WHITE PAPER ON REVOLUTIONIZING AIRLINE DISTRIBUTION:

The Shift from GDS to Customer-Centric Offer & Order Management

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Introduction

Airlines leverage digital systems to create and manage air travel offers and orders, enhancing the customer experience and driving revenue through bundling, cross-selling, and upselling.

In the traditional indirect distribution scenario, the global distribution system (GDS) holds complete authority over offer and order management. GDS acts as an information aggregator, controlling flight inventory from different sources to create proposals and distribute them to online travel agencies (OTAs) or traditional travel agents. To do this, GDS relies on the pre-Internet EDIFACT (Electronic Data Interchange for Administration, Commerce, and Transport) protocol and does not support multimedia or detailed text descriptions.

On the contrary, offer and order management (OOM) introduces a new approach to cross-selling and upselling products via third-party platforms, including those from other travel suppliers. In this context, an "offer" refers to a proposal generated by the airline in response to a traveler's inquiry. An "order," on the other hand, is the finalized purchase record created by the airline once the passenger accepts the offer. This process creates a passenger name record (PNR), which includes the passenger's travel details captured during the offer creation and order acceptance stages.

This whitepaper provides a high-level overview of the offer and order management process to highlight the benefits this advanced business model offers to the airline industry.

Defining Offer & Order Management (OOM)

The OOM framework leverages modern messaging formats like XML and JSON through APIs to maintain ownership of content sold through an airline's website or mobile application. By adopting this approach, airlines can propose and bundle various ancillary services, improving customer satisfaction. OOM enables customers to personalize their offers, creating a unique product for every scenario. Airlines can thereby generate additional revenue by upselling, cross-selling, and employing other advanced retail techniques.

The OOM process can be divided into three key stages.

Offer Generation

A customer begins by entering basic search details, such as origin and destination, on the airline's website, mobile app, or other booking channels. In response, the airline generates an initial offer based on the customer's query and the provided data. Using this input, the

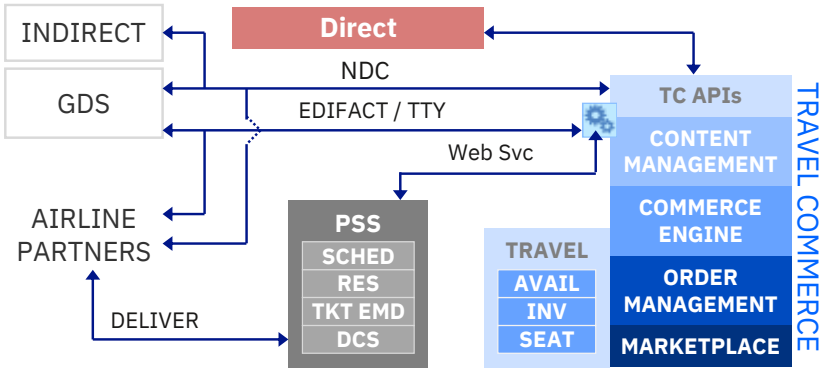
airline presents a matrixed pricing proposal, allowing the customer to choose from various options.

Order Creation

Once the customer accepts the initial offer, the airline creates an order with additional options bundled with eligible products, such as car rentals, hotel stays, upgrades to business class, seat selection, or premier access for expedited security checks. This bundled order is presented at a new price, which the airline requests the customer to approve.

Booking Confirmation

Once the customer approves the offer and completes the payment, the airline generates a passenger name record (PNR) and an e-ticket number to confirm the order. This ensures a seamless transition to the post-booking stage and creates a modern commerce platform that benefits both the airline and the customer.



Key Components of Offer & Order Management

The OOM framework is built on several foundational elements that create a seamless shopping and booking experience.

