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Amadeus Insights

Travel Technology Investment Trends 2024

Online Travel Agencies

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Online Travel Agencies

Foreword

Elena Avila
EVP, Travel Distribution
Amadeus

Online Travel Agencies (OTAs) entered 2024 enjoying a sense of renewed momentum, with travelers again turning to these travel players to save time, find insights and obtain the best price. As Online Travel Agencies continue to compete for traveler attention and trust, the ability to deliver an outstanding customer experience, while improving operational efficiencies remain key.

With Travel Technology Investment Trends 2024 we explore several interesting areas of development this year – not least that Online Travel Agencies are looking to significantly increase investment spending in different areas. There is an awareness that the industry is changing fast, and that those who do not adapt will be left behind.

Where will this money be going? Online Travel Agencies are looking to capture the power of data, through increased investment in analytics, while also deploying new tools – including machine learning and Generative Artificial Intelligence (Generative AI) – to create better

options for travelers. This investment is aimed at providing a highly contextualized and intuitive search and shopping experience, based on the most extensive access to content. Realizing the benefits of NDC (New Distribution Capability) technology continues to be top of mind for many – and this is an area where progress is accelerating.

Access to talent has also been a challenge for Online Travel Agencies, leading them to place ever more focus on systemizing core businesses to free resources for high-value projects. That is why robotics technology, self-service tools and other solutions to drive efficiency are the name of the game.

With Amadeus being at the center of the travel ecosystem, we are well-positioned to help Online Travel Agencies achieve their goals. We continue to offer the technical solutions needed to make their ambitions a reality, from providing relevant content to enabling end-to-end smart retailing capabilities to all our customers no matter

the size or location – our travel platform delivers on our promise: to make travel work better for everyone everywhere.

Exciting times are ahead for the industry with technology as a value-driver for better travel. This year, we will continue to adapt to this fast-paced environment and remain a technology leader for Online Travel Agencies and their strategic partner of choice.

I hope you enjoy reading this report – and if you have any questions, we at Amadeus look forward to hearing from you.

Introduc

Travel Technology Investment Trends 2024 is a milestone research project carried out by <u>Amadeus</u>[1], alongside the market insight agency, <u>Opinium Research</u>[2].

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This research is designed to take a unique, panoramic view across the entire travel ecosystem, with findings presented in a series of eight reports – addressing sectors including hospitality, aviation, travel sellers and payments. The work investigates the developments that will define the sector over the coming year and beyond.

Findings included in this specific report are based on individual responses from 150 senior leaders from Online Travel Agencies based in ten key countries – Brazil, China, France, Germany, India, Mexico, South Korea, UAE, UK and USA.

Combined with expertise from Amadeus' executives, each report offers unique insight into technology investment trends across different segments of the travel industry.

This report focuses on Online Travel Agencies.

These businesses allow travelers to search, book and service products, such as air, accommodation, car rentals and tours, acting as intermediaries between inventory suppliers and customers.

In this case, Online Travel Agencies have been differentiated from Business Travel Agencies (BTAs) and Leisure Travel Agencies (LTAs), both of which are addressed in separate, standalone reports. Each has specific technological needs over the coming year and more.

By asking Online Travel Agencies leaders about investment plans, business challenges and priority areas, this report offers a globally representative understanding of the sector, its priorities and ambitions for 2024 and beyond.

The report is divided into three sections.

The first explores sector-wide investment plans.

The second outlines technology priorities and examines topics like search, NDC, content access, merchandising and servicing.

The third looks at how investment will support ambitions to build a more sustainable industry, before offering some brief conclusions.

Investment Plans

According to <u>Figures</u>[1] from the United Nations World Tourism Organization (UNWTO) World Tourism Barometer, international tourism ended 2023 at 88% of pre-pandemic levels, with an estimated 1.3 billion international arrivals. The unleashing of remaining pent-up demand, increased air connectivity, and a stronger recovery of Asian markets and destinations are expected to underpin a full recovery by the end of 2024.

UNWTO Secretary General, Zurab Pololikashvili, said: "The rebound is already having a significant impact on economies, jobs, growth and opportunities for communities everywhere. These numbers also recall the critical task of progressing sustainability and inclusion in tourism development."

Against a backdrop of accelerating global recovery, travel expectations continue to evolve. Travelers today expect end-to-end, personalized experiences and simple journeys which deliver value, every time.

1   UN Tourism, "International Tourism to End 2023 Close to 90% of Pre-Pandemic Levels", 2023 --> https://bit.ly/42rFU6F

Online Travel Agencies across the world are planning to spend more on technology.

The sector is responding, with 86% of Online Travel Agencies planning 'at least' moderate technology investment in their businesses over the next year. Just 14% are conservative when it comes to overall investment in the business. There are differences among markets, with Online Travel Agencies particularly bullish in the United States and Asia, with 29% and 28% of organizations in these countries planning 'aggressive investment'.

