Insights Into How Travel Agents See NDC Impacting Their Business

Otto de Vries, CEO, ASATA
05 November 2015

ATMOSPHERE
Research Group

Project Background

- Atmosphere Research developed an online 12-minute survey for WTAAA/IATA, fielded to 1,304 travel agents
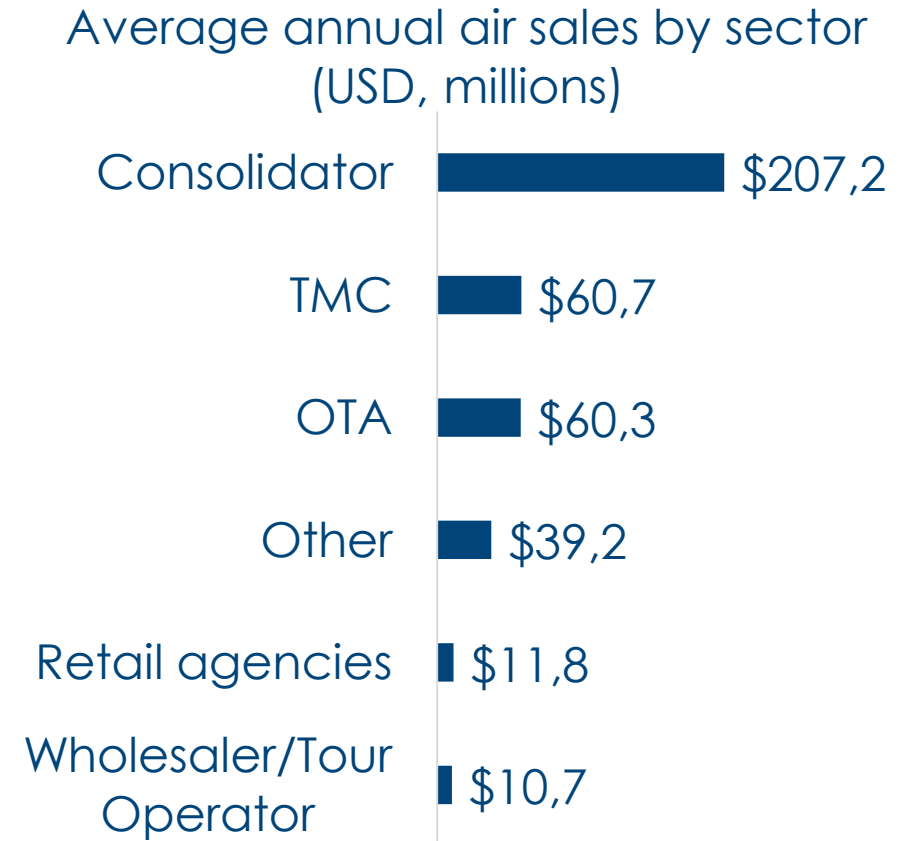
- IATA funded the research

Findings

Base: Global Travel Agencies
Source: IATA Travel Agency NDC Online Survey, Q2 2015, conducted by Atmosphere Research Group
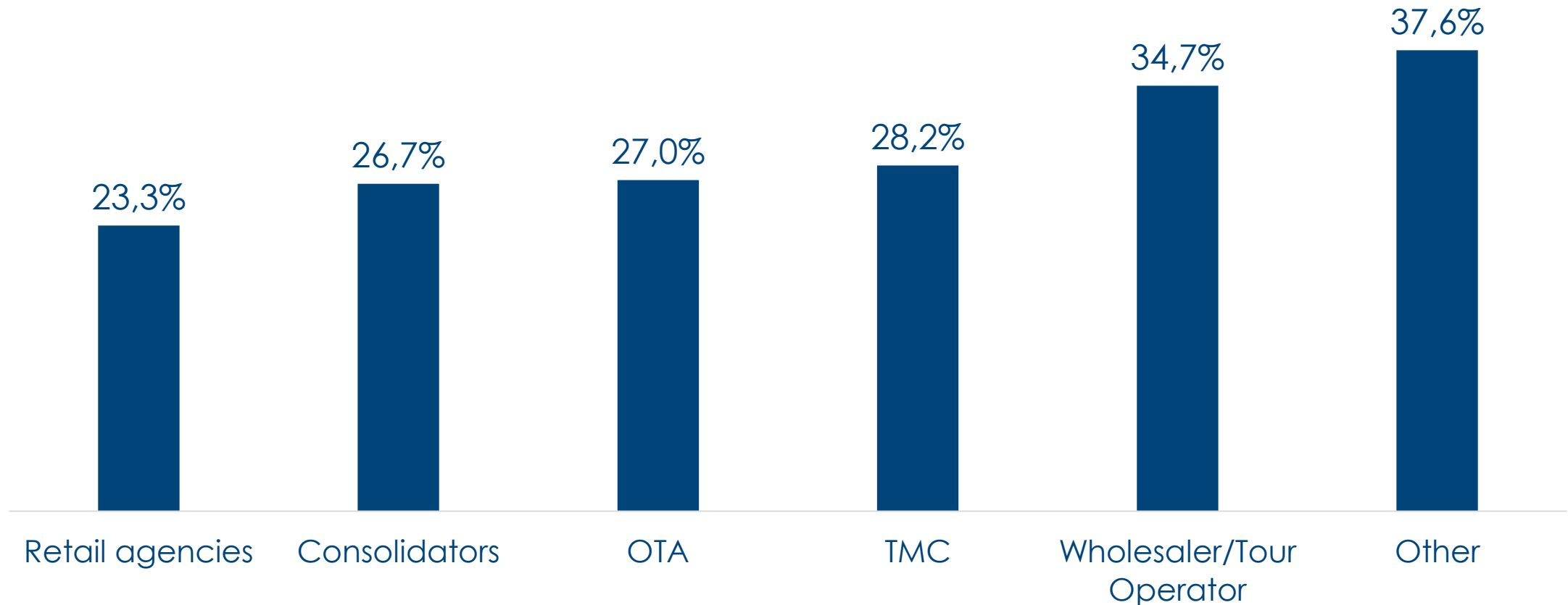
ATMOSPHERE
Research Group

On Average, Airline Sales Accounted For Nearly 39% Of An Agency's Annual Sales/Turnover

- The typical agency in our survey sells US$31 million in air a year

- Among retail agencies, 70% sell less than $3 million in air each year

Average annual air sales by sector (USD, millions)

Sector	Value
Consolidator	$207,2
TMC	$60,7
OTA	$60,3
Other	$39,2
Retail agencies	$11,8
Wholesaler/Tour Operator	$10,7

ATMOSPHERE
Research Group

Agencies Don't Rely On GDS As Sole Source Of Inventory

Percent of air reservations booked outside GDS in past 12 months

Retail agencies	Consolidators	OTA	TMC	Wholesaler/Tour Operator	Other
23,3%	26,7%	27,0%	28,2%	34,7%	37,6%

ATMOSPHERE
Research Group

Two Types Of Airline Products Drive Agency Booking Channel Fragmentation

Base: Global Travel Agencies
Source: IATA Travel Agency NDC Online Survey, Q2 2015, conducted by Atmosphere Research Group

ATMOSPHERE
Research Group

Though Not Always Easy To Do, Agencies Sell Airline Ancillary Products

"Regardless of the distribution channel(s) used, does your agency book airline ancillary products, such as prepaid baggage fees, advance seat assignments, Lounge access, priority boarding, etc.?

