Distribution with Offers and Orders (NDC) Factsheet

Airlines' omnichannel distribution standard for Offer and Order management

1. **What is NDC?**

NDC is a travel industry-supported program (NDC Program) launched by IATA for the development and market adoption of a new, XML-based data transmission standard (NDC Standard).

The NDC data exchange format is based on Offer and Order management processes enabling airlines to create and distribute relevant offers to customers, regardless of the distribution channel.

2. **What is NDC addressing?**

NDC enables the travel industry to transform the way air products are retailed to corporations, leisure, and business travellers, by addressing the industry’s current distribution limitations:

- Limited product differentiation
- Long product time to market
- Restricted access to rich air content
- Ambiguous shopping experience

Because it is structured around key functional domains the NDC standard provides the opportunity to address the end-to-end airline distribution process and deliver an enhanced customer experience.

3. **What is in the scope of the NDC standard?**

The NDC Standard enhances the capability of communications between airlines and travel agents and is open to any third party, intermediary, IT provider or non-IATA member, to implement and use. The main features are the following:

- NDC is a data communication standard via an API that enables sellers to interact with airlines to shop, order, pay and service products & services using Offer and Order standards
- The Offer and Order standards support airline retailing with the following interactions between sellers and airlines:
  - Shop / Offers distribution
  - Order creation
  - Order servicing and cancellation
  - Payments and refunds

The latest schema for the [NDC (Offer and Order) messages](https://www.iata.org) provides further support and guidance for the standard implementation.
4. What are the key drivers of NDC?

- **Product differentiation**
  - Ability to show competitive features that may be unique to the Offer.

- **Ancillaries**
  - User-friendly display of additional products.

- **Dynamic Pricing**
  - Increase the number of satisfied customers through implementation of Continuous Pricing.

- **Personalized Offers**
  - Enhancing loyalty with personalized offers or pricing based on shopping context.

- **Rich Content**
  - Inspiring through pictures, videos, virtual reality, augmented reality, etc.

- **Increasing reach**
  - Tapping new sales channels both geographically and digitally to reach more consumers.

- **Cost effectiveness**
  - Moving from legacy to internet environment speeds delivery of software changes and reduces development costs.

- **Competition**
  - NDC facilitates new entrants, which increases competition and drives costs down.

- **Process efficiencies**
  - Cost reduction opportunities noticed in the areas of ticketing, payment, revenue accounting, and back-office in general.

- **Audit efficiencies**
  - Improves revenue integrity by eliminating most costs related to fare auditing and reducing the number of Agency Debt Memos (ADMIs).

- **Payment efficiencies**
  - Airlines have better management over their payment strategy and associated costs while increasing conversion.

- **Reduce revenue leakage**
  - By performing real-time checks in the BSP (IATA Billing and Settlement Plan) on travel agency sales, revenue losses from agency defaults, pricing mistakes, etc. should be cut.

5. Who benefits from NDC and how?

Available on a voluntary and open basis, NDC benefits different industry players across the airline distribution value chain as follows:

**Customers**

- **Transparent Shopping Experience**
  - Make all airline product and service information available to corporate buyers, reducing the need for out of policy bookings.
  - View and compare all available air transport options and relevant fares.
  - Select the most appealing travel option based on preferences which might range from product quality, service level to schedule and/or price.
  - Receive personalized offers from preferred resellers based on own and complete travel history and preferences.

**Travel Sellers**

- **Access to Airlines Rich Content**
  - Access to the entirety of the airline’s product portfolio, including ancillaries and promotional fares.
  - Work with real-time offer, product, and policies information.
  - Deliver improved comparison capability to customers, based on product and service rather than price only.
  - Provide personalized service based on customers’ full travel history and references if they chose to be recognized.

**Full Service & Low Cost Airlines**

- **Product and Services Differentiation**
  - Distribute the entirety of the airline’s product portfolio, including ancillaries and promotional fares.
  - Present the airline’s products in an attractive manner, using rich format like photos and videos.
  - Expand the amount of information available on each product: attributes, facilities, policies, passenger reviews, etc.
  - Offer value-added products and services when applicable.
  - More cost effective and faster deployments
6. How does NDC contribute to Airline Retailing Value Creation?

1. Development of New Offers

More sales of Ancillaries & Fares Families and rich product description

2. Enhanced Revenue Management

Use of contextualized shopping data: know the demand, better segmentation, etc.

3. Optimized Distribution Mix

New channels, new partnerships, new commercial opportunities

4. Better Customer Targeting and Engagement

Customized Offers and experiences: new corporate bundles, anonymous/known users, loyalty conversion

5. Optimized Payment and Fulfilment

Alternative forms of payment: cost and fraud prevention control, increased conversion, simplified settlement

7. What is NDC Certification?

The NDC Certification program brings visibility and transparency to airlines, travel agents, aggregators and IT suppliers that have implemented NDC. Information is publicly available through the NDC Certification Registry.

In October 2021, the Airline Retailing Maturity (ARM) index was launched. After one year of transition, it will completely replace the NDC and ONE Order Certification programs. The ARM index will equip airlines and their partners with better visibility over the value creation from retailing, as well as help accelerate their journey towards airline retailing. Information is publicly available through the ARM index registry and site.

8. What IATA resources are available to support the adoption of the NDC Standard?

NDC, like all IATA standards, is an open standard available to all.

By enabling the distribution with Offers and Orders, NDC will unlock value for the indirect sales channel by providing travel agents with features and content that are difficult to access today. The latest and most relevant resources to support the transition of the travel industry towards the retailing world can be found under the IATA Airline Retailing webpage.

Moving forward, it remains each airline’s responsibility to individually assess the opportunity for NDC adoption and to decide their best timelines. IATA will not prescribe a specific course of action but will accompany any willing airline through their individual journey.

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