Hitchhiker‘s NDC Survey

A report about excellence in air distribution – tasks, challenges and opportunities

Frankfurt / Lüneburg, August 2021

In co-operation with

TRAVEL.COMMERCE.
CONNECTING THE TRAVEL INDUSTRIES.

About this survey

LET´S STAY CONNECTED

We at Hitchhiker always try to make flight bookings faster, easier, cheaper and better since 1991. After ten years of NDC and the first 25 of our own NDC implementations, we ask ourselves how others are dealing with their NDC certification and maintenance processes.

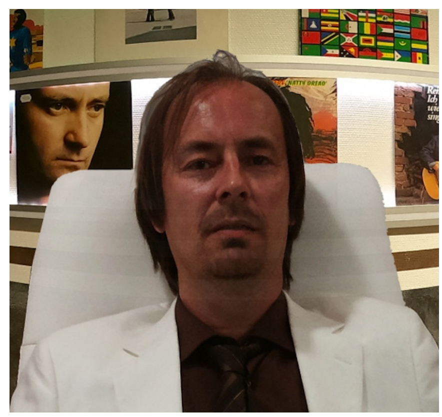
We assembled the experience and opinion from travel trade professionals all over the world. Together with the experts of Travel.Commerce. we reviewed the responses carefully. And we did what we always do at Hitchhiker: We collected data and displayed them correctly and as easy as possible.

The result is a unique view onto the current tasks, challenges and opportunities in air distribution. Let’s combine forces and make air distribution as efficient as possible – in challenging times with multiple challenges but great opportunities.

Let’s stay connected.

Thomas Boffo

Hitchhiker, Frankfurt, CEO



Thomas Boffo,
CEO Hitchhiker

AUTHORS

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Dirk has more than two decades of experience in travel distribution, as an researcher and as a former journalist and as a senior executive of Unister Travel and its former brand Fluege.de.

Prof. Dr. Jan Mauelshagen is teaching and researching at the Department of Tourism and Transportation at the University of Applied Sciences of Worms since 2012. Before this he held senior positions in online travel distribution and built up a leading dynamic tour operator in Germany. Jan Mauelshagen is Associated Partner at Travel.Commerce.

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Travel.Commerce. is a network of experts in travel technology, based in Germany. By bundling digital expertise from various verticals Travel.Commerce. is connecting the travel industries in a new and progressive way.

Methodology

Hitchhiker's NDC Survey had been addressed to travel travel professionals all over the world. Responses have been conducted via Surveymonkey.com from June 8, 2021 to July 1, 2021.
While responders remain anonymous the validation of the answers has been done carefully by Travel.Commerce. Airline representatives and consultants without significant importance in operation have been deleted as well as responders with a limited amount of answers. A base of 47 validated attendees stands for a unique bundle of knowledge in air distribution even if representativity in an academic sense is naturally limited in this survey.

EXECUTIVE SUMMARY

Iata's New Distribution Capabilities can become another game changer in travel distribution. Established by the International Air Transport Association and pushed by a group of world leading airlines even ten years after its introduction **NDC has not gained a dominant position in flight distribution.**

In fact, almost three of four companies in the travel trade already use NDC technology. But **the connects between airline and point of sale are done selective only** in a wide range of only one up to 50 connected airlines per sales channel. The average number of NDC connects is 13.

Further expansion of NDC in the travel trade seems to be limited. **High costs and complexity slow down the progress.** The investment for a single NDC connect varies a lot between less than 10.000 EUR and more than 100.000 EUR. In NDC the invest into new API so far has been as high as the operational costs.

It is likely that a full coverage of NDC in air distribution is not possible at least in the short and medium term. Even if the willingness to develop further API seems to be high, **a wider extension depends on technical and regulatory requirements**. Without the potential for extra profit, the availability of extra content and smart processes through NDC-API will be **limited to important airlines only.**

GDS still play an important role in air distribution. The satisfaction rate for response times is currently higher with GDS than with NDC technology. The average rate for a date-pair based fare request is 9.76 seconds only.

The travel trade is seeking for smart solutions for future business. New features for **cancellations** and **rebookings** as well as **seat and baggage reservations** seem to be the most important ones. **The current status** in handling, based on the existing technology, does not match the demand of the travel trade in all cases. Mainly cancellations and rebookings do have **great potential for further optimization**.

The travel trade shows a clear demand for smart and effective solutions.
Progress is needed and highly welcome.

ABOUT

Unique knowledge in travel distribution

Hitchhiker's NDC Survey reflects the demand of the travel trade. A majority of our respondents work as OTA, travel agencies, tour operators, metasearch and travel communities (see Fig. 1). Airlines and consultants came into our panel by manual selection only, if experience in travel distribution (likewise as a supplier-driven OTA or tour operator) has been displayed. 20 additional responses were deleted from the sample.