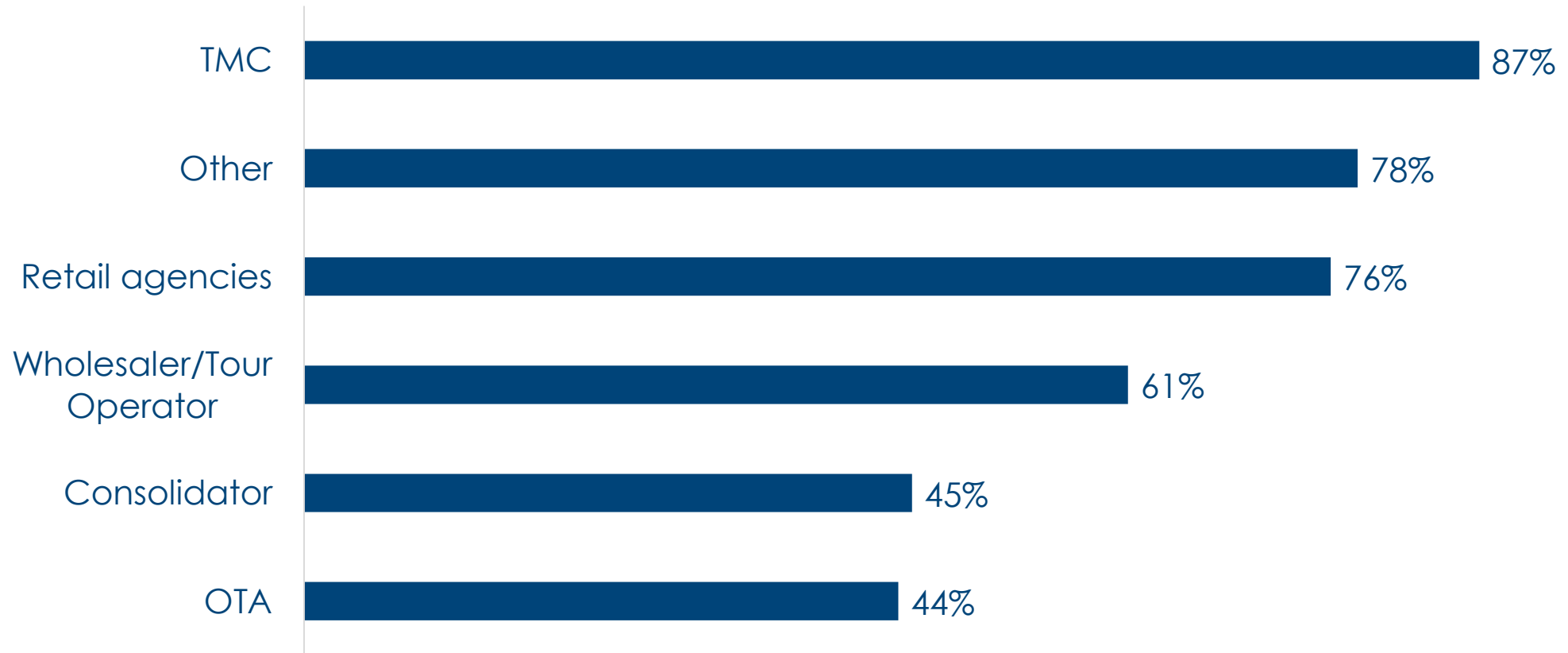| Channel	Percentage
TMC	87%
Other	78%
Retail agencies	76%
Wholesaler/Tour Operator	61%
Consolidator	45%
OTA	44%

Base: Global Travel Agencies
Source: IATA Travel Agency NDC Online Survey, Q2 2015, conducted by Atmosphere Research Group

ATMOSPHERE
Research Group

Led By Airline Websites, Agencies Use Multiple Channels To Book Airline Ancillary Products

"Which of the following distribution channels does your agency use to sell airline ancillary products?"

Retail agencies
- 71%
- 45%
- 33%
- 16%
- 9%

TMCs
- 64%
- 49%
- 46%
- 22%
- 13%

Consolidator
- 60%
- 70%
- 20%
- 50%
- 20%

Other
- 58%
- 27%
- 27%
- 4%
- 11%

Wholesaler/Tour Operator
- 54%
- 33%
- 21%
- 21%
- 17%

OTA
- 50%
- 46%
- 18%
- 5%
- 9%

Legend:
- Airline websites
- GDS
- Calling airlines directly
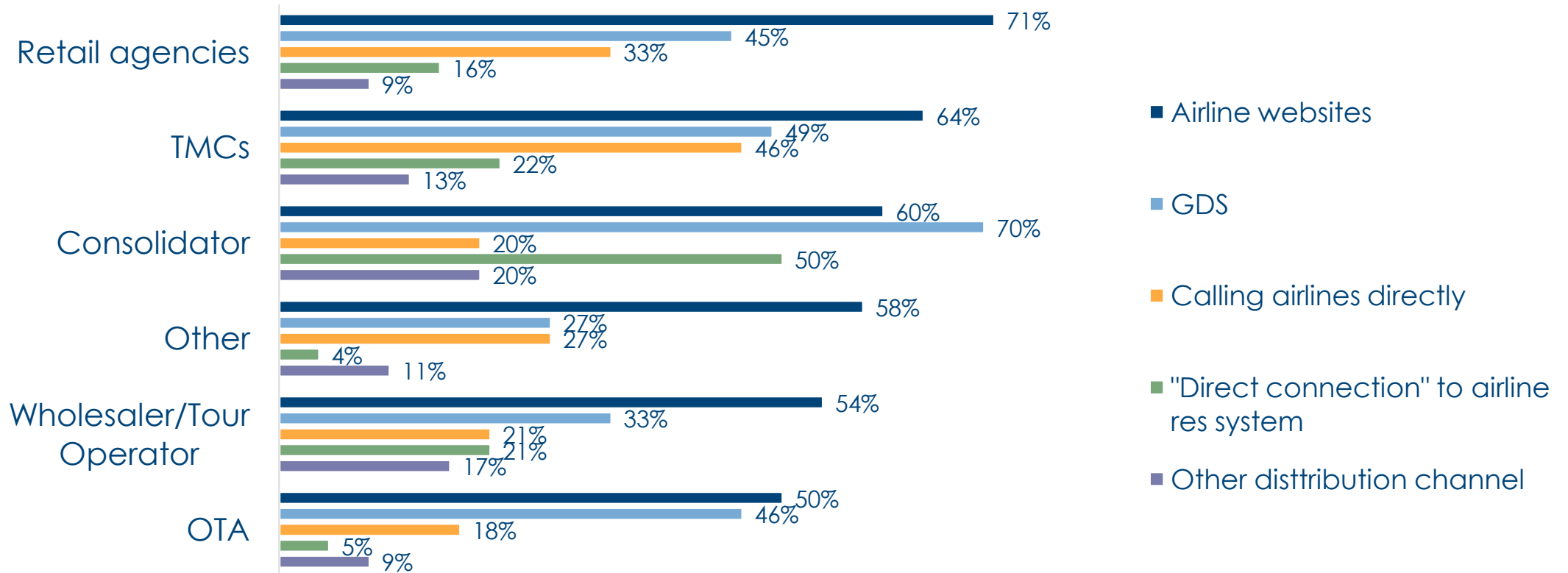- "Direct connection" to airline res system
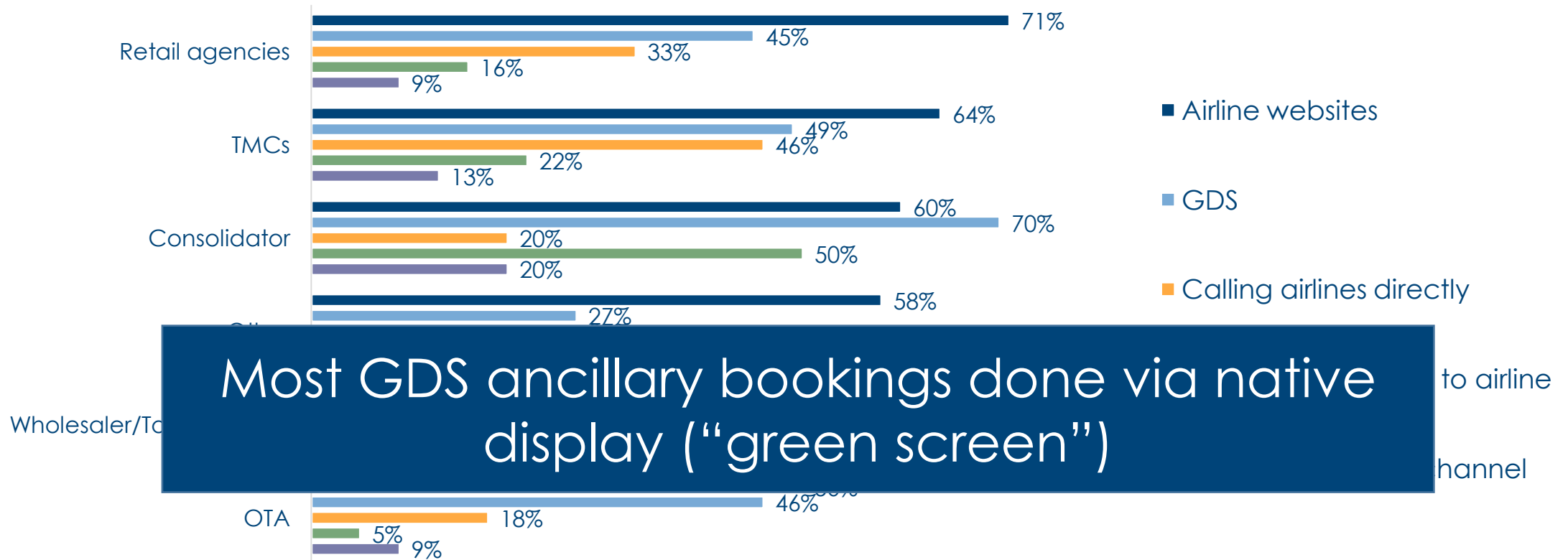- Other disttribution channel

