Oystin Advisory's

Distribution Insights 2024

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travel in motion oystin

Together, we create and bring to life strategies driving travel retail.

This document contains our selection of important developments in travel distribution all over the world from the perspective of an independent advisor.

01 Our take: What's going to stick?

1 GDS AND COMMERCIAL TENSIONS WITH AIRLINES ARE HERE TO STAY

We have observed many new distribution agreements between airlines and GDSs this year, often centered around the distribution of NDC content. In such agreements, distinct terms and conditions for accessing content via EDIFACT versus NDC (dual pipe) are often agreed. Those agreements align the airlines' ambitions to transition to NDC with the GDSs' focus on preserving volume, making NDC content available via many travel agents' distribution provider of choice - the GDS. However, this alignment comes with risks for airlines. Without the contractual freedoms to throttle GDS share of volume, airlines may find themselves going "full circle" in terms of GDS dependence. Infact, Amadeus has laid out its NDC adoption plans as a first phase of "Substitution" (converting existing EDIFACT to GDS NDC bookings), followed by a second phase of "Reintermediation" (winning back volume lost to airline direct and off-GDS NDC channels).

2 NOT ALL GDS ARE GUARANTEED TO STAY

The GDS have had markedly different post pandemic dynamics, as can be witnessed by the share price change of the two publically traded GDS. The asymmetry in relative strength of the GDS' has already had a major impact on airline negotiation strategy and sequencing. But while it may be tempting to exploit better deals from weaker distribution partners, it may also be a case of "be careful what you wish for", as there has never been an oversupply of competition in the GDS space and it is hard to imagine how fewer players would improve competition.

3 NDC SURCHARGES ARE BECOMING MORE COMMON

When GDS surcharges were first launched, they were naturally limited to EDIFACT content. As airlines increasingly make their NDC content available via GDS as well, the question of cost recovery for NDC via GDS content is moving to center stage. While some airlines have been willing to make their NDC content available via the GDS without a surcharge, an increasing number of airlines have introduced surcharges for NDC via GDS bookings. Surcharge amounts for NDC bookings are generally lower than for equivalent EDIFACT bookings. While NDC surcharges may somewhat dampen the speed at which existing EDIFACT bookings are converted to NDC via GDS bookings, they do enable airlines to at once fully cost recover for NDC bookings. These surcharges also help airlines maintain a level playing field between chargeable GDS based NDC offerings and zero booking fee NDC aggregator based offerings. Last but not least, NDC via GDS surcharges have become an effective tool for airlines wanting to retain the ability to throttle their GDS volume share.

4 PLAYING FIELD LEVELING BETWEEN AIRLINES AND GDS

Airline distribution veterans know of many past tales of GDS taking a "take it or leave it" approach towards their negotiations with airlines. "Full Content" or "go dark" used to be a common and uncomfortable choice for airlines to ponder over after having returned from their first round of GDS renewal "negotiations". But times have changed considerably, as is evident by the ever increasing and much lamented complexity of new airline distribution deals. Lufthansa and, more recently, Qantas are now offering three different commercial models for travel agents to choose from when consuming their content via the GDS. Lufthansa and Scandinavian Airlines even make the choice of specific GDSs relevant with their provider-specific surcharges.

A new balance of power can also be deduced from several high-profile airline-initiated "go darks" recently. Emirates, Copa Airlines, and LATAM all appear to have used a "pandemic window of opportunity" of sorts to negotiate new GDS agreements after first having terminated or letting their old GDS agreements expire. More recently, Turkish Airlines' agreement with Sabre has lapsed, resulting in a "go dark" of TK-marketed (and somewhat astonishingly TK-operated, other airline-marketed) content since September. Ten years ago, it would have been unthinkable for a major international carrier to not be available on one of the major global GDS for more than three months and counting.

01 Our take: What's going to stick?

5 LCC AND ULCCS EVOLVE THEIR DISTRIBUTION STRATEGIES

Traditionally, GDS have been the primary distribution channel for full-service legacy carriers, while low-cost carriers (LCCs) relied almost exclusively on their own digital direct channels. This approach aligned well with the LCC business model, leveraging efficient, retail-focused digital capabilities. However, as many LCCs aim to unlock additional customer segments and are encountering growth limits within digital direct channels, some—like Ryanair, PLAY, KM Malta, and Norse— have entered the GDS. This move is particularly important for targeting TMCs and corporate travelers, where GDS remains the preferred distribution channel. For LCCs, the key is to expand reach to business travelers without cannibalising their own successful and cost-efficient direct channels, competing directly with OTAs, or even limiting own freedoms with GDS agreements.

6 PAYMENTS: IT'S ALL ABOUT ORCHESTRATION

For many airlines, payments have become a key focus area. However, diving into payments reveals a highly complex landscape. High credit card costs, the public's seemingly insatiable demand for new alternative payment methods (APMs), and POS-specific regulatory requirements are just a few of the challenges. To address these issues, many airlines are turning to payment orchestration providers (POPs). These providers promise an orchestration layer bridging the fragmented payments ecosystem with the airline's architecture. Faster onboarding of APMs and smarter payment flows are just some of the expected benefits. The growing demand has led to a mushrooming list of POPs. However, high airline expectations and ambitious provider promises can quickly lead to disappointment. We recommend airlines first clearly identify their key challenges and develop prioritised requirements. These can then serve as the foundation of a targeted RFP, able to identify "overpromise and underdeliver" tendencies and thus help select the optimal provider.

7 THE OFFER AND ORDER TRANSITION IS PICKING UP STEAM

The transition to Offers and Orders (OO) holds the promise of significant revenue growth for the airline industry but also presents a huge industry-wide long-term challenge that not only touches airlines but every party involved in the travel value chain. With major players like Amadeus and Sabre embracing the Offers and Orders transition, progress is becoming tangible. Early adopters such as British Airways with Amadeus Nevio or Virgin Australia with Sabre Mosaic are paving the way, while Riyadh Air is partnering with FLYR and Sabre to become the first fully OO-based airline from the first day of operations. Although the timeline for industry-wide adoption remains uncertain, momentum is building, and the transition is becoming a reality. Airlines considering to renew PSS agreements or defining long-term distribution strategies would be wise to consider, at a minimum, a high-level roadmap for transitioning to OO before taking strategic decisions.

