech: An American revolution, as NDC takes off**

Alex Irving, CFA
+44 207 170 0539
alexander.irving@bernstein.com

The legacy GDS world is being turned upside down through once-in-a-generation technological change and the rise of NDC. The old three-player oligopoly is collapsing, being replaced by a more competitive market. While this has until now been primarily a European story, carriers across the Americas are finding the confidence to follow their peers from across the Atlantic and implement incentives to spur NDC adoption. With American leading the charge, the floodgates are open: change is set to take off.

**AA: 80 Percent Of Bookings Could Come Direct Or Via NDC By Year-End**
Jay Boehmer April 27, 2023

DISTRIBUTION · SERVICE · SUPPLIERS
**American Express Global Business Travel Sets Minimum NDC Requirements**
Jay Campbell · February 15, 2023

**Southwest Eyes Alternatives For Defunct NDC Exchange**
Jay Boehmer February 10, 2023

SAS unveils NDC strategy with Amadeus partnership
23 March 2023

**Amadeus CEO Eyes 2024 For NDC Booking Critical Mass**
Amon Cohen May 9, 2023

Images not loading... or having trouble viewing this email? View Online

Australian Trade Advice    SINGAPORE AIRLINES

Important Update: KrisConnect NDC changes from 1 June 2023
Issued 05 May 2023

AVIATION
**Air Canada lays out NDC strategy, including a surcharge on legacy GDS bookings**
By Jamie Biesiada | Apr 19, 2023

- We are well on our way on the first phase, which is about retailing with Offers, As these recent news headlines show:

**Retailing with Offers** gives agents direct access to the same content available on airline dot-com

Moving to retailing with offers is already delivering value to airlines and customers, such as more granular fare buckets through continuous pricing.

So instead of having just 26 price points—all that is possible in the legacy world, NDC enables the airline to offer many more intermediate steps in their pricing.

It also offers travel agents greater access to airline ancillaries and many of the products uniquely sold on airline websites today.

Today, the industry is **constrained and limited** by the legacy standards, processes & technology in place

- But to achieve the full consumer and industry benefits, we need to move to a world of 100% offers and orders.

- Because, as leading airlines are starting to experience, as soon as you have to deliver these offers to the customer, you're stuck having to do so with old world legacy artifacts including e-tickets, EMDs and PNRs. And this has its limitations.

- As one distribution expert has said, it's like you're forcing all the content contained in a fiber optic cable back through an old co-axial cable.

**One single record** of your order – easily accessible and modifiable, like on Amazon
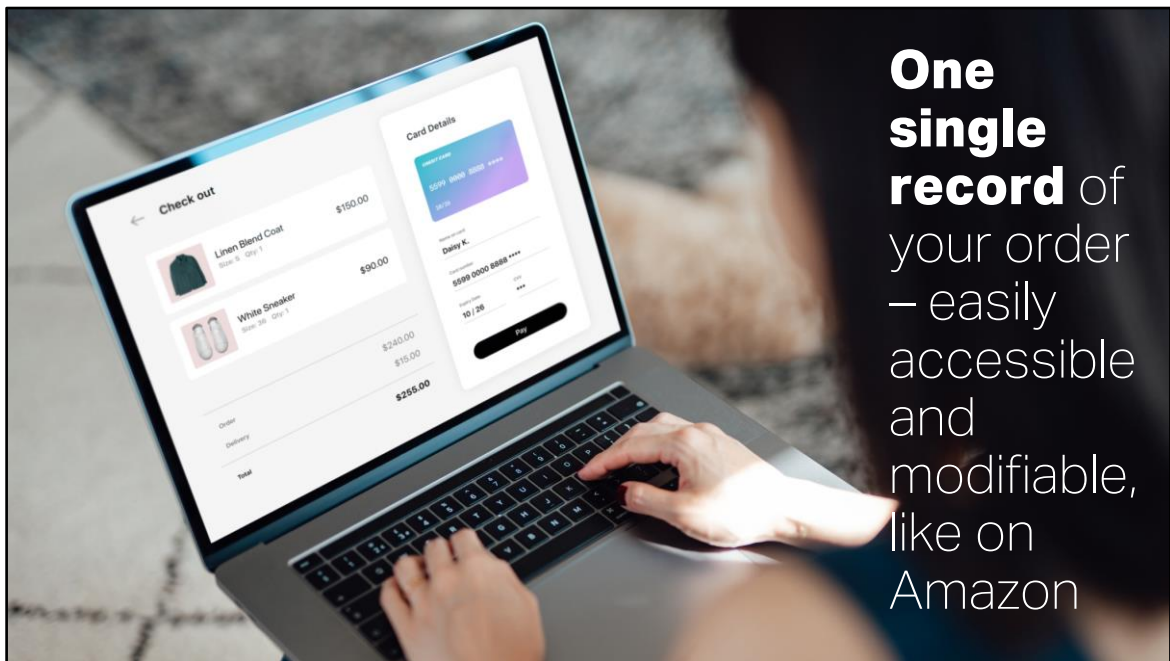
That's where Orders comes in.

- When you shop with Amazon you have one single record, with what you've ordered, what you paid, where you can add and subtract items. Very simple, very transparent. Easily accessible.

- That's not what our customers experience today with 3 separate records—their reservation, their e-ticket and their EMD recording any ancillary purchases. It works but it's not a great experience for airlines or customers. And when there's disruption, synchronization becomes a challenge as some of you may have experienced.

But it is not something that individual airlines can address on their own.

As some of you may recall, last December, we announced the formation of a **consortium of 12 advanced airlines/airline groups** adopters that will work together through IATA **to accelerate** the identification of the technical standards and pathways that take us to a world of 100% Offers and Orders.

Consortium deliverable #1

## The **Business Capabilities** supporting modern retailing in a world of 100% **Offers & Orders**

- For example, they've developed a **reference architecture** which describes the business capabilities an airline will need in a world of offers and orders. This is because the airline Passenger Service Systems of today will need to morph into a typical retailing platform comprised of offer and order management.

- And the Consortium is looking at what that could look like and how you could get there for airlines that choose to go that way.

Consortium deliverable #2

# A Business Case
to transition to
Modern Airline
Retailing



- On top of this, In the last 5 months the Consortium has delivered a **business case** for moving to this world, and by the end of the year, they will have delivered the potential **transition pathways** for airlines and looked at the impact of this transition on other industry players.

## **Value** creation and **Customer** centricity

- Reduced distribution costs

- Increased revenues

- Enhanced customer experience in payment

- Increased Customer Satisfaction (NPS)

- Greater staff satisfaction (using modern systems)

**IATA**

Before I take your questions, I'd like to share some of the benefits of this transformation that have been identified by the Consortium and other parties:

- Reduced distribution costs

- Increased revenues (up to 4% according to McKinsey)

- Opportunities for greater agility in payments

- Increased Net Promoter Score

- Greater staff satisfaction as legacy process and systems are replaced

# Thank you

**IATA ANNUAL GENERAL MEETING**

Host airline
PEGASUS AIRLINES

Co-host airline
ANADOLUJET
A TRADEMARK OF TURKISH AIRLINES

Media Center sponsor
cfm
The Power of Flight

79th AGM and World Air Transport Summit
Istanbul, Türkiye   4 – 6 June 2023

# Modern Airline Retailing

**Muhammad Albakri**
Senior VP Financial Settlement
and Distribution Services

#IATAAGM