(Multiple responses allowed)
Base: Global Travel Agencies
Source: IATA Travel Agency NDC Online Survey, Q2 2015, conducted by Atmosphere Research Group

ATMOSPHERE
Research Group

Led By Airline Websites, Agencies Use Multiple Channels To Book Airline Ancillary Products

"Which of the following distribution channels does your agency use to sell airline ancillary products?"

Retail agencies
- 71%
- 45%
- 33%
- 16%
- 9%

TMCs
- 64%
- 49%
- 46%
- 22%
- 13%

Consolidator
- 60%
- 70%
- 20%
- 50%
- 20%

Other
- 58%
- 27%

Legend:
- ■ Airline websites
- ■ GDS
- ■ Calling airlines directly

Wholesaler/Tour operator ... to airline ... channel

OTA
- 46%
- 18%
- 5%
- 9%

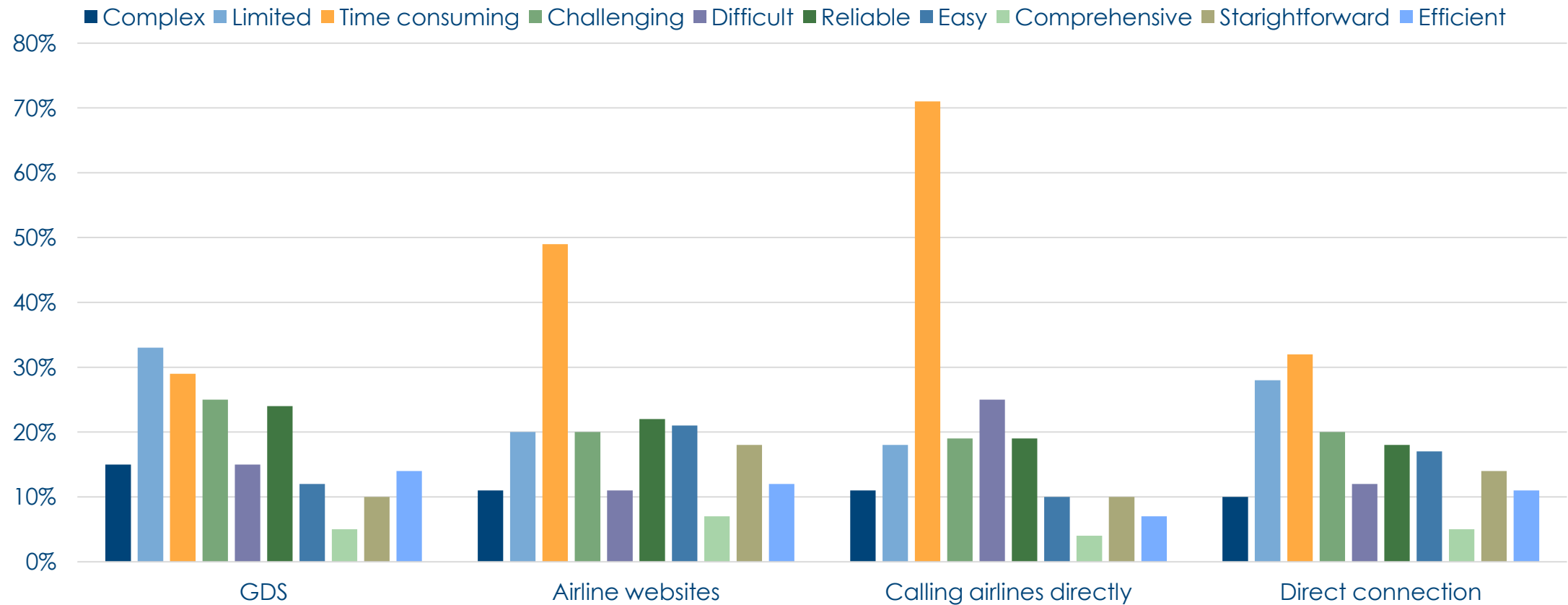Most GDS ancillary bookings done via native display ("green screen")

(Multiple responses allowed)
Base: Global Travel Agencies
Source: IATA Travel Agency NDC Online Survey, Q2 2015, conducted by Atmosphere Research Group

ATMOSPHERE
Research Group

Agencies Generally Have Negative Opinions Of All Channels For Booking Ancillaries

"How would you describe the process of booking airline ancillary products through the distribution channels your agency uses?"

Legend: Complex, Limited, Time consuming, Challenging, Difficult, Reliable, Easy, Comprehensive, Starightforward, Efficient