02 Airlines

SIGNIFICANT INDUSTRY DEVELOPMENTS IN AIRLINE DISTRIBUTION

2024 saw both a large number of airlines continuing to progress and evolve their distribution strategies along the same general direction of increasing NDC adoption and active steering of distribution channels based on capabilities and cost, as well as the high profile strategy reversal of the world's largest passenger airline. Industry pundits aimed to spin developments in a direction favorable to their cause.

INCREASING COMPLEXITY OF DISTRIBUTION MODELS

Nothing could be further from "one size fits all" than airline distribution at the moment. Models differ not just between different airline types and regions, but many airlines have now jumped on the "dual pipe" or more generally "multi-tier" bandwagon, offering more choices to travel sellers. As the saying goes, "choices have consequences", so "perfect" may not be an option on the menu.

HIGH PROFILE STRATEGY REVERSALS

"Diamonds are forever", but distribution strategies don't have to be. 2024 saw some high-profile strategy reversals. American Airlines scrapped much of its unpopular, new commercial strategy including core elements of its distribution strategy. Also, Ryanair and OTAs became unlikely bedfellows after years of bitter dispute.

CARRIERS HAVE DIFFERENT NDC OBJECTIVES

The different distribution models launched in 2024 make visible the differing distribution objectives and priorities between carriers. While some are focused on cost recovery (and thus reduction), others are prioritising increasing NDC adoption to not miss out on the incremental revenue NDC promises to facilitate.

2.1 Europe

AIR FRANCE-KLM'S SURCHARGE JOURNEY

AF-KL plans to implement its GDS surcharge for business travel agencies in January 2025, but at a reduced rate. From January to June 2025, business travel agencies will pay a 3 EUR GDS EDIFACT surcharge per direction, which is planned to increase to the full 24 EUR surcharge starting July 2025. Typically, corporate traffic is much more challenging for airlines and travel agents to shift to NDC, mainly due to the functionality requirements of TMCs. AF/KL's corporate friendly approach appears to be well aligned with its partner Delta Airlines. For years, AF-KL maintained an EDIFACT surcharge approach differentiated between leisure and business agents while keeping business travel agent bookings surcharge free.

- **Apr. 2018** implemented 13 EUR surcharge for **leisure** travel
- **Sept. 2022** planned implementation of surcharge for **business** travel
- **Jan. 2023** increased to 17 EUR
- Postponed to **Mar. 2023**
- **Jul. 2023** increased to 21 EUR
- Postponed to **Jan. 2024**
- Postponed to **Jul. 2024**
- **Jul. 2024** increased to 24 EUR
- Postponed to **Jan. 2025**

TURKISH AIRLINES REVISES DISTRIBUTION STRATEGY AND INTRODUCES NDC

Turkish Airlines (TK) has kickstarted its NDC journey. In October 2024, TK simultaneously launched its NDC platform, TKConnect, and introduced an EDIFACT surcharge of 24 USD per ticket. TK's NDC content is available via aggregators (Verteil, Travelfusion, and more) and direct connections.

As of December 2024, TK's NDC content is not available via any of the three GDSs, with the distribution relationship with Sabre having terminated completely. Since September 2024, TK content has been unavailable on Sabre.

SAS EVOLVES DISTRIBUTION STRATEGY

Previously having charged an average fee of 4.50 EUR per fare component across the three GDSs, SAS implemented a differentiated surcharge this year. The carrier increased the surcharge for Amadeus and Travelport by 1 EUR to 5.50 EUR, and now charges the highest surcharge for Sabre at 8.50 EUR. SAS also removed its lowest-priced fare brand from EDIFACT for selected flights.

LUFTHANSA GROUP REDUCES SABRE DCC

Starting January 1, 2025, Lufthansa Group (LHG) will reduce its Distribution Cost Charge (DCC) for Sabre-issued tickets from 24.50 to 22.00 EUR across all group airlines, while the surcharges for Amadeus and Travelport remain unchanged. This adjustment reinstates Travelport with the highest DCC, while Amadeus continues to have the lowest DCC. LHG is one of only a few airlines with a provider specific surcharge.

	Amadeus	Sabre	Travelport
Sept. 2015	€16.00	€16.00	€16.00
Oct. 2020	€19.00	€19.00	€19.00
Sept. 2022	€17.50	€19.50	€23.00
Jan. 2024	€17.50	€24.50	€23.00
Jan. 2025	€17.50	€22.00	€23.00

Surcharge increase *Surcharge decrease*

FINNAIR DELYAS GOAL OF 100% NDC ADOPTION AND HALTS FURTHER EDIFACT CONTENT REMOVAL

Having previously targeted 100% NDC adoption by 2025, Finnair this year indefinitely postponed its target. According to the airline, the industry transformation is progressing slower than expected, making a removal of EDIFACT not yet feasible.

Since 2021, Finnair has led with NDC adoption initiatives like market-based content removal, a 15 EUR EDIFACT surcharge, NDC-only fare brands, and continuous pricing. In H1 2024, 70% of the carriers bookings came via direct or NDC channels. Yet, plans to remove Classic fares from EDIFACT for all intra-European routes were halted in October 2024.

BRITISH AIRWAYS TERMINATES MOST PRIVATE CHANNEL AGREEMENTS

In 2017, British Airways (BA) introduced private channel agreements with major TMCs as a temporary measure to facilitate the shift to NDC, allowing participants to avoid the 15 EUR per sector EDIFACT booking surcharge. Most of these agreements will end on December 31, but some, like the one with Amex GBT, will extend into 2025.

The termination of its private channels appears to mark important progress in BA's NDC journey.

