



What's the latest industry thinking on NDC?

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Nobody in the airline industry could dispute that change is inevitable and there can be little doubt that IATA's New Distribution Capability is part of that change, but a new study shows there is still work to do



In his most [recent blog](#) Eric Léopold, Director, Transformation, Financial and Distribution Services at IATA writes the following: "NDC is a change. It offers a capability to distribute air travel that did not exist before. Developers and intermediaries will realise it as soon as they connect to XML APIs like [BA's](#)."

BA, for one, has been committed to the development of NDC since the outset and views it as "an industry-wide initiative to enhance the distribution and communication capability between airlines, GDS and travel agents".

It's not difficult to understand why. As a recent study from aviation consultants [PROLOGIS](#) points out, new standards such as XML not only enable a more comprehensive and dynamic distribution of airline products, visual display through pictures and videos is also possible – and this results in a more detailed explanation of the product properties.

So BA's opening of its APIs in a pilot with developers cements its commitment to NDC, and is clearly part of a drive towards more

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direct bookings.

Crucial to securing more lucrative direct bookings is a better understanding of the customer. And as David Rutnam, head of the New Distribution Regional Implementation project at IATA, recently pointed out “airlines still don’t know who the customer is until they get information on the booking”.

David Rutnam, head of the New Distribution Regional Implementation project at IATA, joins the closing debate on the future of distribution at a recent EyeforTravel conference

NDC, Rutnam, says will help to reduce the dependency on third parties – something the recent move by the [Lufthansa](#) group points to. It recently announced that it would introduce an additional fee for all flights with [Lufthansa](#), SWISS and Austrian Airlines that are booked through one of the Global Distribution Systems (GDS). Whether [this is risky or inspired](#) is still in question but it further proof of how airlines are trying to drive direct distribution, and how NDC can help.

However, while the concept is gathering popularity in certain quarters the recent survey by PROLOGIS finds that “opinions on NDC vary widely”. In total, PROLOGIS interviewed 23 organisations from eleven countries in Europe, the Asian-Pacific region and the Middle East including 12 airlines, seven travel intermediaries or retailers, one GDS and three technology providers.

What the study aimed to do was understand how airlines, travel agencies, tour operators, consolidators, metasearchers as well as providers of distribution and travel technologies view the topic of NDC and what they expect from the new standard.

Among the findings are:

- ‘Massive’ and ‘significant expenses are expected from the development of new systems

- 57% of respondents expect that their system landscape will become more complex – at least for the time being
- 41% could not name any concrete risks or challenges related to NDC and many have not yet addressed the issue
- 45% had no answer to the question of whether NDC could provide financial benefits
- 37% are already working on internal NDC developments

While, PROLOGIS, argues that it is still unclear if and when NDC will actually be implemented, the IATA project has already contributed to issues such as product differentiation, personalisation and merchandising being driven forward within the industry.

And in a world where competition is growing apace and airline margins are increasingly squeezed, that has to be a good thing. As Alexander von Koslowski, Vice President of DER Touristik Online GmbH, says in the study's executive summary: "NDC is obviously just one piece in the [distribution] mosaic, but it is a very, very important one."

SOURCE: <http://www.eyefortravel.com/distribution-strategies/whats-latest-industry-thinking-ndc>