A vast majority of respondents expect to have annual gross bookings of more than 5m EUR in 2021 (see Fig. 2). Small and medium sized companies in flight distribution only have a minor share. Obviously there is **a link between the booking volume in flights and the competence in NDC**.

Though all respondents remain anonymous the amount of flight bookings is an essential criteria in this survey.

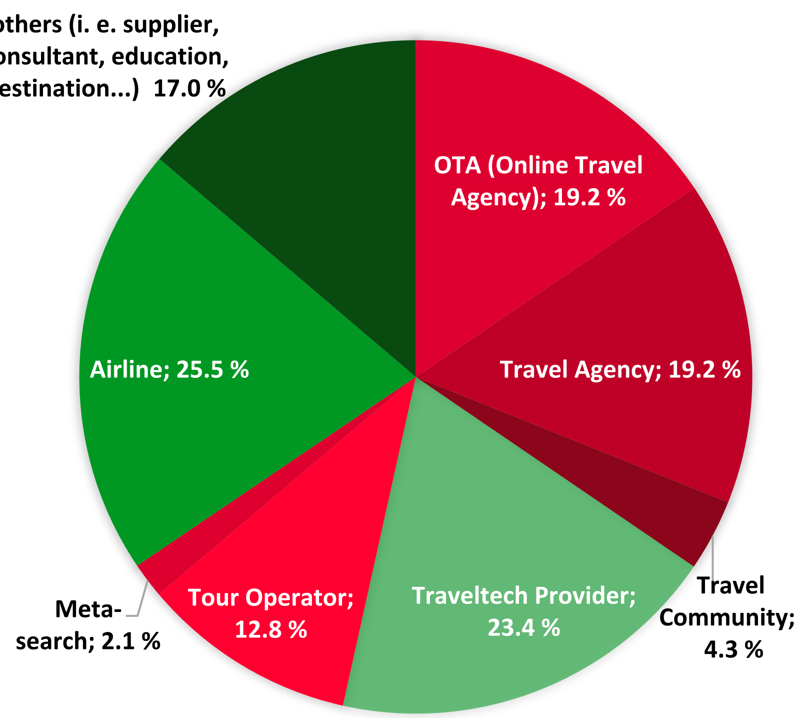


Fig. 1. Who is participating in this survey?
(since some respondents are established in more than one vertical the total is above 100 %)