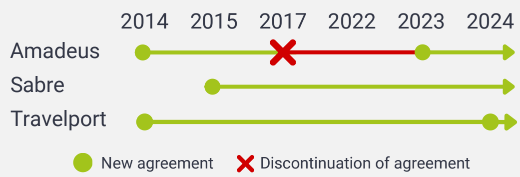
2.1.1 Ryanair Deep-dive

FROM DIRECT DISTRIBUTION ONLY TO A DIVERSIFIED SETUP

Ryanair, Europe's biggest airline and most prominent Low Cost Carrier (LCC) originated as a "Direct-only" carrier in terms of airline distribution. With this starting position, Ryanair was originally very far away from legacy carriers in terms of distribution strategy. However, during its growth journey, Ryanair decided to enter into relationships with GDS in 2014, primarily to enable growth of business travel.

Observing how Ryanair is offering its products in the GDS indicates that its GDS agreements allow the carrier to withhold fares, apply surcharges, and differentiate content; successfully maintaining their "direct-first" strategy. While Ryanair's distribution strategy has arguably become more similar to those of legacy carriers over recent years, the carrier's core strategic principles remain the same.

RYANAIR / GDS RELATIONSHIP



RYANAIR VS. OTAS AND AGGREGATORS: FROM ENEMIES TO FRENEMIES?

Ryanair has famously had a troubled history with OTAs. In 2023, Ryanair took numerous measures to prevent certain OTA activities (see Key Issues below) via court cases, and by publicly calling out OTA misbehaviours. Simultaneously, the carrier removed fares from aggregators like Travelfusion and Navan for similar reasons. This year, Ryanair revised its approach by partnering with OTAs and aggregators, subject to conditions sufficiently protecting Ryanair's offering.

SELECTED CONFLICTS BETWEEN RYANAIR AND OTAS/AGGREGATORS IN 2023

- **Aug 2023:** Via global press releases, Ryanair urges passengers to book directly, instead of with OTAs
- **Aug-Dec 2023:** Ryanair sues OTAs (e.g., on screen scraping, holding back passenger data)
- **Aug-Dec 2023:** OTAs sue Ryanair (e.g. on specific requirements to PAX having booked via OTAs)
- **Nov 2023:** Ryanair starts calling out OTA "pirates" for inflated ticket/ancillary pricing; removes fares from aggregators
- **Dec 2023:** OTAs remove Ryanair fares from their offers

2024: DIRECT CONNECTIONS AND PARTNERSHIPS - A LONG TERM SOLUTION?

This year, Ryanair refrained from further legal actions and focused on negotiating a series of deals. These included direct connects with OTAs and partnerships with technology providers (including aggregators they previously had removed content from). It seems like in 2024, Ryanair prefers "signing" to "suing".

Examples for the new type of partnerships include the below:

- **"Approved OTAs"**: Braganza, El Corte Inglés, eSky, Etraveli, Expedia, Kiwi, lastminute.com, loveholidays, Omio, On the Beach, and Tui
- **"Approved OTA Aggregators"**: Navan, Paxport, and Travelfusion
- **Other travel platform partnerships:** Concur Travel (surcharge announced for 2025), Kyte, and Omio

RYANAIR AND OTAS: KEY ISSUES

- **Screen Scraping:** Some OTAs / aggregators use automated tools to collect information from airline websites (flight schedules, prices, availability, etc.) and include those in their offering; which may be prohibited in terms and conditions.
- **Customer Data**: OTAs may use own email addresses to make bookings, which leads to customers being unable to manage their bookings on the airline website, as they may not be able to verify their identity.
- **Pricing of tickets and ancillaries:** Prices charged via OTAs can be higher due to commission and third-party costs; the price-up may not be indicated transparently.
- **Refunds**: Booking via OTAs can lead to a partial refund in case of canceled flights to cover costs of servicing and commissions, whereas booking via the airline may give a full refund of the flight ticket price.

2.2 North America

AIR CANADA ADAPTS DISTRIBUTION STRATEGY, LIMITING EXTENT OF EDIFACT SURCHARGE

Air Canada (AC) is advancing in its journey to increase NDC adoption. One year after the implementation of their differentiated EDIFACT surcharge across all fares, AC this year limited the applicability of the surcharge to the lowest four fare classes. Further, AC focused on introducing continuous pricing and extending the risk-free refund period, while offering a per-flight agency incentive on bookings made via NDC direct connect and selected non-GDS aggregators. AC therefore appears to be taking a more trade-friendly stance, balancing “carrots” and “sticks” to drive NDC adoption.

AC NDC “Carrots”

- 2 USD per-flight agency incentive (non-GDS)
- Risk-free refund period extended to 48 hours
- Continuous pricing

AC NDC “Sticks”

- EDIFACT surcharge (limited to lowest cabin fare classes)
- Content differentiation (exclusive via NDC): Domestic basic fares, discounted ancillaries, promotional offers

US LEGACY CARRIERS STRATEGIES CONVERGE

In 2023, American Airlines (AA) took bold steps differentiating significantly between NDC and EDIFACT content. United Airlines (UA) followed by also removing selected content from EDIFACT. Delta Air Lines (DL) announced renewed GDS Full Content agreements containing access to NDC via the GDS. After AA’s full reversal of its aggressive strategy *(see section 2.2.1)* and DL’s NDC announcement, the previously big gap between AA’s, DL’s and UA’s distribution strategies has narrowed. None of the airlines have GDS surcharges and all now have NDC via GDS. However, their respective approaches on how to motivate NDC shift are still significantly different.

United Airlines’ approach to motivating NDC shift was always based on selected differentiation of content while having digital direct channels to facilitate corporate bookings. The carrier is now expanding its NDC reach by integrating with additional aggregators, like Aeronology. UA also signed a contract with Amadeus, including NDC, with implementation still pending, and implemented a continuous pricing-enabled direct connect with Navan.

Delta Air Lines announced an updated NDC strategy, targeting a 2025 launch, with Accelya as its NDC API provider. Between August and October 2024, the airline renewed Full Content agreements with the three major GDSs, including EDIFACT and NDC distribution (without surcharges), and value-based pricing. NDC go-live timelines have not been made public yet. Delta's strategy focuses on collaboration with OTAs, TMCs, GDSs, and OBTs during its NDC implementation journey while pursuing an omni-channel approach.