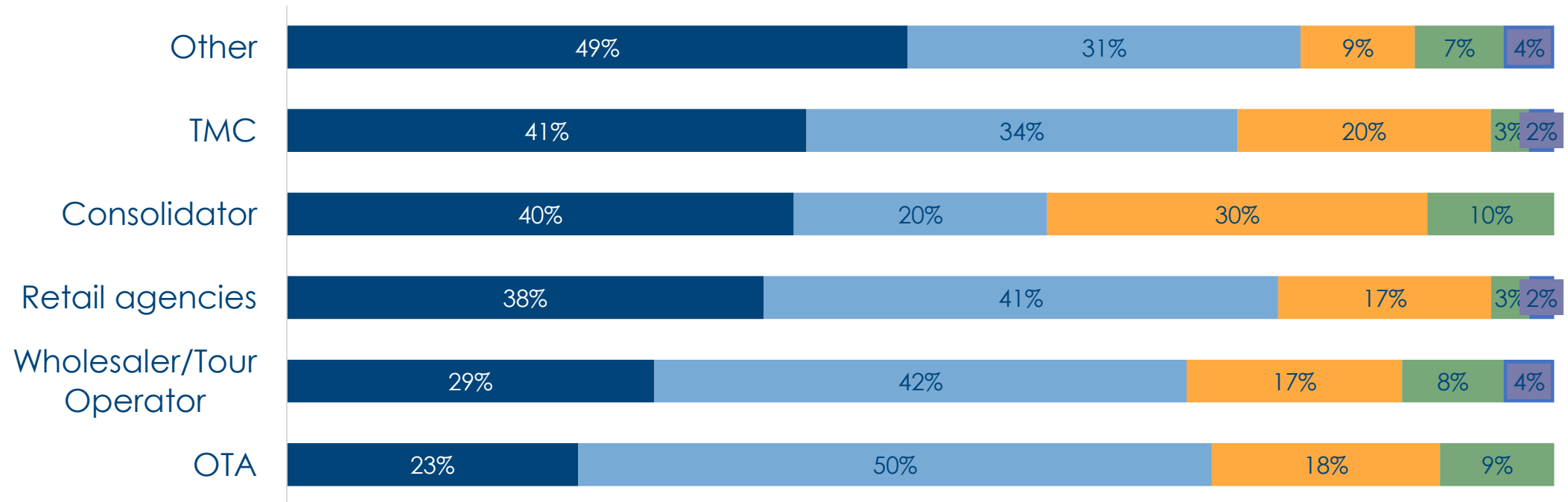Channels: GDS, Airline websites, Calling airlines directly, Direct connection

Base: Global Travel Agencies
Source: IATA Travel Agency NDC Online Survey, Q2 2015, conducted by Atmosphere Research Group

ATMOSPHERE
Research Group

Agencies Believe Airline Websites Have Competitive Advantage In Selling Ancillaries

"Thinking about how you search and book airline ancillary products, what is your agency's ability to compete with airline direct channels, such as airline websites?"

- We are at an extreme disadvantage
- We are at a moderate disadvantage
- We are equally competitive
- We have a moderate advantage
- We have a substantial advantage

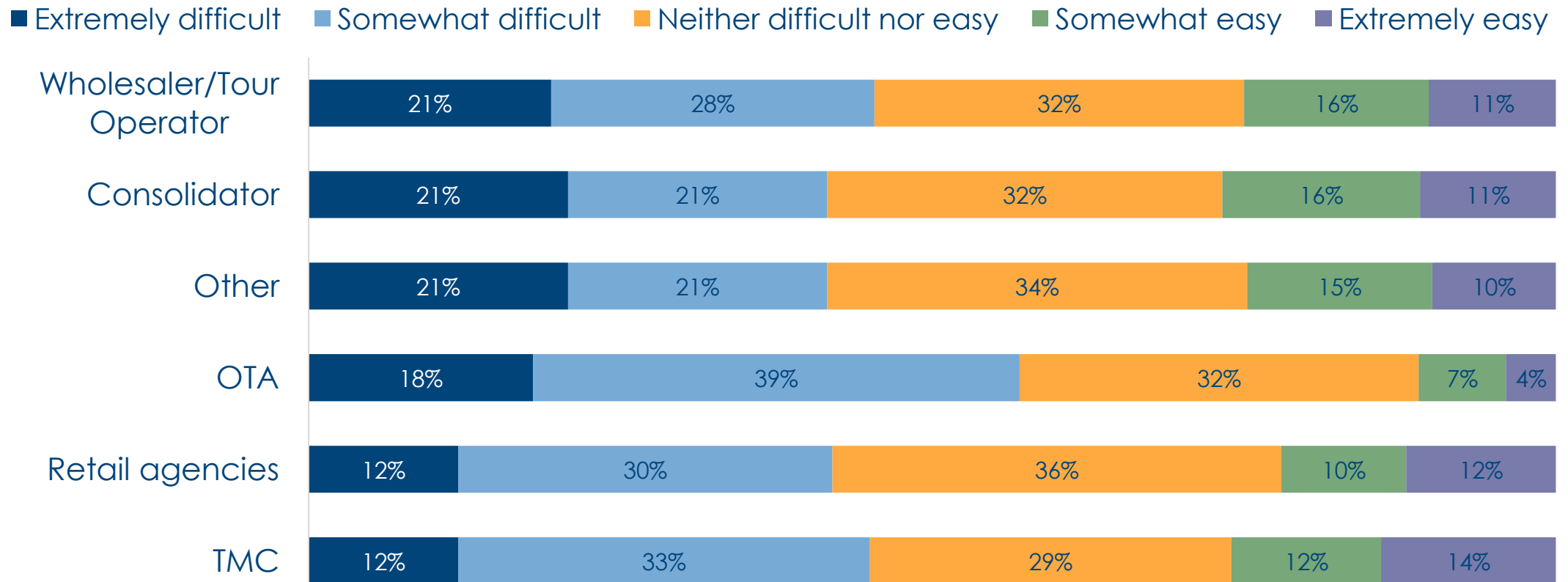| Category	Extreme disadvantage	Moderate disadvantage	Equally competitive	Moderate advantage	Substantial advantage
Other	49%	31%	9%	7%	4%
TMC	41%	34%	20%	3%	2%
Consolidator	40%	20%	30%	10%	
Retail agencies	38%	41%	17%	3%	2%
Wholesaler/Tour Operator	29%	42%	17%	8%	4%
OTA	23%	50%	18%	9%	

Base: Global Travel Agencies
Source: IATA Travel Agency NDC Online Survey, Q2 2015, conducted by Atmosphere Research Group

Integrating Non-GDS Transactions Into Agency Mid-And Back-Office Systems Creates Challenges For Agencies

"How easy or difficult is it for your agency to integrate its non-GDS transactions into your mid-office and/or back-office systems?"
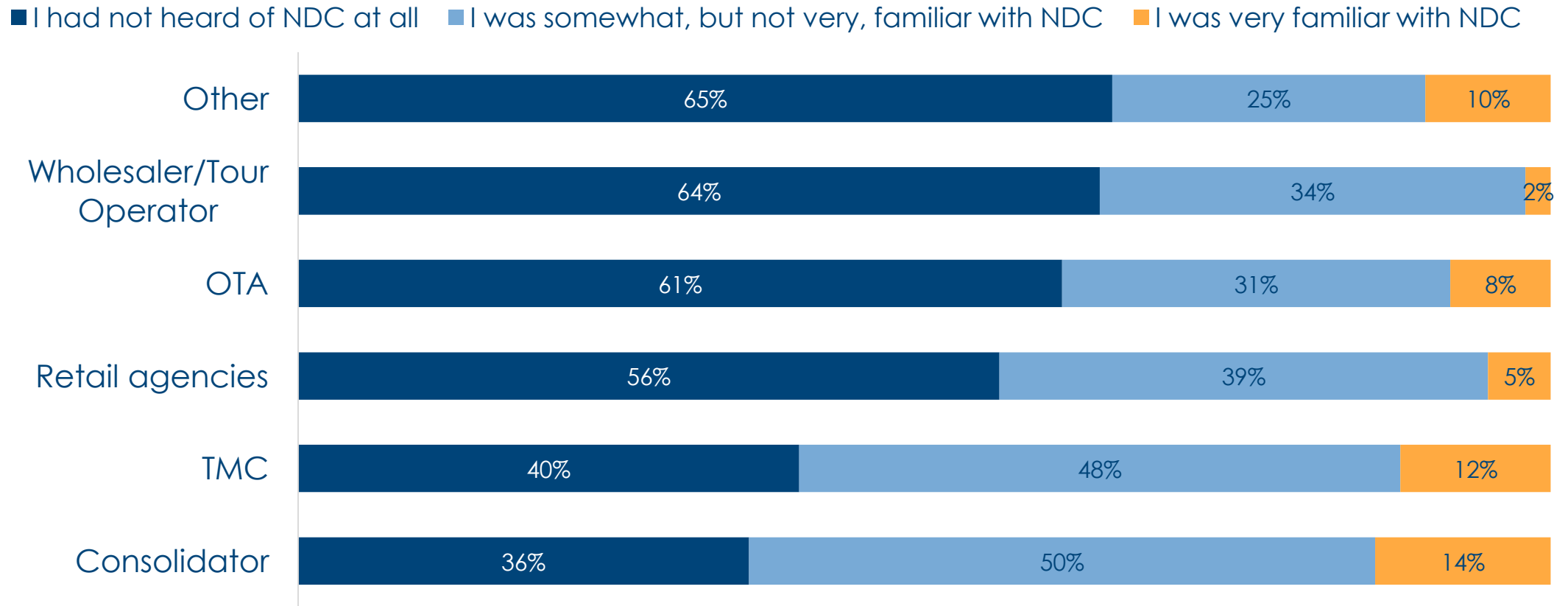
Legend:
- ■ Extremely difficult
- ■ Somewhat difficult
- ■ Neither difficult nor easy
- ■ Somewhat easy
- ■ Extremely easy