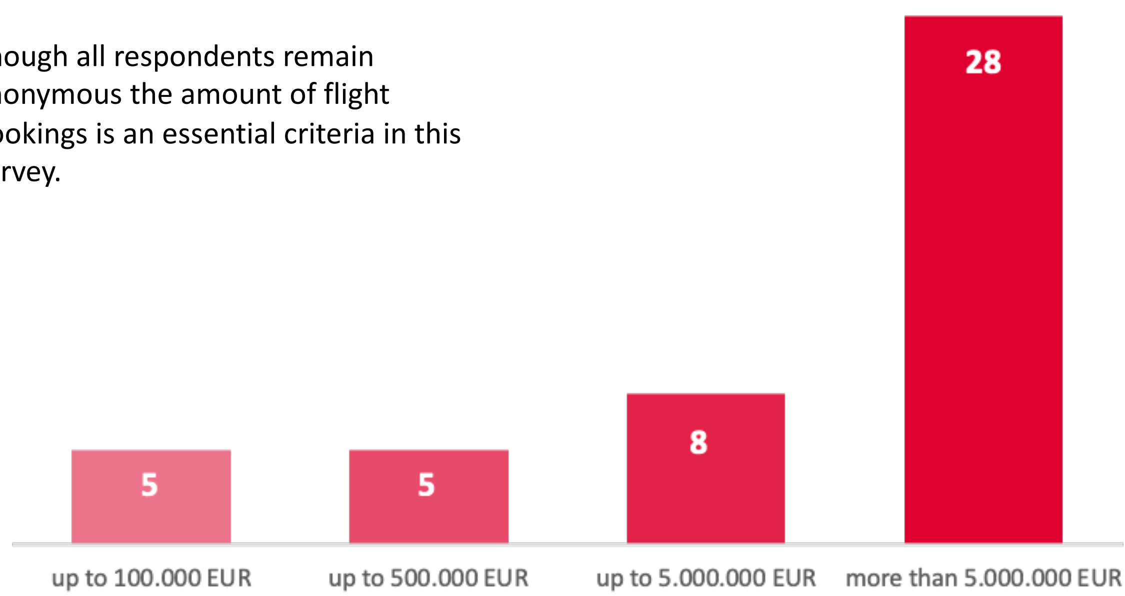


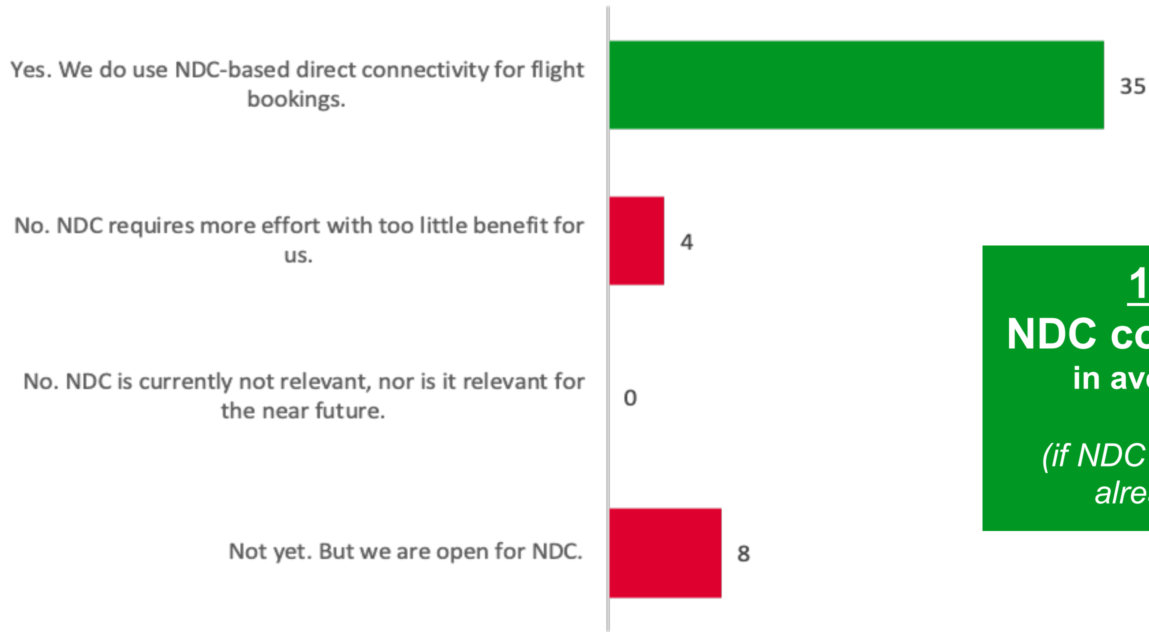
Fig 2. What will be the estimated gross bookings in flights in 2021?

THE STATUS QUO

A wide reception for NDC in travel trade

Almost 75 percent of the participants do use NDC-based technology already (see Fig. 3). **Benefits of NDC are apparent to almost everyone** in the travel trade. Just a minority of 8 percent claims too little use for their own business.

The amount of NDC connects varies a lot between 1 and 50**. It is 13 NDC airlines in average.**



13
NDC connects
in average

(if NDC is in use already)

Fig. 3. Are the companies already using NDC technology?

There have been just a few attendees (26 percent) in this survey not using NDC already. They are satisfied with GDS-content or don't see a **potential for generating extra profit**.

Some quotes are remarkable:

Why not using NDC?

“The investment into NDC technology is simply too large.“

“NDC does not support my booking processes”

“We receive relevant content from a GDS.“

Costs and complexity break down the progress in NDC

Reducing costs and increasing efficiency are major issues for the further implementation of NDC in travel distribution. So far costs for a new NDC implementation vary widely. There is a remarkable gap between inexpensive connects (less than 50.000 EUR) and complex projects (more than 100.000 EUR, see Fig 4.).