NEWS CORNER: OTHER AIRLINES

WestJet renewed multi-year distribution contracts with all three major GDSs to include access to NDC. WestJet also renewed with Accelya for the FLX platform, having developed its NDC offering with Accelya (Farelogix) in the past.

Frontier Airlines announced plans to ramp up NDC, introducing three new fare bundles with no change/cancellation fees, and launched a GDS-only corporate product (BizFare). The carrier stopped distributing via Sabre in October 2024.

Southwest Airlines began displaying its fares on Google Flights, with bookings being completed on its website. The carrier, previously known for its no-reserved seating policy, introduced reserved seating, including options for premium legroom.

Alaska Airlines is expanding NDC by developing 12 APIs to sell content via third parties and own channels. The carrier aims to drive more sales through its direct channels, which accounted for 73% of its 2023 sales. 2025 is slated “to be the year of NDC” for Alaska Airlines.

Breeze Airways integrated its content with corporate travel partners AmTrav and Navan, offering the exclusive BreezeCorp bundle. Additionally, the Navan integration includes NDC access. Breeze also partnered with Priceline and Expedia.

2.2.1 American Airlines Deep-dive

Since American Airlines (AA) distribution strategy shifted as part of a major overhaul of its commercial strategy last year, a lot has happened. This deep-dive in timeline format looks at what's been going on since.

- **Apr 2023:** AA implements its new distribution strategy, removing 40% of fares from EDIFACT and offering them exclusively through direct and NDC channels (incl. GDS). Contrary to many European airlines wishing to drive NDC, AA does not implement any surcharges. Still, the substantial content differentiation drives NDC adoption, with 15% of volumes reportedly being transacted through NDC by early 2024 (65% via direct channels, 20% via GDS EDIFACT).

- **Feb 2024: AA ANNOUNCES KEY STRATEGY CHANGES, TYING IN COMMERCIAL AND DISTRIBUTION STRATEGIES**

  With the target of increasing NDC adoption further, AA indirectly ties corporate benefits to agencies' NDC shares via the following adaptions:

  1. **Loyalty Program Changes announced for 1 May 2024:** Earning miles and points on AA's corporate loyalty programme, AAdvantage, only possible on bookings made via direct channels or "preferred agents"
  2. **Preferred Agents Concept:** AA introduces "preferred agents" concept; whereby agencies are required to have incentive agreements, meet display requirements, and achieve defined NDC adoption targets.

Eligible for benefits?	No AA Relationship	AA Relationship*
Via direct channels and Preferred agents	✓	✓
Non-Preferred agents	✗	✓

**AAdvantage Business member or contracted corporate*

- **Apr 2024:** AA postpones implementation of the above mentioned key distribution strategy changes by 1-2 months.

- **May 2024:** AA announces reversal of its planned loyalty program changes amid backlash from travel agents. The carrier decides to move away from its original strategy to a "more carrots, less sticks" approach that encourages NDC adoption. The "preferred agents" concept incl. NDC adoption targets was scrapped entirely.

- **Jun 2024: AA DEPLOYS A "CARROT" DISTRIBUTION STRATEGY**
  1. **Restoration of previously removed EDIFACT content,** except for Basic Economy
  2. **Launch of commission program for NDC-only fare bundles**, offering travel agents ~10% commission. Initially planned to end in September, the program was extended until end of year.
  3. **Ability to earn business miles** regardless of booking channel

- **Oct 2024:** AA is in renegotiations of agreements with agencies and corporates to restore indirect revenue by 2025. In Q3 2024, indirect bookings dropped 10%. AA estimates a $1.5 billion revenue loss in 2024 from its strategy changes.

- **Dec 2024:** AA and Sabre announce a multi-year renewal of their technology relationship including the SabreSonic PSS and the PRISM corporate travel monitoring software

THE AA VS. ASTA ping-pong match

AA faced significant pushback from travel agency associations, primarily from US-American ASTA, backed by others in the region. ASTA heavily criticised AA for the announced strategy changes; claiming AA was pushing NDC adoption onto an industry not yet fully ready. This resulted in a back-and-forth exchange over months, with multiple rounds of responses.

WHAT WE CAN LEARN....

AA's projected revenue loss in 2024 is largely attributed to a decline in corporate bookings, following its decision to restructure sales as part of its broader commercial strategy and to promote direct and NDC enabled distribution channels. While AA achieved rapid growth in NDC and direct channel adoption, the turning point came with its decision to link AAdvantage mileage accrual to NDC adoption. The move disrupted the corporate travel market and triggered strong backlash from travel agency associations but especially from corporate buyers themselves.

In the past, measures like surcharges or removing lower fare brands have had relatively less success shifting the corporate travel bookings to NDC, compared to leisure bookings. However, with the attempt to additionally influence behavior through direct traveler benefits, in the form of loyalty mileage, AA seems to have overplayed its hand.

2.3 Central and South America

EVOLUTION OF SURCHARGES FOR GDS EDIFACT

GDS EDIFACT surcharges have emerged as one of the major tools in driving NDC adoption around the globe. After European carriers lead the way in implementing, increasing, and partly also differentiating (LHG and SAS) these fees in recent years we now observe a similar evolution in Central and South America. Surcharge prevalence in the region is on the increase, as carriers continue to successfully navigate considerable regulatory scrutiny. The table below summarizes recent changes.

Increase in GDS EDIFACT surcharges	From	To	Effective date	Surcharge unit
Avianca	6 USD	8 USD	01.04.2024	Per coupon
CopaAirlines	18 USD	24 USD	01.04.2024	Per direction
LATAM	12 USD	13 USD	01.06.2024	Per segment

- **Avianca (AV)** increased its per-coupon surcharge for bookings made via opt-out agencies in Colombia and for all EDIFACT bookings outside of Colombia. After already being live with Amadeus and Sabre, AV also introduced its NDC content and servicing capabilities on Travelport+, with an initial rollout in Colombia and certain European markets.
- **Copa Airlines** has now doubled its per-direction Distribution Cost Recovery (DCR) surcharge on EDIFACT bookings since its introduction in 2022 (net increase: 12 USD).