Category	Extremely difficult	Somewhat difficult	Neither difficult nor easy	Somewhat easy	Extremely easy
Wholesaler/Tour Operator	21%	28%	32%	16%	11%
Consolidator	21%	21%	32%	16%	11%
Other	21%	21%	34%	15%	10%
OTA	18%	39%	32%	7%	4%
Retail agencies	12%	30%	36%	10%	12%
TMC	12%	33%	29%	12%	14%

Base: Global Travel Agencies
Source: IATA Travel Agency NDC Online Survey, Q2 2015, conducted by Atmosphere Research Group

ATMOSPHERE
Research Group

Agencies Express Limited Awareness Of NDC (Not Everyone Lives In Our World)

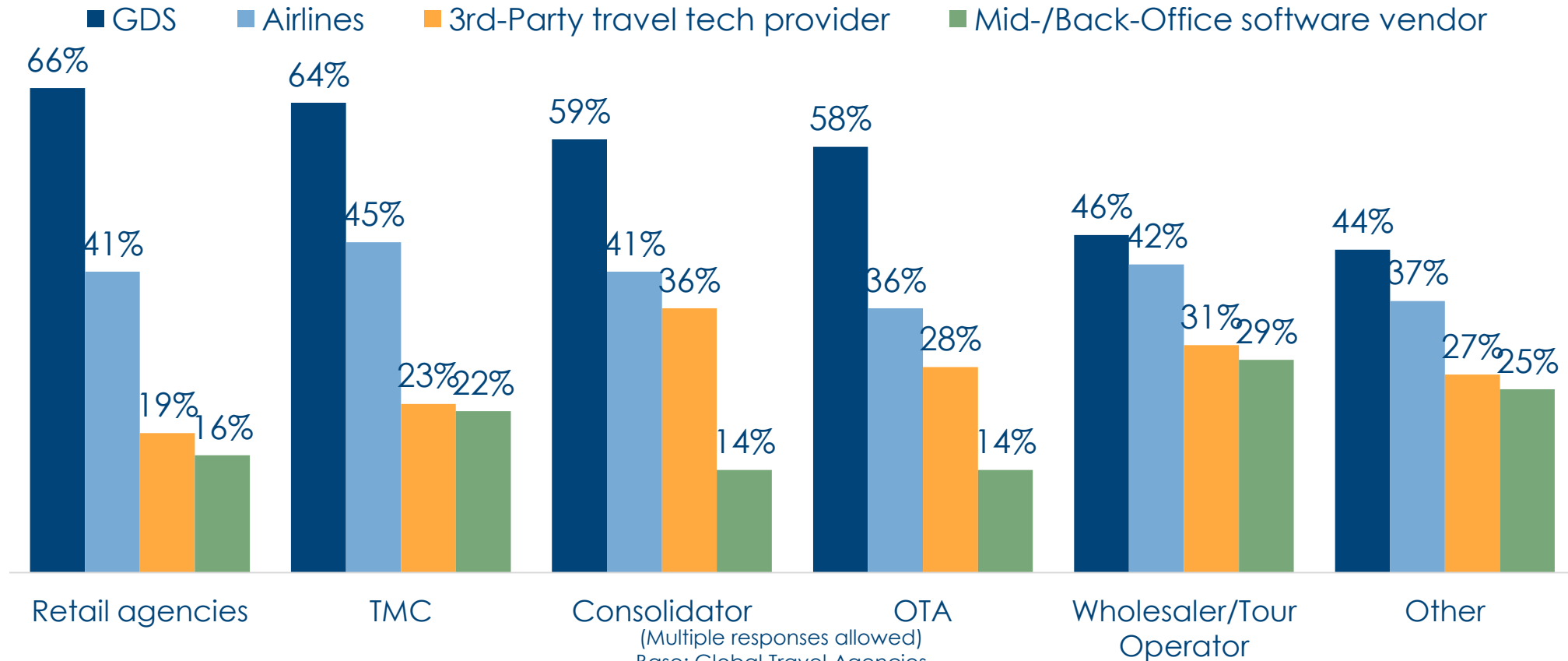"Before this survey, how familiar were you with the airlines' New Distribution Capabilities (NDC)?"

■ I had not heard of NDC at all   ■ I was somewhat, but not very, familiar with NDC   ■ I was very familiar with NDC

Category	I had not heard of NDC at all	I was somewhat, but not very, familiar with NDC	I was very familiar with NDC
Other	65%	25%	10%
Wholesaler/Tour Operator	64%	34%	2%
OTA	61%	31%	8%
Retail agencies	56%	39%	5%
TMC	40%	48%	12%
Consolidator	36%	50%	14%

Base: Global Travel Agencies
Source: IATA Travel Agency NDC Online Survey, Q2 2015, conducted by Atmosphere Research Group

ATMOSPHERE
Research Group
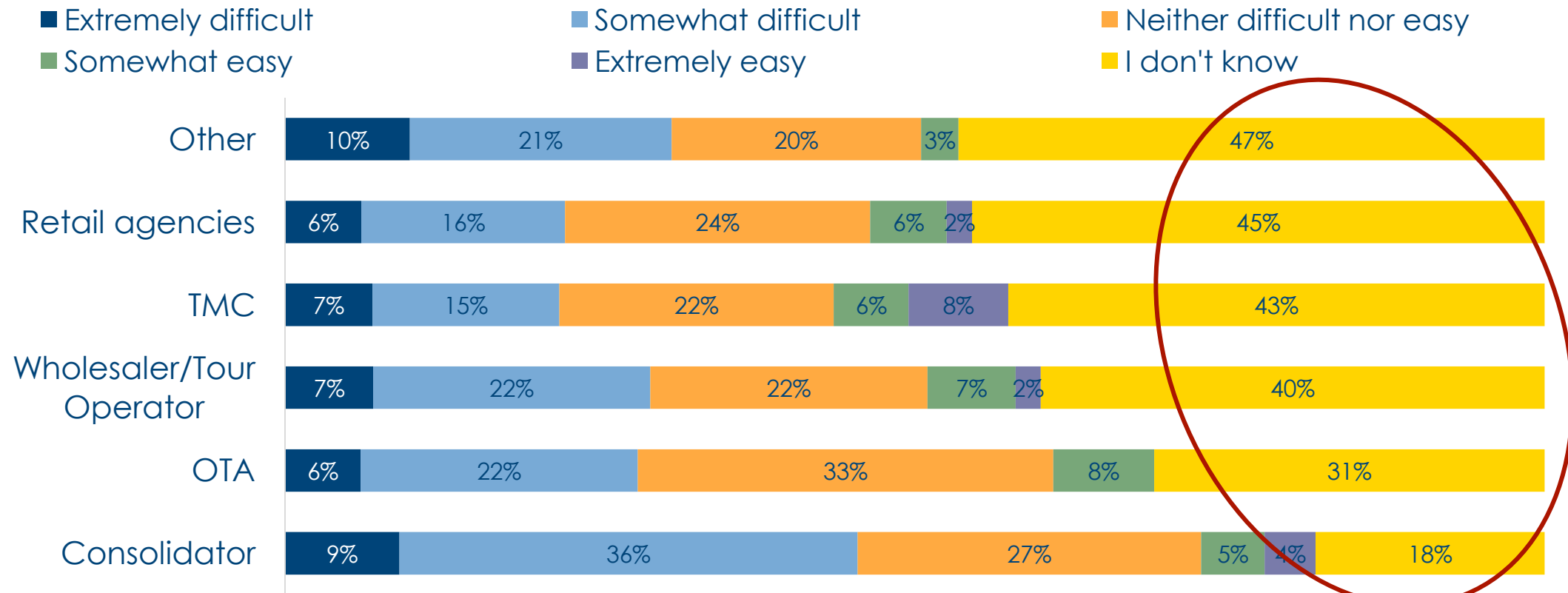
Agencies View GDSs As Top Source For Help With NDC Implementation

