



# “Virtual Interline”

## Considerations for Airlines

### **The existing IATA interline framework**

Interline is the term used to describe a relationship between airlines where one airline sells the services provided by another airline to a customer. Airlines use interline to serve markets that they are unable to serve alone.

IATA standards, multi-lateral agreements and settlement platforms combine to create the IATA interline framework. This framework facilitates a standard model of interline that is used between airlines, to give consumers convenient choice and flexibility to choose a variety of schedules and routings at a lower cost.

The complexity of the IATA interline framework, however, may limit the involvement of many other potential partners such as low-cost carriers, and surface transport operators (rail, bus, etc). To respond to these challenges, IATA member airlines, together with other transport operators and technology providers are working on new standards and processes to develop an interline framework which is even more flexible and is open to different types of carriers and travel operators.

### **“Virtual Interline” as a transition pathway towards new interline models**

In the meantime, alternative interline models are emerging. One of these models is often referred to as “Virtual Interline”. Itineraries sold under this model involve flights or services operated by multiple carriers which are offered together to a customer by an intermediary. Often these carriers have no existing traditional commercial interline relationship. In some cases, the partners may combine “Virtual Interline” (e.g., allowing the short-haul partner to sell the long-haul flights of the partner without the need of codeshare), with the standard IATA interline mechanism still used by the long-haul partner.

The intermediaries involved in facilitating these models may be specialised online travel agents (OTAs), or specialized technology providers. These providers may also guarantee the connection or sell a connection protection insurance as an ancillary service.

“Virtual Interline” may be an effective way for airlines to rapidly deploy partnerships with different carriers, especially carriers that do not typically participate within the existing IATA interline framework. This may include surface transport operators and low-cost carriers. “Virtual Interline” may offer a cost effective and simple way of allowing itineraries to be sold connecting the services of these carriers.

### **Challenges to be aware of with “Virtual Interline”**

The “Virtual Interline” model, while offering flexibility for customers, may result in service issues. This is due to the customers’ expectations not being met when each airline is operating without the knowledge of the customer’s full itinerary.

The existing IATA interline framework involves processes whereby one carrier is in control of what is offered to a customer, and where all carriers involved have some awareness of the entire itinerary and an ability to exchange information. The existing IATA interline framework also involves processes which provide a level of service and protection to customers, including the through check-in of passengers and their baggage, and re-accommodation in the event of service disruption.

Depending on the commercial agreements in place between parties, “Virtual Interline” models may not offer the same levels of service and protection to customers. Customers may expect one level of



service and become disappointed where this is not offered.

Airlines may also not have the same levels of commercial control around which itineraries they wish to participate in.

The airline's pricing logic may also result in many one-way or local point to point fares being combined, leaving the customer potentially receiving a higher priced offer.

### **Considerations when implementing "Virtual Interline" models**

When exploring "Virtual Interline" models, airlines may wish to ensure that commercial agreements and agreed processes are in place. This might involve direct discussions with intermediaries (such as technology providers or OTAs operating "Virtual Interline" platforms), and perhaps discussions directly with other carriers or service providers involved in offering itineraries sold under "Virtual Interline" models.

Some points to consider might include:

- Does the customers know exactly what they are buying, including how connections will be facilitated (or not facilitated) for passengers and baggage?
- Who has the responsibility for the customer at every touch point, and how is this communicated to customers?
- How will customer-initiated changes to the itinerary be facilitated?
- What happens in the event of an operational disruption, or planned schedule changes by any of the participating carriers?
- Have the implications on embargoes, pricing and costs associated with distribution and payment been considered?

### **Beyond "Virtual Interline" - Get involved in industry discussions on new interline models**

While "Virtual Interline" may provide an opportunity for airlines to quickly deploy new partnerships, many

airlines have indicated that they would prefer to retain more control over what they are offering, for the benefit of their customers. They also wish to ensure that real-time data exchange standards are in place to support seamless customer service at all touchpoints. To facilitate this, IATA member airlines are working on new standards that will support a new interline framework.

The foundation of the new interline framework will be a standard agreement, the Standard Retailer and Supplier Interline Agreement (SRSIA). The SRSIA can be used to support many different interline models, between different operators, and across different customer service models and different distribution processes.

The IATA Offer and Order management standards will evolve to meet the requirements of retailer and supplier interline interactions. This work is currently underway, and the first standard processes have been published this year. Offer and Order management allows each supplier to respond to interline requests in real-time and gives each supplier full commercial control of which itineraries they wish to participate in.

As with all industry initiatives, the role of IATA is to represent, and serve the industry. IATA enables airlines to develop standards, provides advocacy and education opportunities and supports airlines by operating platforms and services.

For more information, visit [iata.org/interline](http://iata.org/interline).