LATAM REACHES NDC DEAL WITH AMADEUS

In December, LATAM and Amadeus renewed their distribution agreement and expanded it to include NDC content. Terms and conditions, as well as a go-live date of LATAM NDC content on Amadeus were not announced.

LATAM ANNOUNCES NDC SURCHARGE FOR SABRE

LATAM announced additional details about its upcoming launch of its NDC content via the Sabre GDS. LATAM NDC bookings on Sabre will carry a 4 USD surcharge per segment for all fares except the lowest (Basic) fare brand. With growing volumes on (GDS) NDC channels, some airlines have also begun surcharging GDS NDC bookings, albeit at a considerably lower amount than equivalent EDIFACT bookings.

	1A	1S	1G
LATAM NDC SURCHARGE	NDC agreement announced, no info on T&Cs, incl. potential surcharges	• No surcharge for Basic Fare brand • 4.00 USD for all other brands	*NDC content not available*

NEWS CORNER: Tech integrations

Copa Airlines integrated its NDC content on Spotnana, including its PriceLock program, which offers a 3- or 7-day price guarantee on reservations for an additional fee.

LATAM made strides in its retailing portfolio by increasing its pricing capabilities having adopted Sabre's solution, Air Price IQ. LATAM has been a user of Datalex's shopping engine. LATAM's Offer-Order Management System is an inhouse development supported by the system integrator Globant as its technology partner.

SKY Airlines, a low-cost carrier based out of Chile, renewed its distribution agreement with Amadeus. The multi-year deal allows Amadeus to distribute the carriers' EDIFACT content and gives access to all SKY Airlines offerings to Amadeus Travel Platform connected agents.
This integration is one of many examples whereby more and more LCCs are expanding their distribution relationships with GDS.

THE DUST APPEARS TO BE SETTLING

After tumultuous months following the implementation of LATAM's new distribution strategy last year; driven by the dispute with Chilean Travel Agency Association ACHET; the dust appears to have settled. Distribution strategies of carriers in Central and South America are evolving in a broadly similar pattern to earlier developments in Europe, with carriers increasing surcharges to more fully reflect GDS cost and gradually onboarding the GDS to NDC.

2.4 Asia Pacific and Middle East

QANTAS TO IMPLEMENT MULTI-TIERED DISTRIBUTION MODEL FOCUSED ON NDC

Qantas Airways (QF) will implement a multi-tiered distribution model, broadly reminiscent of Lufthansa's (LHG) strategy for NDC distribution, offering multiple options to access its NDC offerings via the GDS from 1 July 2025. The model marks an evolution of QF's distribution strategy, which had undergone a major revision in 2019 with the launch of the Qantas Channel. QF says it has secured new GDS agreements supporting NDC distribution with Amadeus, Sabre, and Travelport.

Under the new model, the per-segment EDIFACT surcharge is reduced (previously 17.50 AUD worldwide for "out of channel" bookings), and a reduced GDS NDC surcharge will be introduced. Earlier in the year, QF launched the QDP booking portal, allowing all connected agencies to access Qantas' NDC content, previously available only via Certified Technology Partners or directly connected travel sellers.

In contrast to Lufthansa's model, 1) access to Qantas' Premium NDC channel is by invitation only and requires agencies to meet QF's KPI guidelines and 2) Qantas also offers an unsurcharged Standard NDC option.

QF's new model

DISTRIBUTION TIER DETAILS	PREMIUM NDC	STANDARD NDC	STANDARD NDC VIA GDS	EDIFACT
Connectivity options	By invitation and approval from Qantas	Via QDP portal and Certified Technology Partners	Via all three major GDSs	Via all three major GDSs
Surcharged?	No	No	Yes	Yes
Surcharge per segment				
POS AU	None	None	4.50 AUD	11.50 AUD
POS NZ	None	None	5.00 NZD	17.50 NZD
POS ROW	None	None	3.00 USD	13.00 USD

AIR INDIA LEADS WAY FOR NDC IN INDIA

Air India advanced its NDC strategy by implementing the 21.3 NDC schema in September 2024. The carrier had renewed its distribution agreements with all three major GDSs in 2023 to include NDC content. Air India went live with NDC on Sabre in November 2024, while Travelport's integration is expected by the end of 2024. Additionally, Air India partnered with Verteil to distribute exclusive NDC content and ancillary services.

RIYADH AIR: A FIRST MOVER IN OFFER AND ORDER RETAILING

Riyadh Air, Saudi Arabian's newest airline, is expected to conduct its first flight in 2025. Riyadh Air is adopting technology from both FLYR and Sabre to build its retailing platform. This makes the airline the first to announce a multi-vendor environment within the offer-order paradigm, and the first airline to begin operations purely on an Offer and Order basis.

A SURGE OF (GDS) NDC IN ASIA PACIFIC

For a long time, Asia Pacific lagged other regions with respect to NDC adoption. This year, multiple GDS NDC deals were signed, and several NDC go-lives achieved. On average, a more trade friendly and GDS inclusive approach towards NDC can be observed here, compared to Europe and Central/South America.

SELECTION OF NEW GDS NDC DEALS / NDC GO-LIVES	
All Nippon Airways	New NDC deal with 1G
Air India	NDC went live on 1S
Cathay Pacific	New NDC deals with 1A and 1G
China Eastern Airlines	New NDC deal with 1A
Emirates	NDC went live on 1S and 1G
Etihad Airways	NDC went live on 1S; new NDC deal with 1G
EVA Air	NDC went live on 1S
IndiGo	New NDC deal with 1A
Malaysia Airlines	NDC went live on 1A, 1S, and 1G
Qatar Airways	New NDC deal with 1G
Virgin Australia	New NDC deal with 1A

2.5 Regulatory and Legal

This year, the US Department of Transportation (DOT) and the Department of Justice (DOJ) drafted and finalised a number of rules and put out an inquiry that could directly impact the air travel industry in the US. These rules may potentially even set precedence on regulations that govern the global airline industry. While legal tensions between airlines and GDSs, as well as trade associations, seem to have reduced, US regulators had become more active prior to the US elections in November. It remains to be seen, if and how the course of US regulators may change come January.