"Which two of the following do you expect to support your agency in implementing changes to connectivity based on the NDC Standard?"

GDS | Airlines | 3rd-Party travel tech provider | Mid-/Back-Office software vendor

Retail agencies: GDS 66%, Airlines 41%, 3rd-Party 19%, Mid-/Back-Office 16%

TMC: GDS 64%, Airlines 45%, 3rd-Party 23%, Mid-/Back-Office 22%

Consolidator: GDS 59%, Airlines 41%, 3rd-Party 36%, Mid-/Back-Office 14%

OTA: GDS 58%, Airlines 36%, 3rd-Party 28%, Mid-/Back-Office 14%

Wholesaler/Tour Operator: GDS 46%, Airlines 42%, 3rd-Party 31%, Mid-/Back-Office 29%

Other: GDS 44%, Airlines 37%, 3rd-Party 27%, Mid-/Back-Office 25%

(Multiple responses allowed)
Base: Global Travel Agencies
Source: IATA Travel Agency NDC Online Survey, Q2 2015, conducted by Atmosphere Research Group

ATMOSPHERE Research Group

A Critical Mass Of Agencies Are Uncertain About Ease Of Connecting With Airlines Using NDC

"When airlines adopt NDC-based technology, how easy or difficult do you believe will it be for your agency to connect with these airlines?"

- ■ Extremely difficult
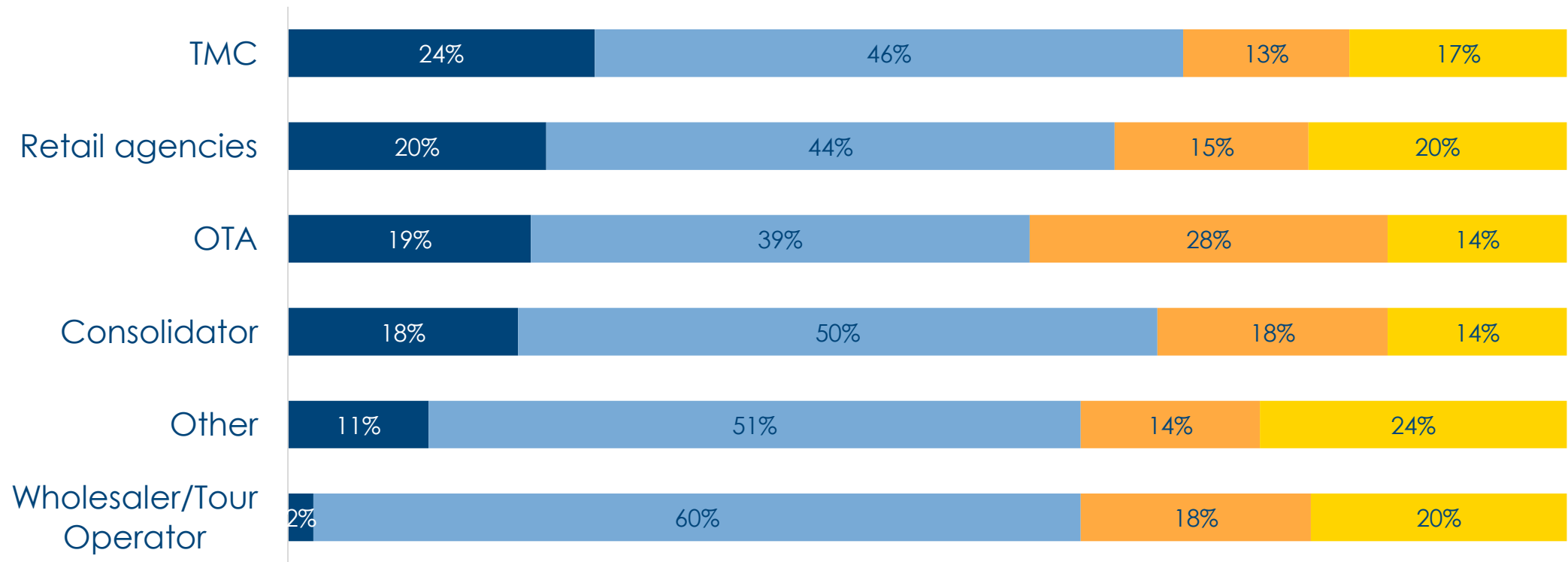- ■ Somewhat difficult
- ■ Neither difficult nor easy
- ■ Somewhat easy
- ■ Extremely easy
- ■ I don't know

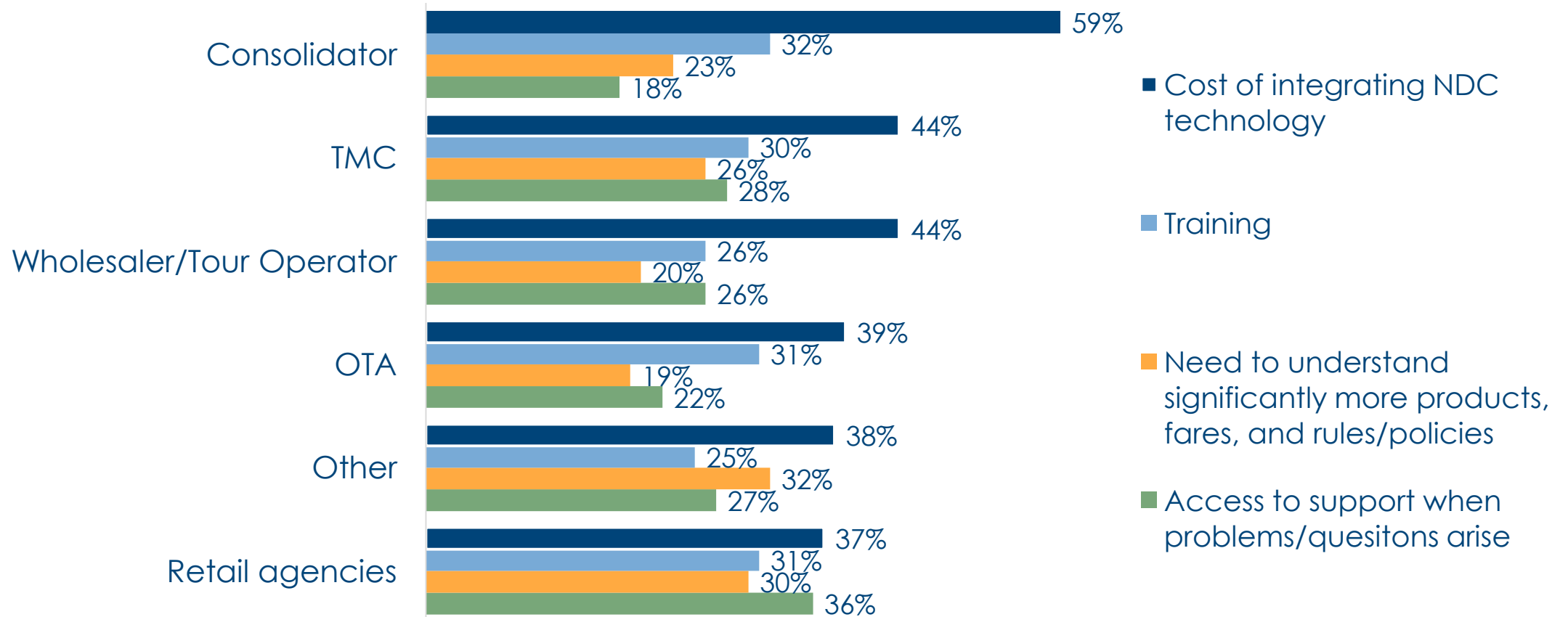| Category	Extremely difficult	Somewhat difficult	Neither difficult nor easy	Somewhat easy	Extremely easy	I don't know
Other	10%	21%	20%	3%		47%
Retail agencies	6%	16%	24%	6%	2%	45%
TMC	7%	15%	22%	6%	8%	43%
Wholesaler/Tour Operator	7%	22%	22%	7%	2%	40%
OTA	6%	22%	33%	8%		31%
Consolidator	9%	36%	27%	5%	4%	18%