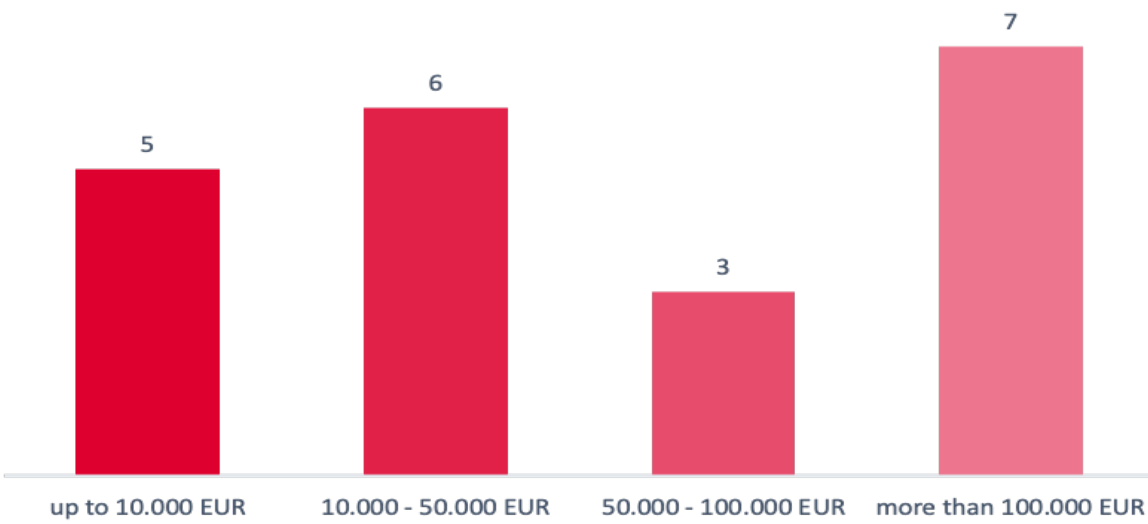


Fig. 4. How many costs incur for a NDC connectivity?

Investment into NDC development stands for the by far largest share of costs in NDC. Operational costs such as administration, maintenance and usage fees raised by the airline are the other half (see Fig. 5).

The costs for a NDC API vary a lot. In average our attendees calculate on 46 project days per connect. The range is between 15 and 50.

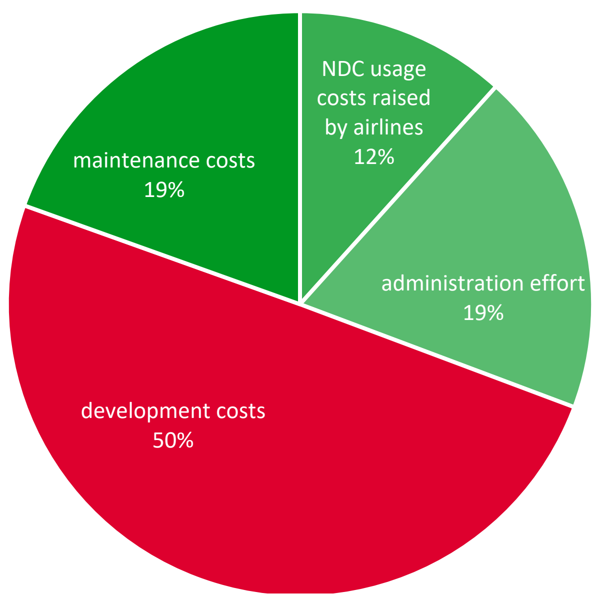


Fig. 5. How is the split of the NDC costs?

46
project days
for a new NDC implementation in average

(if NDC is in use already)

It will need benefits for a wider penetration of NDC

The general willingness to develop a additional NDC API seems to be relatively high in the travel trade. But **the number of future connects seems to correlate with expected benefits**: Implementation effort concerning **inhouse processes** and the availability of **additional content** is essential for connecting more than just the most important airline partner. In general, the travel trade expects a fair share in profit and more competitive fares.

If these do not occur, further connects may be limited to very important airline partners only.