1 ANCILLARY FEE RULE

The DOT finalized a rule requiring airlines and travel agents to disclose ancillary fees during the initial fare display. The rule exempted corporate bookings made through TMCs. Airlines had to disclose the fees to agencies by October 2024 with direct channels following in April 2025.

Various US carriers challenged the rule, arguing it exceeded the DOT's authority, imposed high costs, and required NDC to comply. For airlines, the rule could lead to significant investments in technology upgrades and implications in distribution strategies. Hawaiian Airlines even considered putting an end to EDIFACT distribution to avoid noncompliance. In July, the US Fifth Circuit Court granted a stay, pausing the rule's implementation to review the case.

2 ISSUING REFUNDS RULE

In October, the DOT implemented a rule requiring merchants of record for flight bookings to issue cash refunds (not vouchers) for the following disruption scenarios:

- Cancellation or significant change to booked flight(s)
- Delay in baggage delivery
- Failure to deliver booked ancillaries

The refunds have to be processed automatically within seven business days for card payments and 20 days for other payment methods.

Previously, airlines controlled their refund policies, setting their own terms. Now, with the regulation on refunds, airlines must comply with strict timelines, creating operational challenges and impacting cash flow during disruptions.

3 AIRLINE MARKET PROBE

The DOT and DOJ have launched a public inquiry into air travel competition, inviting comments until December 23 on topics like airline consolidation, sales channels, and pricing.

A component of the probe focuses on competition among travel agencies, among GDS platforms, between travel agencies and GDS, and between GDSs and other distribution channels. The parties are questioned on preferential treatment, barriers, and exclusionary practices in the industry.

ASTA[1] has welcomed the inquiry, while A4A[2] and the USTA[3] labelled the probe "politically motivated". The probe could boost transparency and competition in air travel, but reduce control among industry stakeholders.

HAWAIIAN AIRLINES AND SABRE SETTLE TWO-YEAR CONTRACT DISPUTE

This year, Sabre and Hawaiian Airlines (HA) settled their much disputed 2022 breach-of-contract lawsuit over HA's 7 USD GDS EDIFACT surcharge and inter-island content withdrawal. The parties signed a multi-year agreement for EDIFACT and NDC distribution, with NDC going live on Sabre in July, making Sabre the first GDS to host HA's NDC content. HA's NDC connection provides access to both unsurcharged fares and inter-island content, unavailable through EDIFACT.

Meanwhile, despite hurdles faced by regulators, Alaskan Airlines successfully completed its acquisition of HA, forming an alliance that caters to inter-island, US-Hawaii, and transpacific routes.

AMERICAN AIRLINES AND SABRE REACH SETTLEMENT ON ACCUMULATED LEGAL FEES OF 139 MILLION USD

A week before the public announcement of their IT partnership renewal, American Airlines and Sabre informed the judge presiding over the parties' lingering case at the US District Court in New York around legal fees, that the parties had executed a settlement agreement. American had been trying to recoup 139 Million USD of legal fees from Sabre, regarding antitrust litigation dating back to 2011, concerning a previous phase of the partnership. That case ended with a mixed verdict, with the court not finding the Sabre distribution agreement (with US Airways, since acquired by American Airlines) anti-competitive, but ruling that Sabre operated an illegal monopoly in a Sabre-only market.

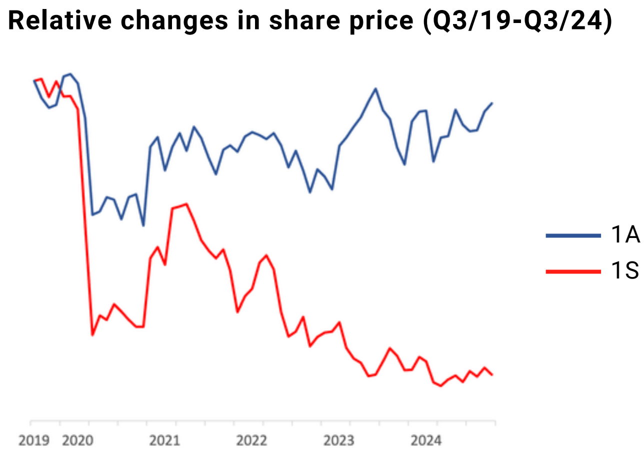
***Abbreviations: 1) ASTA**: American Society of Travel Advisors;*
***2) A4A**: Airlines for America; **3) USTA**: U.S. Travel Association*