Base: Global Travel Agencies
Source: IATA Travel Agency NDC Online Survey, Q2 2015, conducted by Atmosphere Research Group

ATMOSPHERE
Research Group

Cost, Training, Added Complexity, And Support Lead Agency Concerns About NDC

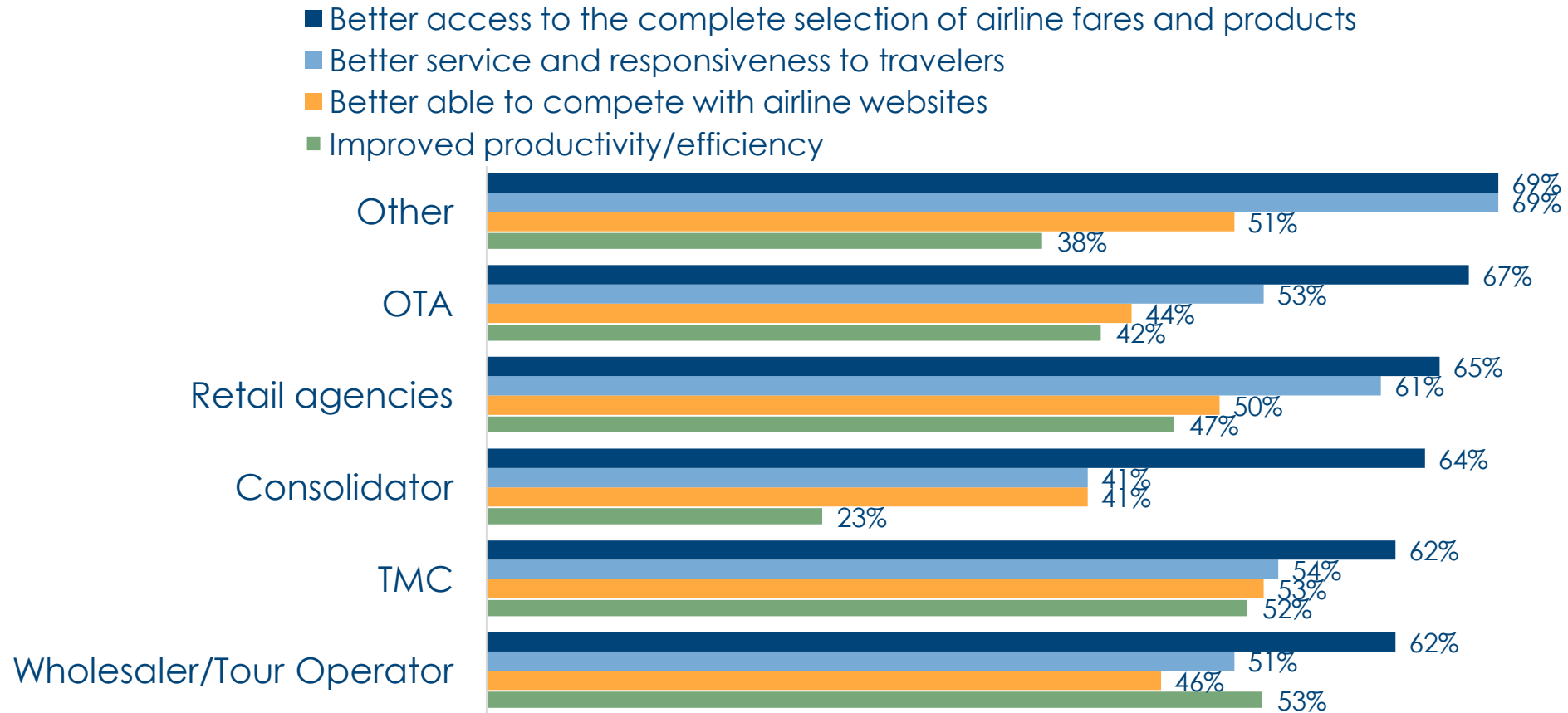"What are your four greatest concerns about the NDC communications standard?"

Consolidator
- 59%
- 32%
- 23%
- 18%

TMC
- 44%
- 30%
- 26%
- 28%

Wholesaler/Tour Operator
- 44%
- 26%
- 20%
- 26%

OTA
- 39%
- 31%
- 19%
- 22%

Other
- 38%
- 25%
- 32%
- 27%

Retail agencies
- 37%
- 31%
- 30%
- 36%

Legend:
- ■ Cost of integrating NDC technology
- ■ Training
- ■ Need to understand significantly more products, fares, and rules/policies
- ■ Access to support when problems/quesitons arise

Base: Global Travel Agencies
Source: IATA Travel Agency NDC Online Survey, Q2 2015, conducted by Atmosphere Research Group

ATMOSPHERE
Research Group

Agencies Believe NDC Can Help Them Improve Their Competitiveness And Customer Focus

