



March 28, 2023

The Honorable Pete Buttigieg
U.S. Secretary of Transportation
1200 New Jersey Avenue, SE
Washington, DC 20590

Dear Secretary Buttigieg:

On behalf of the American Society of Travel Advisors (ASTA) and the more than 160,000 Americans who work at travel agencies across the country, I am writing to bring to your attention the widespread disruption and consumer harm that is likely to occur upon full implementation of New Distribution Capability technology by American Airlines (AA) beginning in early April.

By way of background, in 2014 the U.S. Department of Transportation (“the Department”) approved, subject to certain specified conditions, International Air Transport Association (IATA) Resolution 787.¹ Resolution 787 established a process for developing a technical standard for data exchange in the air transportation marketplace using Extensible Markup Language (XML) and established certain goals associated with using the new technical standard, including the capability to provide personalized pricing offers to consumers who shop for air transportation. These goals are called the New Distribution Capability (NDC).

Collaboration to implement this historic shift in airline retailing has been underway since well before 2014 among airlines, global distribution systems (GDSs), travel agencies and travel management companies (TMCs), third-party booking technology providers and others. However, in December 2022 AA publicly announced that as of early April 2023 it will revoke “legacy” channel access to what it estimated could be more than 40 percent of the fares that historically had been purchased through longstanding GDS connections.² Leaving aside the open question of what that 40 percent represents,³ its scale suggests that the impending changes will have a significant impact on air ticket distribution even if all of the relevant stakeholders were fully prepared to adopt NDC.⁴ However, full “NDC readiness” is simply not the reality today.

¹ U.S. Department of Transportation. [Final Order: Agreements among Member Carriers of the International Air Transport Association concerning an agreement \(Resolution 787\) of the Passenger Services Conference](#) (August 6, 2014).

² Airolidi, Donna. [“American Tells TMCs to Be NDC-Ready by April or Lose Some Content Access.”](#) *Business Travel News* (December 5, 2022).

³ See Boehmer, Jay. [“AA ‘Firm in Our Resolve’ on NDC Plans, as ASTA Issues Plea for Delay.”](#) *The Beat* (March 9, 2023): “Several agencies still weren’t clear on what exactly to expect in April: what specific content stays, what goes and what degree of price differentials will be flowing via NDC-connected versus EDIFACT-connected [legacy] channels.”

⁴ Using [Airlines Reporting Corporation](#) (the best proxy for overall travel agency airline sales) and [Bureau of Transportation Statistics](#) 2022 data, we estimate here that over 17 million tickets would be impacted by AA’s initiative on an annualized basis.

Most of the key players, including TMCs, GDSs and third-party technology partners such as SAP Concur, have stated that they will not be fully prepared to facilitate NDC implementation by next week. Without key front-, mid- and back-office travel fulfillment systems ready and able to fully process NDC transactions, significant disruptions to shopping, booking and servicing tickets are inevitable. According to a February *Business Travel News* survey of TMCs, only about 31 percent of responding TMCs are fully prepared to support increased buyer demand and airline requirements for NDC content. Another 44 percent would be ready at some point in 2023, while one in four said it would take longer to be NDC-ready.⁵

Setting aside third-party readiness, it is clear that the fragile public trust already eroded by recent events within the airline sector is at stake. Based on extensive consultation with ASTA members of all business models, including two separate meetings between AA, ASTA and a select group of our largest member companies in February and March, and our own internal research, we can confidently predict the following consumer harm starting early April unless American changes course:

- **Comparison Shopping** – Until all NDC systems are built out, consumers’ ability to perform comparison shopping for airfares will be highly compromised, as 40 percent of the largest U.S. carrier’s agency channel content will have largely disappeared from view. Rather, separate visits to airline websites will be required, which will cost consumers both time and money. Acting on a client’s behalf, travel advisors will reportedly be able to see, but not book, the content AA is pulling,⁶ which some observers predict will lead to “a deluge of complaints from travelers about fares being visible but not bookable in their online booking tool.”⁷ This is a far cry from the critical comparison shopping function for which consumers rely on travel agencies.
- **Servicing Tickets** – Travel agency “servicing” of tickets on their clients’ behalf – cancelling, changing and other modifications to the client’s itinerary, often a manual process that requires a phone call to the carrier in question – will become far more challenging in early April, particularly with respect to tickets that fall within AA’s nebulous 40 percent category. As one TMC executive put it, “All of us saw what occurred in December with the weather delays...Making it more convoluted and more complex to service customers is going to result in a significant reduction in service capacity and quality. And particularly for ourselves, we have to contact call centers, which are already oversubscribed.”⁸ Consumers who choose to use a travel agency or business travelers required to do so by company policy and need to make travel changes will be negatively impacted by AA’s initiative.
- **Exchanging Tickets** – As we understand it, in some systems, consumers will not be able to exchange a ticket issued via legacy channels for one issued through NDC channels, and vice versa. This introduces unnecessary friction and consumer confusion into the air travel system

⁵ Airoldi, Donna. “[What Does Being NDC-Ready Mean?](#)” *Business Travel News* (March 21, 2023).

⁶ Boehmer, Jay. “[AA: NDC Content Will Be Visible, Not Bookable, in Legacy Channels in April.](#)” *The Beat* (February 17, 2023).