3.1 GDSs

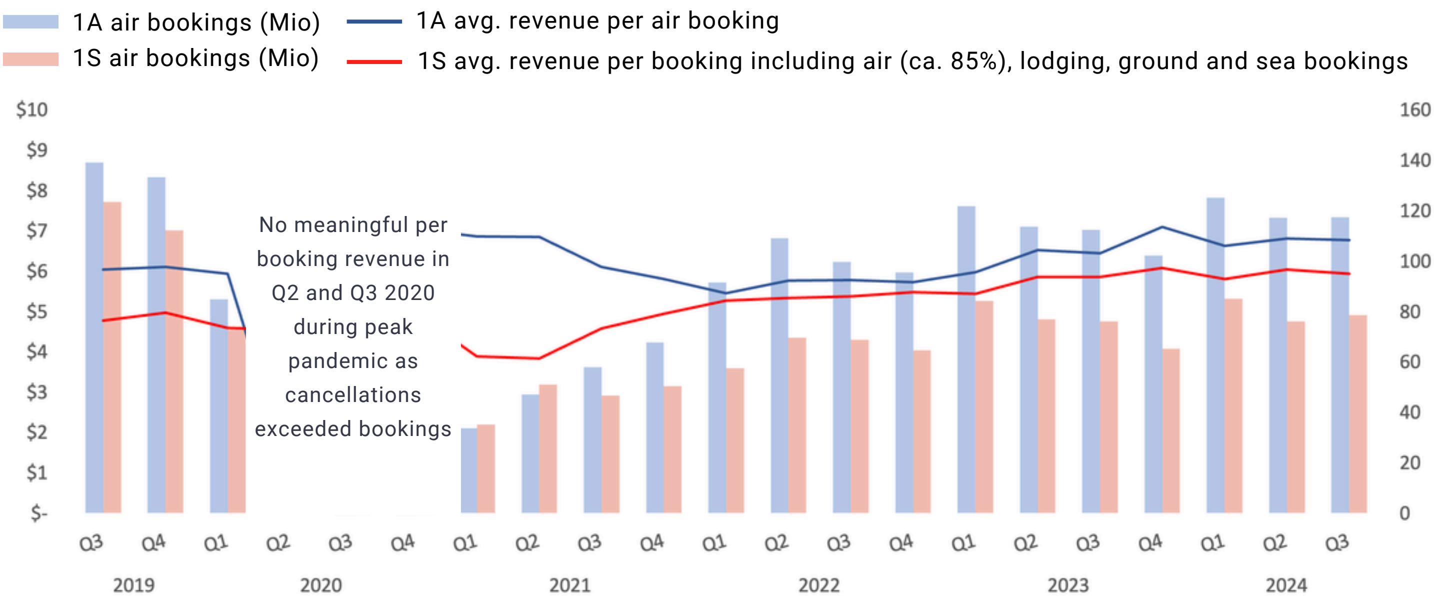
AMADEUS AND SABRE VALUATION GAP INCREASES FURTHER

In last year's Distribution Insights, we began tracking the share price recovery of the two publicly listed GDS companies since the pandemic. Amadeus has shown a strong and consistent recovery, with its share price continuing to climb since our initial review last year. In contrast, Sabre has been unable to return to pre-pandemic valuations, but at least seems to have found a bottom in Q2 of 2024.

Amadeus' market capitalization has now surpassed the 30 billion EUR mark, reflecting its robust performance and investor confidence. Meanwhile, Sabre's market capitalization has fallen below 1.5 billion USD (approximately 1.6 billion EUR)—a sharp decline from its pre-pandemic valuation of around 6 billion USD.



SABRE PER BOOKING REVENUE INCREASING STRONGLY



In line with their relative share price performance, Amadeus has solidified its lead over Sabre in terms of air bookings generated per quarter. While Amadeus held a slight advantage over Sabre in the pre-pandemic period and has now nearly regained its pre-pandemic booking volumes, Sabre remains notably behind in this recovery. Given the lower number of bookings and the lower average booking fees, Sabre faces a clear revenue disadvantage.

THE TRANSITION TO OFFERS AND ORDERS - NEVIO AND MOSAIC

Both Amadeus and Sabre continue to lead the market for airline Passenger Service Systems (PSS). However, in the evolving landscape of Offers and Orders, the traditional PSS, along with its legacy components such as tickets, PNRs, and other legacy structures, is becoming obsolete. To enable modern retailing experiences, airlines need to transition toward Offer and Order Management Systems (OOMS).

Both Amadeus and Sabre presented their successors to the PSS. Amadeus has secured major airlines such as British Airways, Saudia, and Finnair to adopt (parts of) its modular suite of offer- and order-enabled products called Nevio.

In the first half of 2024, Sabre announced the launch of its modular airline IT approach, Mosaic. During the second half of the year, Sabre secured Virgin Australia as a Mosaic launch customer and announced a launch partnership with Riyadh Air.

3.2 Tech providers

ATPCO LAUNCHES PRODUCT CATALOGUE

ATPCO's Product Catalogue enables airlines to define their products and services (e.g., Wi-Fi) independently of fare brands. It helps airlines create personalised bundles based on traveler needs and provides detailed information about airline products. Built for airlines and sales channels, its launch is a step towards fulfilling the industry's goal of dynamically generating 80% of airline offers by 2026, set by ATPCO in 2022.

ATPCO enables airlines to file static prices, which are used by GDSs to quote itineraries. As airlines begin calculating their own offers and move away from static fare filing, ATPCO has begun losing important pricing data. To address this loss, ATPCO acquired 3Victors, a travel data analytics company, gaining access to airline offer data not filed within its system.

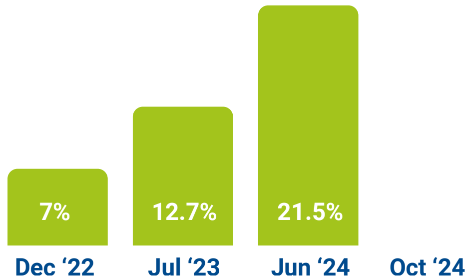
ARC DIRECT CONNECT SHARE SETS A NEW HIGH SCORE

The Airline Reporting Corporation (ARC) is a US-based clearing house that facilitates transactions between airlines and travel agencies, similar to IATA's BSP outside the US. ARC Direct Connect supports the settlement of NDC and API-based sales. This year, five airlines integrated with ARC's Direct Connect: ANA, Kenya Airways, Oman Air, TAP Air Portugal, and Turkish Airlines.

As more carriers adopt NDC strategies, ARC Direct Connect saw steady YoY growth, with NDC volumes hitting a record 21.5% of ARC's total transactions in June. This growth highlighted progress in NDC adoption among other US carriers, despite Delta Air Lines having not yet fully implemented NDC.

However, the figure has since declined in subsequent months, likely due to AA reversing its distribution strategy and adding previously removed content back into EDIFACT.

ARC'S NDC SHARE GROWTH



ACCELYA INTEGRATES ADDITIONAL AIRLINE CUSTOMERS AND LAUNCHES NEW PRODUCTS

This year Accelya launched two retailing products.