"What are the four most important ways you believe your agency could benefit from a communications standard such as NDC?"
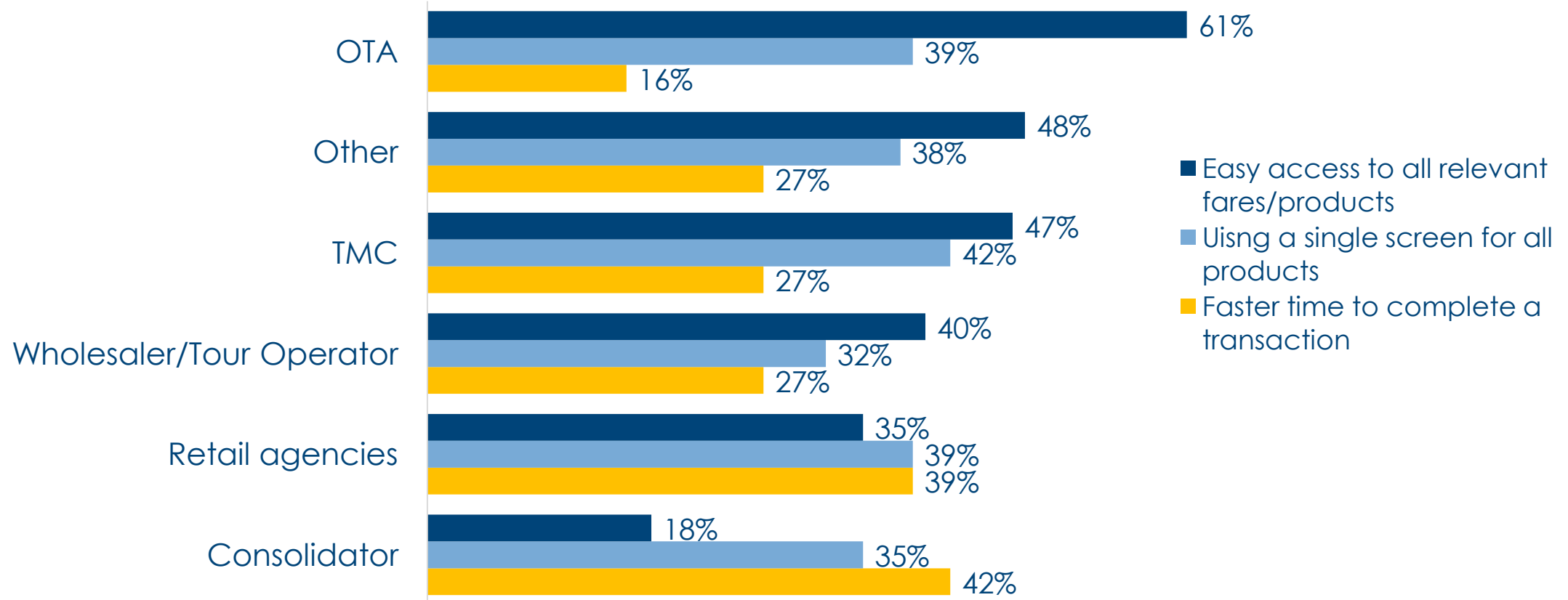

- ■ Better access to the complete selection of airline fares and products
- ■ Better service and responsiveness to travelers
- ■ Better able to compete with airline websites
- ■ Improved productivity/efficiency

Other
- 69%
- 69%
- 51%
- 38%

OTA
- 67%
- 53%
- 44%
- 42%

Retail agencies
- 65%
- 61%
- 50%
- 47%

Consolidator
- 64%
- 41%
- 41%
- 23%

TMC
- 62%
- 54%
- 53%
- 52%

Wholesaler/Tour Operator
- 62%
- 51%
- 46%
- 53%

ATMOSPHERE Research Group

Agencies Believe NDC Will Provide Easier, More Efficient Access to More Airline Product

"In your opinion, what are the three most important ways NDC could help your agency improve its productivity to search for and book airline ancillary products?"

Legend:
- Easy access to all relevant fares/products
- Uisng a single screen for all products
- Faster time to complete a transaction

OTA
- 61%
- 39%
- 16%

Other
- 48%
- 38%
- 27%

TMC
- 47%
- 42%
- 27%

Wholesaler/Tour Operator
- 40%
- 32%
- 27%

Retail agencies
- 35%
- 39%
- 39%
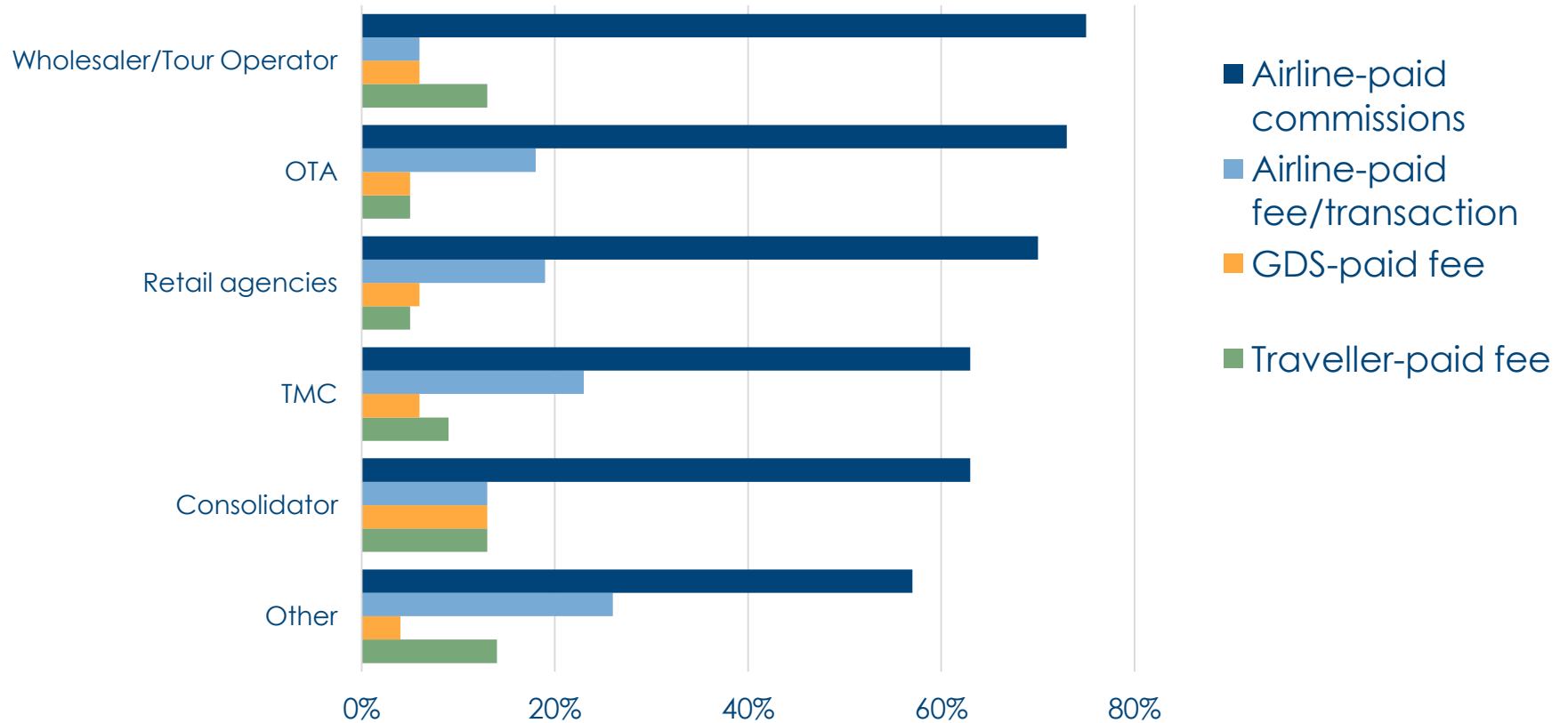
Consolidator
- 18%
- 35%
- 42%

Base: Global Travel Agencies
Source: IATA Travel Agency NDC Online Survey, Q2 2015, conducted by Atmosphere Research Group

Agencies Prefer Airline-Paid Commissions For Selling Airline Ancillary Products

"Once the implementation of the NDC Standard allows products to become available, how would you prefer to receive compensation for selling airline ancillary products?"

Legend:
- Airline-paid commissions
- Airline-paid fee/transaction
- GDS-paid fee
- Traveller-paid fee

Categories (top to bottom): Wholesaler/Tour Operator, OTA, Retail agencies, TMC, Consolidator, Other

X-axis: 0% 20% 40% 60% 80%

Base: Global Travel Agencies
Source: IATA Travel Agency NDC Online Survey, Q2 2015, conducted by Atmosphere Research Group

ATMOSPHERE
Research Group

Summary

- Agencies are resourceful. They use multiple channels to get product they need to serve their clients.

- Agencies are frustrated with inefficiency associated with booking airline ancillary products for clients.

- Agencies have limited awareness of NDC – but, they believe NDC offers value and promise, and can help them become more competitive.

Conclusion