⁷ Parsons, Matthew. “[American Airlines Riles Travel Agents with Insistence on Changes to Airfare Sales.](#)” *Skift* (March 17, 2023).

⁸ Ibid.

and severely limits consumer choice when travel plans change. Why should consumers bear the burden of keeping track of whether their ticket was booked through a legacy or an NDC channel (to the extent they are able to do so) simply to utilize a capability that has existed in the current system for decades?

- **Cancelled/Partially Used Tickets** – Again as we understand it, in some systems, consumers will not be able to utilize flight credits for past cancelled, unused or partially used tickets for new tickets piped through NDC connections. Thus these consumers would forfeit, at least temporarily, the cumulative value of these tickets.

This is far from an exhaustive list, and again is based on consultation with our member companies and other relevant stakeholders. Other identifiable impacts of AA’s forcing move include certain capabilities with respect to multi-passenger bookings, multi-city and stopover bookings, the ability for an advisor to search for fares within a three-day window, the ability to add special service requests (SSRs) to certain bookings and the ability to restrict ticketing to certain destinations (due to embargoes, sanctions, etc.). Our research concerning other negative effects of forced NDC implementation has been, frankly, hampered by a stark lack of transparency from AA.

These developments come in the context of what one observer calls “a major shift in the [AA’s] strategic vision,”⁹ one away from an appreciation of the value of travel agencies in the marketplace and of business travel generally. This includes the imposition of “profound change on agency and corporate relationships by pulling agency commissions, curtailing corporate perks and diminishing corporate contracts,”¹⁰ and widespread layoffs of agency support personnel.¹¹ It also comes in the midst of AA efforts to create a “fortress network” centered around Charlotte, Dallas-Fort Worth and Miami, which will further increase the proportion of travelers who have no choice but to fly AA.¹²

In our view, AA has made a strategic decision to forsake short-term profits to achieve a stronger, anticompetitive business position long-term, one secured by denying access to fare inventory. It inevitably follows that withholding such a substantial portion of its fares from critical independent distribution channels will have a serious negative impact on the traveling public, especially corporate travelers.

Airlines have been working with industry stakeholders on NDC for over a decade, but this sudden bullying of valuable distribution partners into breakneck-speed implementation will ill-serve our shared customers. Given the scope of this undertaking, it is clear that much more work needs to be done if NDC implementation is to be achieved in a manner that promotes healthy competition and avoids massive disruption to the air ticket distribution ecosystem of which we are all a part.

⁹ “[American Blows Up its Sales Team, Launches a Risky War Against Corporate Accounts and Travel Sellers.](#)” *Cranky Flier* (Mar 13, 2023).

¹⁰ Boehmer, Jay. “[Cutting Commissions, Contracts, Perks and Staff, AA Blazes Direct Strategy.](#)” *The Beat* (March 16, 2023).

¹¹ *Cranky Flier*. Op. Cit.

¹² “[American’s Shift Toward a Fortress Network.](#)” *Cranky Flier* (Mar 14, 2023).

For these reasons and others, on March 8 ASTA publicly called on AA to postpone NDC implementation through the end of 2023.¹³ With no official response to our public (and previous private) requests, only trade press quotes indicating no change of plans,¹⁴ we feel compelled to bring this issue to the Department’s attention.

It is difficult to predict the precise scale of the disruption to consumers and the broader air travel distribution system caused by AA’s move, but it will be substantial, potentially affecting millions of passenger trips this year. Unlike the recent airline disruption caused by weather events, natural disasters or the failure of the Notice to Air Missions (NOTAM) system, with which you are intimately familiar, the disruption here will be man-made – an easily foreseeable and entirely preventable disaster based on an arbitrary implementation deadline set by the country’s largest airline.

When the Department approved the standard underlying NDC in 2014 (with ASTA’s support, after conditions were added), it pointed to a multitude of public benefits that would eventually flow from the initiative: “It would create modern, industry-wide technical standards and protocols for data transmission throughout the distribution chain, promoting efficiency, cost savings, and innovation through a real-time exchange of price and service information among carriers, travel agents, customers, and other parties, such as web-based aggregators... [NDC] could facilitate the marketplace development of distribution practices and channels that would make it easier for consumers to compare competing carriers’ fares and ancillary products across multiple distribution channels, make purchasing more convenient, allow carriers to customize service and amenity offers, and increase transparency, efficiency, and competition.”¹⁵ However, from the vantage point of ASTA, its members and their clients, if AA moves forward with premature NDC implementation the opposite will be true – less efficiency, transparency and competition coupled with increased costs and consumer confusion.

Given the urgency of this situation, we respectfully request the opportunity to brief you and your staff on this issue at the earliest opportunity. In the meantime, if you have any questions please do not hesitate to contact me or Eben Peck, ASTA’s Executive Vice President, Advocacy, at (703) 739-6842 or epeck@asta.org.

Yours Sincerely,



Zane Kerby
President and Chief Executive Officer

¹³ American Society of Travel Advisors. “[ASTA Requests American Airlines Delay Plan to Implement New Distribution Capability in April 2023](#)” (March 8, 2023).

¹⁴ See Boehmer, Jay. “[AA 'Firm in Our Resolve' on NDC Plans, as ASTA Issues Plea for Delay.](#)”

¹⁵ Op. Cit.