FLX Select enables airlines to launch NDC with retailing capabilities within 90 days via a SaaS-like package that includes key retailing features and ready connectivity to aggregators like Travelfusion and Navan.

FLX ONE is an API-driven platform, built in AWS, aiming to support the full Offer-Order-Settle-Delivery set of capabilities. The product is an evolution of the existing FLX Platform.

What does it mean? Accelya's new launches highlight that airlines are rapidly moving towards adopting NDC and enabling modern retailing. Tech providers are expanding their offerings, allowing airlines to efficiently adapt to market changes.

Accelya's 2024 airline deals

Airline	Announced in	Deal type
Lufthansa Group	Jan. 2024	Renewal
Korean Air	Feb. 2024	New
Delta Air Lines	Apr. 2024	New
Oman Air	Jun. 2024	New
WestJet	Jul. 2024	Renewal
Airlink	Sept. 2024	New
Air Transat	Oct. 2024	New

FLYR RECEIVES ADDITIONAL FUNDING TO DRIVE EXPANSION

FLYR, a travel tech provider building AI-based offer and order management systems (OOMS), this year raised 295 million USD in a funding round led by WestCap, including an investment by Avianca. The provider now has a total funding of over 500 million USD. FLYR also launched its own OOMS this year, which will support Riyadh Air's new commercial system, launching in 2025.

3.3 Aggregators and Travel Sellers

AMEX GBT ON THE VERGE OF CREATING A CORPORATE TRAVEL GIANT WITH CWT ACQUISITION

Amex GBT is set to acquire CWT for 570 million USD, bringing together two of the world's largest TMCs. Initially planned to close in H2 2024, the deal closure has been delayed to Q1 2025 due to pending regulatory approvals. The UK Competition and Markets Authority (CMA) is investigating the merger's potential monopolistic effects and has issued a provisional report suggesting the merger would reduce competition in the global TMC market. In response, Amex GBT and CWT proposed remedies such as price caps, service commitments, and opening CWT's partner network to competitors. The CMA's final decision is due by January 26, 2025.

If approved, the acquisition could strengthen Amex GBT's influence on the corporate travel market, impacting airlines as they navigate and negotiate their level of control over corporate distribution.

TRAVELPERK ACUIRES AMTRAV, FURTHERS FOOTHOLD IN THE US MARKET

Under the acquisition terms, AmTrav will retain its brand name, booking portal, and existing team. The acquisition was further supported by TravelPerk securing 125 million EUR in funding this year.

By August 2024, 40% of TravelPerk's global bookings were enabled through NDC airline integrations. In 2024, TravelPerk added its 20th NDC connection with Emirates, while AmTrav expanded its offerings by integrating Breeze Airways, JSX, and NDC content from Hawaiian Airlines—providing access to exclusive interisland and lowest fares unavailable via EDIFACT.

SELECTION OF TRAVEL TECH INTERMEDIARIES AIRLINE INTEGRATIONS

SAP Concur*	
Ryanair	Oct. 2024
British Airways	Expected: Q4 2024
Iberia	Expected: Q4 2024

Travelfusion*	
Ryanair	Aug. 2024
TAP Air Portugal	Aug. 2024
Turkish Airlines	Aug. 2024

Navan*	
United Airlines	Mar. 2024
Iberia	Sept. 2024
Breeze	Oct. 2024

Spotnana*	
Copa Airlines	Apr. 2024
Emirates	May. 2024
Air France-KLM	Jun. 2024

SAP Concur expanded Concur Travel's NDC roll-out by integrating with Amadeus for NDC content from 27 airlines (as of July 2024), while Sabre became the first GDS to enable NDC content for corporate travelers via SAP Concur. NDC content from British Airways and Iberia is expected to be available by year-end, and Ryanair's direct connection with Concur is now live, with an upcoming integration with Concur TripLink in H1 2025.

Travelfusion added 19 airline integrations this year, including Ryanair, TAP Air Portugal, and Turkish Airlines. Ryanair named Travelfusion as one of its first approved aggregators after disabling its access in 2023 over screen scraping claims. Turkish Airlines also announced a partnership with Travelfusion (amongst other aggregators) as part of its updated distribution strategy.

Navan reinstated Ryanair's basic fares. Additional airline integrations include direct connections with United Airlines and Iberia, including continuous pricing, as well as with US LCC Breeze. In October 2024 Navan reported NDC connections with 17 airlines and over 25% of their bookings were being made via NDC. The company also extended its partnership with Amadeus to support global expansion.

Spotnana added several NDC airline integrations, including Air France-KLM, Copa Airlines, and Emirates. The integration with Air-France-KLM also includes access to continuous pricing. Furthermore, the travel-as-a-service platform integrated with Kyte, gaining access to content from low-cost carriers easyJet and Ryanair.

**Listed integrations represent selected examples, other airline integrations may be completed but not shown in the selection*

About us

THANK YOU FOR TRAVELING WITH US!

To keep you updated on whether our predictions stick and what is on the horizon of airline distribution:

- Follow us on LinkedIn (Oystin, Travel in Motion)
- Or get in touch to find out more on what we do - see our contact details below

Happy holidays, and all fifteen of us wish you a great start into 2025!

What we do

Strategy Consulting

We offer a structured, yet flexible and highly customisable approach to strategy solutioning. We support airlines and aviation technology providers throughout the whole lifecycle of a project. From the initial status-quo assessment via strategising to implementation, we have decades of experience and a unique track record of success.

Audits

Our audits help airlines validate their distribution contracts and costs as well as various aspects of the NDC implementation and operations. Click for further details.

Industry Publications

We regularly publish whitepapers, news posts, blogs, and podcasts to provide thought leadership and insight into the travel industry.

Masterclasses

Industry knowledge sharing sessions on airline distribution strategies, payments, NDC, and Offer & Order transformation. Offered in select conferences, or on request.

We publish bi-weekly news updates, compiling the most recent updates in the world of distribution and retailing. To stay up-to-date, sign up to receive industry news directly in your inbox or follow us on LinkedIn!

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