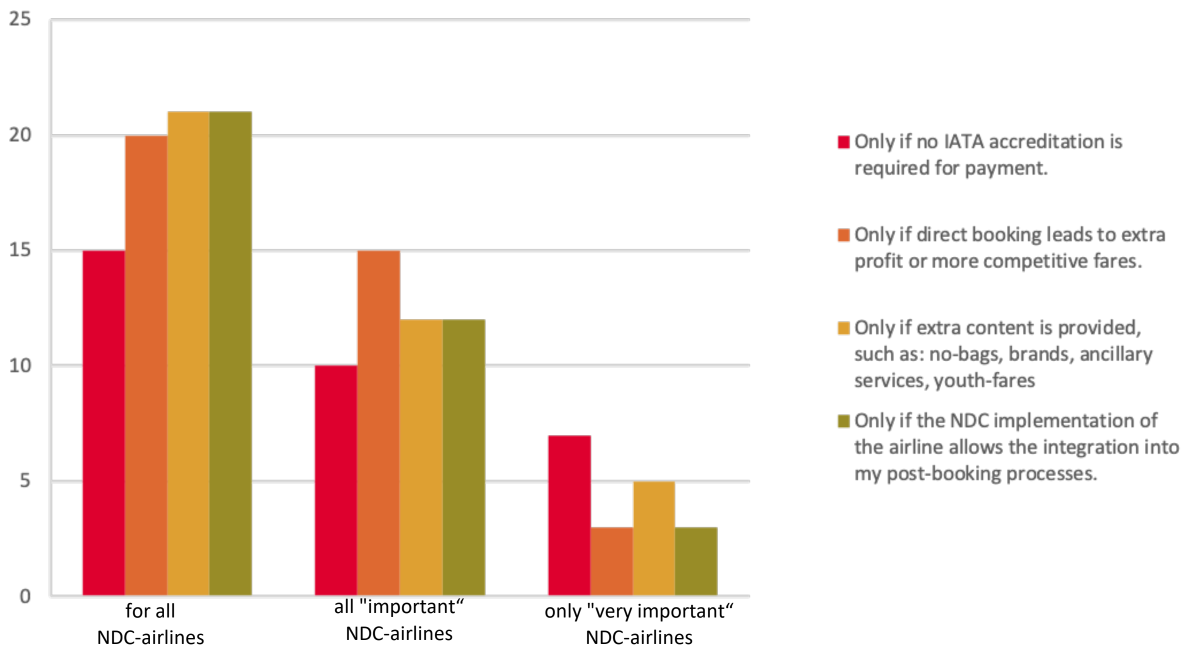


Fig. 6. Which further NDC APIs will be developed in the medium-term?

External competence is essential for implementing NDC. A majority works with IT specialists and aggregators. A larger minority of 42 percent uses mainly internal forces for the development. Cooperation between internal and external parties may be valuable for NDC implementation process.

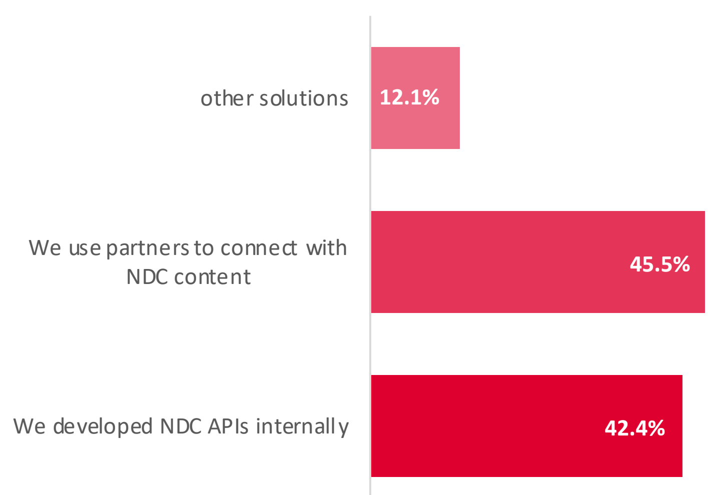


Fig. 7. Who provides the NDC APIs?

GDS still play an important role

GDS are still the backbone of air distribution. It is remarkable that the satisfaction with GDS performance is in fact higher than NDC. The satisfaction rate for response times (on a scale from zero to ten, satisfied) is 6.3 on GDS compared and higher as 5.2 on NDC (see Fig. 8).

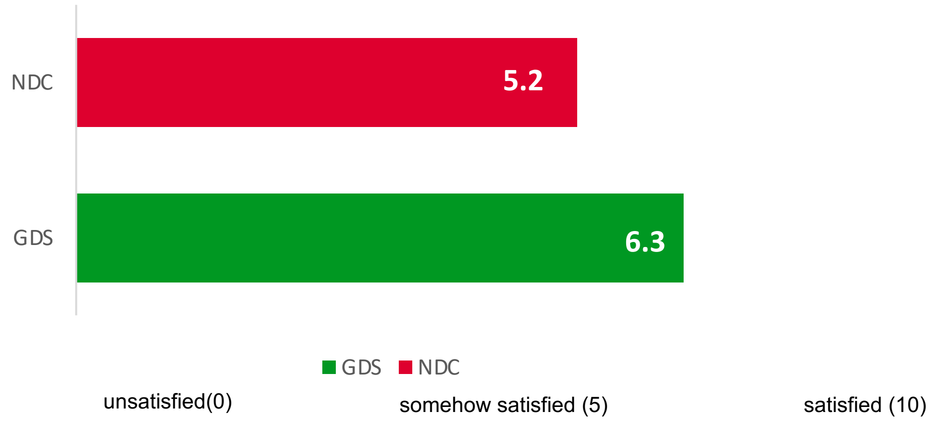


Fig. 8. How is the satisfaction rate for rate for response times? (in average)