Customer Insights & Analytics

- Leverage advanced customer analytics to understand preferences and identify behavior patterns at individual and segment levels
- Use real-time API-driven or linked commerce customer profiles to deliver dynamically tailored offers

Product Flexibility

- Provide flexibility in defining air travel products, allowing airlines to decompose and recompose services as required
- Offer a flexible product catalog for non-air services, such as hotel stays and car rentals

Offer Management

- Handle every aspect of the shopping process, including accepting requests, managing pricing and availability, cart management, and processing payments

Enhanced Customer Experience

- Use tools such as personal recommendations, tailored content, and conveniences like ratings and reviews to improve customer experience

Order Processing & Fulfilment

- Process accepted offers to create orders while allowing for modifications, such as adding, changing, or cancelling items over an extended period
- Integrate seamlessly with settlement platforms to manage payments and related transactions effectively

API-Driven Channel Integration

- Make all commerce functions accessible via APIs, micro-services, and composite APIs
- Support current booking channels while preparing for the integration of dozens or even hundreds of future channels
- Facilitate a connected journey that links all stages of the shopping and booking process—from offer generation to fulfilment

Reimagining The Customer Journey

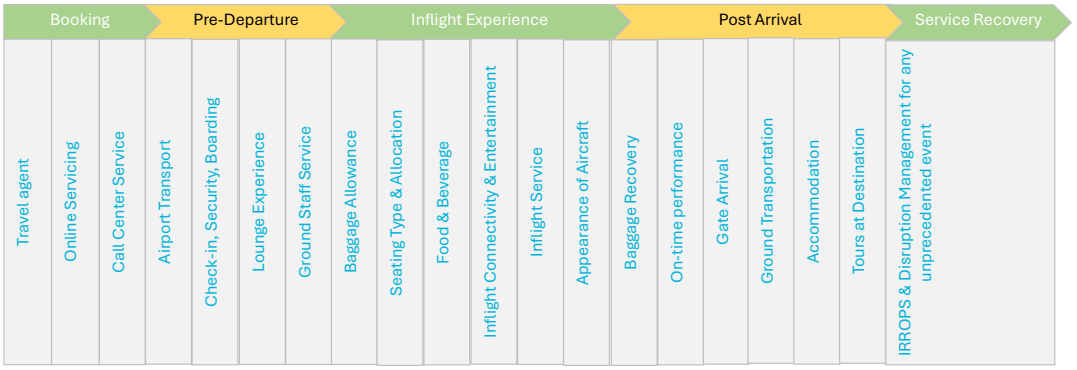
Airlines should focus on the following to ensure the best customer experience and a seamless OOM journey:

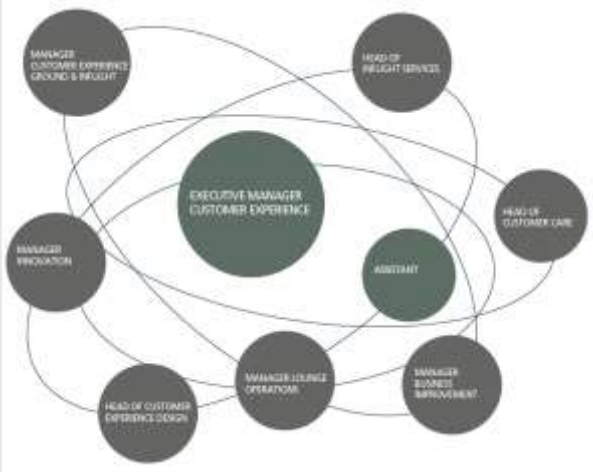
- Integrate pricing, product, and inventory management
- Utilize data effectively to propose the right offerings at the right time
- Personal offerings based on previous customer interactions

- Track loyalty and redemption points
- Ensure transparency in offerings
- Provide the choice for early check-in to loyal customers so that it can be integrated with the purchase
- Inspire customers intuitively
- Enable targeted customer segmentation

OOM Strategies to Elevate Airline CX

An airline must implement changes across several areas to deliver an exceptional customer experience through offer and order management. Digital transformation for customers addresses decades of complexities across airline products and processes. Successful transformation requires a steadfast commitment to customer experience and business outcomes that stem from excellence in customer service. It is essential to identify the key stakeholders who would benefit from a seamless customer experience and recognize the significant touchpoints along the customer journey.





Airlines have a long-standing relationship with travelers and should explore opportunities to expand their brand presence—either directly or in partnership with others—throughout the travel experience. Using artificial intelligence (AI) to enhance the brand experience is crucial from a technological perspective. The diagram below illustrates how an airline can engage with customers at various stages to improve their overall experience.