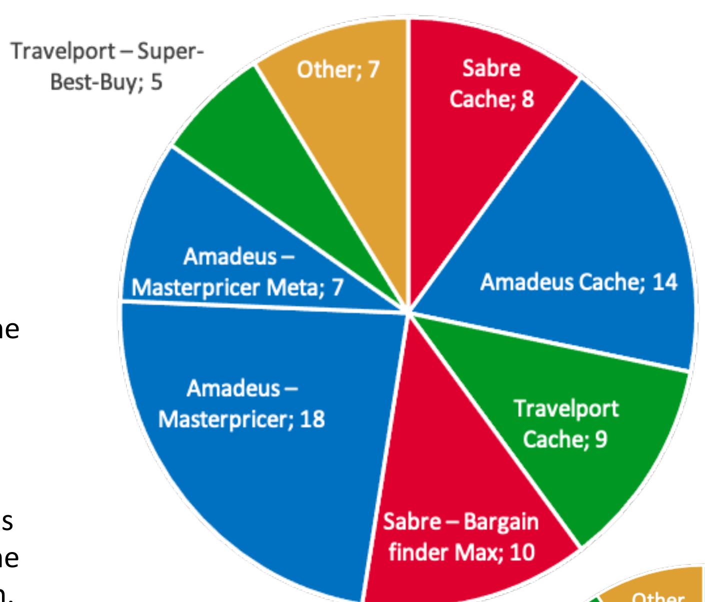
Super-fast fare requests are not in great demand from the market. The average rate is 9.76 seconds. The range is between 1 and 100 seconds.

9.76 seconds
is *the average acceptable response time for a date-pair fare request*

Multi-GDS is standard

Multi-GDS-usage is the standard. **The average of GDS-systems being used is currently 2.43**, including both GDS Cache and shopping tools such as Amadeus Masterpricer. Every second participant is using more than one GDS shopping tool.

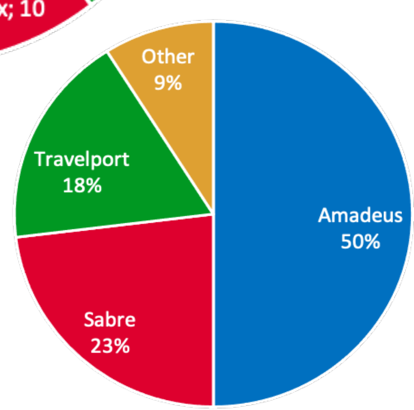
Since response times are not super-fast **external tools** such as fare data bases and caches seems to be important for optimizing the performance in flight distribution.



Who are the others?

- *own cache*
- *several*
- *airline inventory*
- *other GDS*

Fig. 9. How are the market shares for GDS tools (above) and GDS (right)?



REQUIREMENTS

A wide range of options for NDC

NDC comes with a wide set of possible features. There is a wide spectrum of relevance for the travel trade. Features for **cancellations** and **rebookings** are the most important ones. Seat and baggage reservations play an important role as well. Features for inflight-enternatainment, calendar views, area searches and transfers are currently not important for the majority in this survey (see Fig. 10).

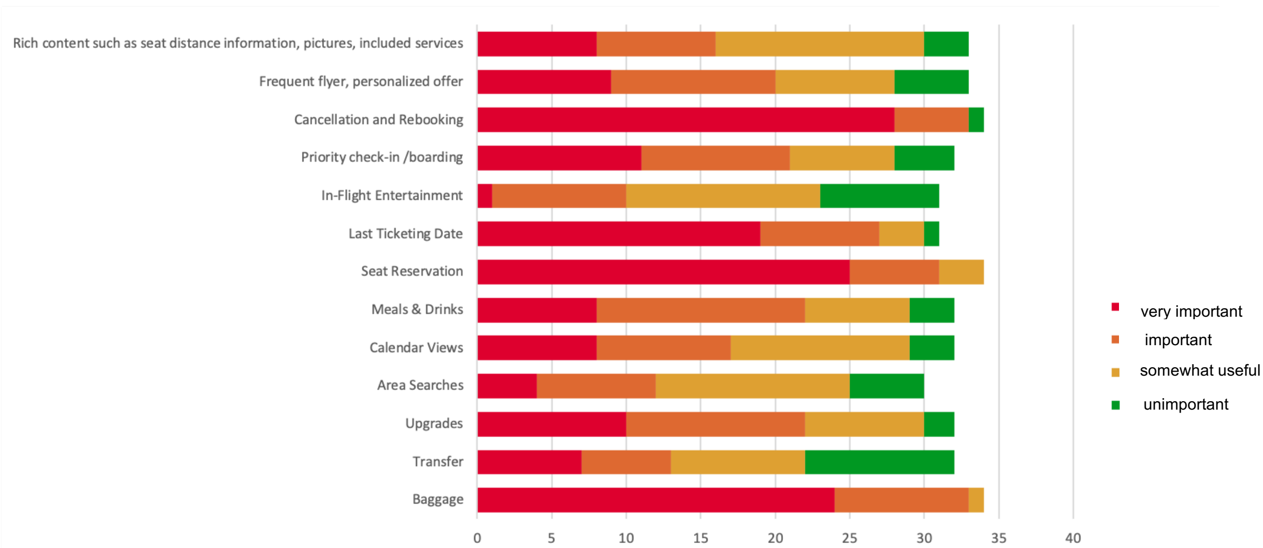


Fig. 10. How important are various functionalities?

Great potential for cancellation, rebooking and calandar view

In an additional question, we also asked about the **the ease in which existing features** (mainly in GDS) are handled. In-flight-entertainment, rich content, calendar views, area searches and transfer are seen as ambitious or unsolvable for relevant parts of this survey. Nevertheless **cancellation and rebooking** are essential for further optimization in correlation to the large importance (see Fig. 10).

Calendar searches are strongly requested. Just a minority of four in this survey don`t have a clear use case for it (see Fig. 11).

Since GDS don't serve calendar functionalities in a wider area a large share of the searches is based on cache systems, being highly relevant in this field.

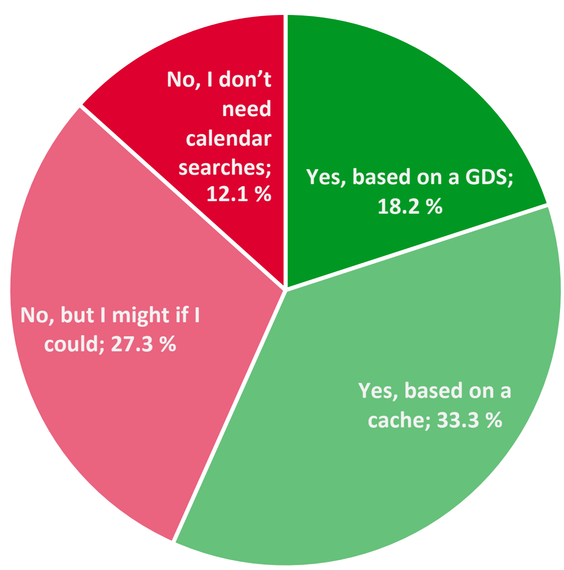


Fig. 11. How is the usage of calendar views in the processes?

Satisfied with the diversity in payment

Payment procedures are undoubtedly **dominated by the airlines**. Iata BSP still is the most advanced payment method. But the range of alternatives has become large over the past decade. **A minority in the travel trade is already able to bypass BSP in payment** (see Fig. 12.)

Credit Cards play an essential role as well while payment methods such as Paypal or Bitcoin don‘t have a wider penetration in air distribution so far. Anyhow the choice is taken greatly well received. **The average of payment methods being used is 2.3 per company.**

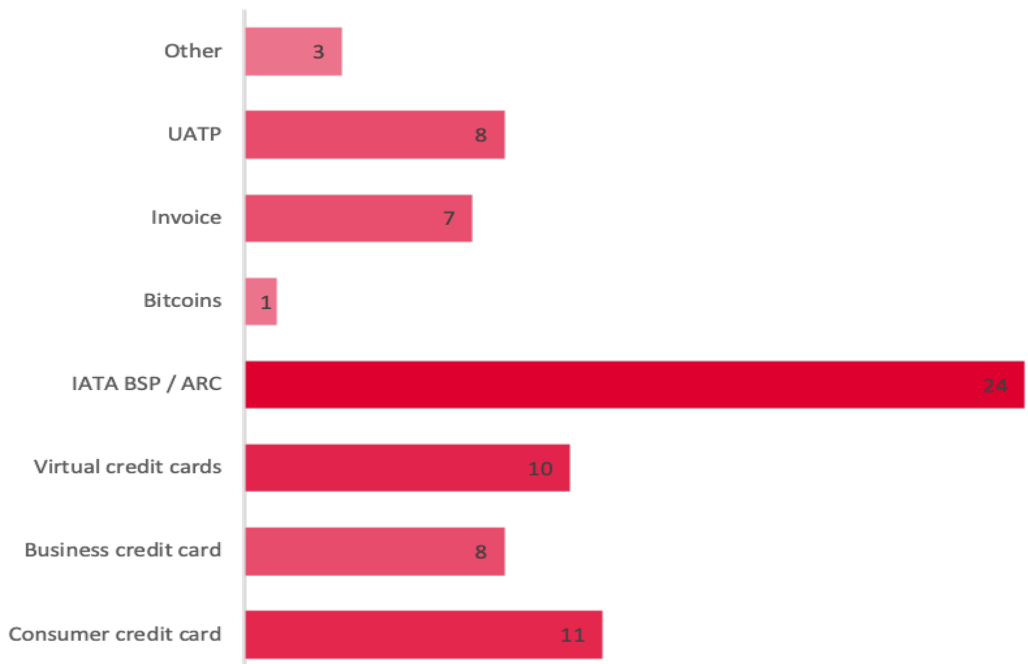


Fig. 12. How do we pay the airlines?