Digital Solutions for Airline Offer & Order Management

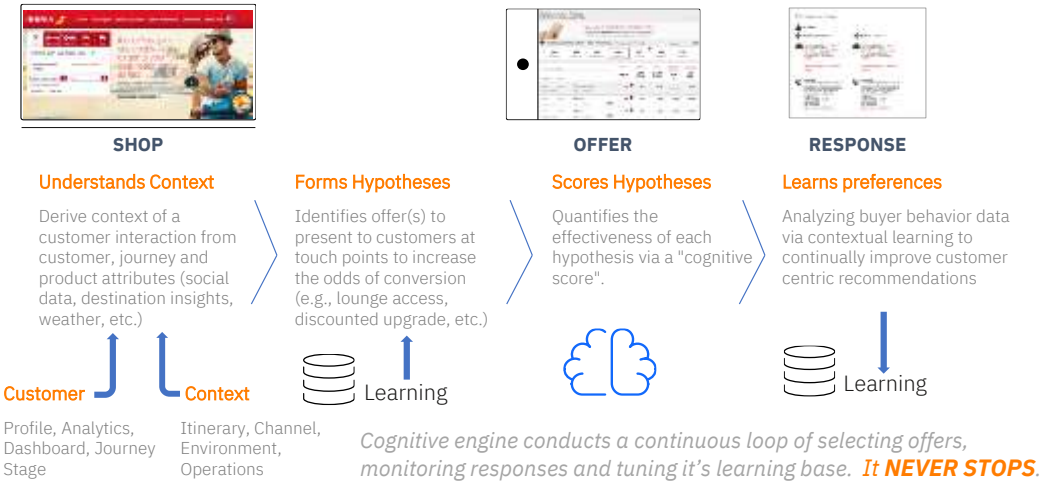
- **Digital Innovation in Travel:** Enhance user experience (UX) via digital innovation for increased stakeholder value
- **Channel Expertise:** Understand direct and traditional channels while identifying new avenues
- **Commerce Platform Expertise:** Design innovative digital commerce platforms and integrate licensed components, partner solutions, and bespoke developments

- **Legacy Transition:** Understand how new and legacy systems integrate during an extended transition period, both functionally and technically
- **Data & Analytics:** Leverage travel and external data sources for advanced and Market-place as Service (MaaS) analytics
- **Supplier Marketplace Expertise:** Establish domain expertise for diverse partners, including enrolling suppliers, managing products, and controlling offers and channels
- **Travel Product Expertise:** Master product management and content normalization

The Role of AI

Consider a traditional international flight with four cabin classes: First, Business, Premium Economy, and Economy. An airline can typically provide four flight products corresponding to these cabin classes and around 40 flight-related products across four value tiers, 20 non-air products, 20 routing options, and six pricing options. This instance is a complex offer matrix demanding sophisticated management.

To navigate this complexity, airlines must leverage artificial intelligence to optimize offers. The convergence of diverse customer segments, improved data & analytics, and real-time situational data fuel an AI-powered ecosystem with endless possibilities. By leveraging advanced machine learning, a cognitive engine can continuously curate offers and monitor customer responses, ensuring a responsive and data-driven offering strategy.



Conclusion

The shift from GDS to a customer-centric offer and order management (OOM) system is bringing about an effective transformation in the airline industry. Unlike traditional systems, OOM allows airlines to regain control, personalize offers, and build stronger customer relationships.

Using real-time data, advanced analytics, and interactive content, airlines can create tailored travel experiences to enhance customer loyalty and revenue. However, as airlines navigate this transformation, they must adopt a data-driven, customer-first approach, understanding that the future of air travel involves creating personalized journeys.

Ultimately, OOM is a strategic imperative that redefines the role of airlines in the travel ecosystem, evolving from transportation providers to architects of exceptional travel experiences. Partnering with a trusted provider like Innova Solutions, with expertise in this domain, ensures streamlined operations, enhanced personalization, and a stronger bottom line. Secure a competitive edge by leveraging our experience to navigate the complexities of modern airline retailing.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