Even if the payment infrastructure is highly fragmented the satisfaction rate in payment is high in the travel industry (see Fig.13.) **No one is unsatisfied.**

The wide range of payment solutions and new alternatives seems to have more positive than negative impacts (see Fig. 12)

Critical quotes against Iata-BSP and the hesitant refund processes in pandemic, such as:

> *"A lot of trust in the BSP process was lost during the past 18 months in the aftermath of the Covid pandemic"*
> (Quote from the trade)

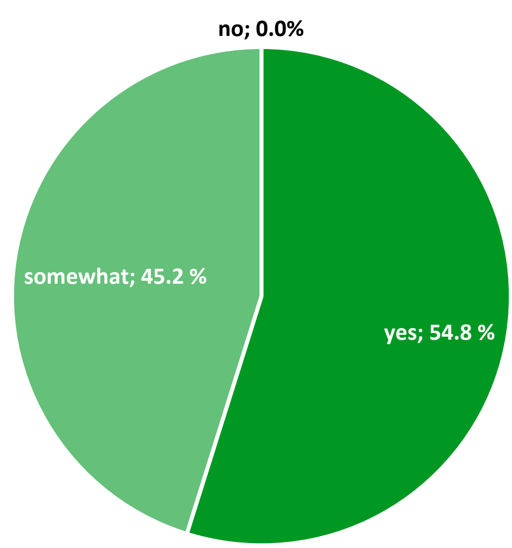
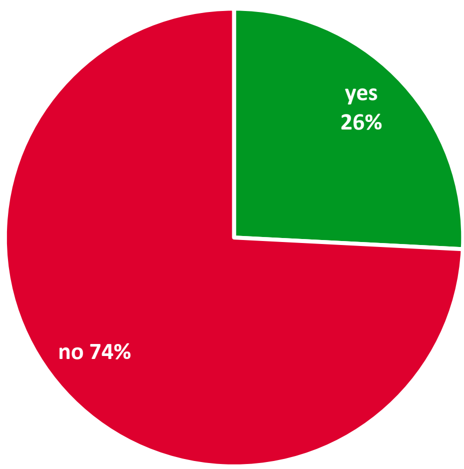


Fig. 13. Are we satisfied with the payment procedures?

In coopetition with the airlines

The **relationship between the airlines and the travel trade** has come under pressure since there where no zero commission and GDS-Fees. The battle for full or relevant content is ongoing as well as for existing customers.

The existing coopetition between supplier and travel trade becomes visible when it comes to post-booking actions. Even if **referrals to airline homepages** may be useful in certain cases, **the majority of attendees refuses to do so** (see Fig. 13). Low cost carriers seem to be the preferred (and sometimes perhaps indispensable) partner for referrals.



Comments

"Not always. Depends on airline requirements"

"for seat reservations"

„for LCC only"

„on most no-frills"

Fig. 13. Is the travel trade forwarding customers to the airline's homepage for post-booking actions?

NDC has the potential to change the relationship between airlines and the travel trade one more time. NDC is an opportunity to establish new forms of cooperation based on customer centricity and efficiency.

A minimized complexity in NDC technology is essential for future progress as well as the willingness for a collaborative and fair teamwork between supplier and distribution.

a publication of

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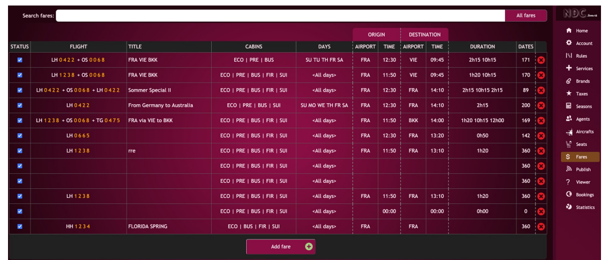

Welcome to NDC.live

NDC.live is Hitchhiker‘s full-featured NDC interface for airlines, enriching the existing NDC content and adding a great collection of new features.

Let‘s rethink flight distribution and get your personal demo at:
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written by

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