14%
'conservative' in their investment plans
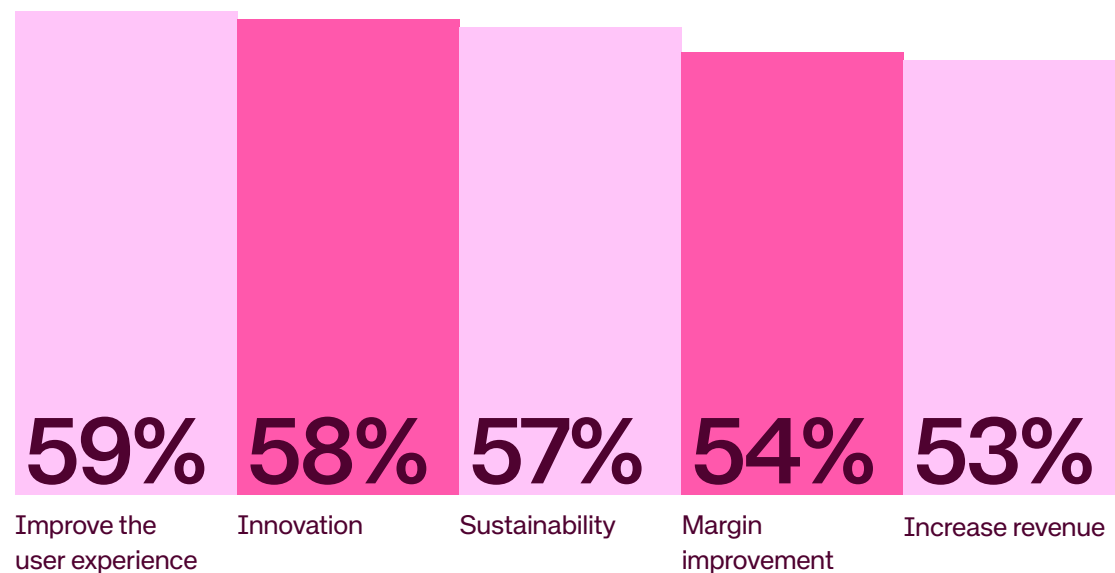
86%
planning 'at least' moderate investment

Respondents told researchers technology is a key area of investment. Some 94% of Online Travel Agencies will spend 'the same or more' on technology over the coming twelve months as they did in the previous twelve. At the same time, a significant 63% will spend 'more' on technology than the prior 12 months, with higher proportions of Online Travel Agencies in LATAM, North America and Asia planning to increase investment in technology.

On average across the world, Online Travel Agencies plan to increase investment in technology by a significant 13% in the coming 12 months.

Online Travel Agencies plan to increase investment in technology by
13%
in the coming 12 months

Improved user experience drives technology investment.

Notably, cost-reduction was cited as a driver by only 29% of respondents, by far the lowest response option. This suggests Online Travel Agencies view travel demand as resilient and are looking to utilize technology investments to improve services on offer to travelers, rather than driving cost reduction.

Amadeus research found a wide variety of objectives are driving this investment in technology:

59%	58%	57%	54%	53%
Improve the user experience	Innovation	Sustainability	Margin improvement	Increase revenue

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With resilient demand and strong competition among Online Travel Agencies, these findings suggest technology investments are viewed as a necessity to differentiate and compete. The majority of Online Travel Agencies appear to be striving to become travelers' 'one-stop-shop' for travel planning, booking and servicing. Achieving that necessitates access to a wide range of content, outstanding search capabilities and the ability to serve travelers well."

Sam Abdou

EVP, Global OTAs, IT & Distribution Sales
Amadeus

Better technology is needed to help travelers make sustainable choices.

Online Travel Agencies are working to overcome several technology challenges, with ambitions clearly mirrored in priority investment areas.

Having 'access to the right information to help travelers make sustainable choices' was the most selected response from the survey (selected by 40% of those questioned), with Online Travel Agencies hoping to respond to demand from travelers to reduce the impact of travel on the environment.

While this could include investment in solutions offering carbon offsets, many travelers today aim to visit local communities when on a trip or strive to avoid crowded destinations altogether. Online Travel Agencies have taken note, and are looking to invest to drive an improved experience in this area.

Servicing traveler needs was also a top concern, with 35% of Online Travel Agencies looking to invest to 'provide a full end-to-end trip to customers,' with a similar number looking for options to 'better serve the traveler'. 'Driving cost-efficient traffic to our site' (35%) and 'improving productivity' (33%) were also areas of interest.

At the other end of the spectrum, 'merchandising' (21%) and 'preparing for NDC' (25%) were not viewed as such significant challenges. With these areas also not highlighted as priority investment areas, Online Travel Agencies may consider they have overcome some of the challenges initially faced.
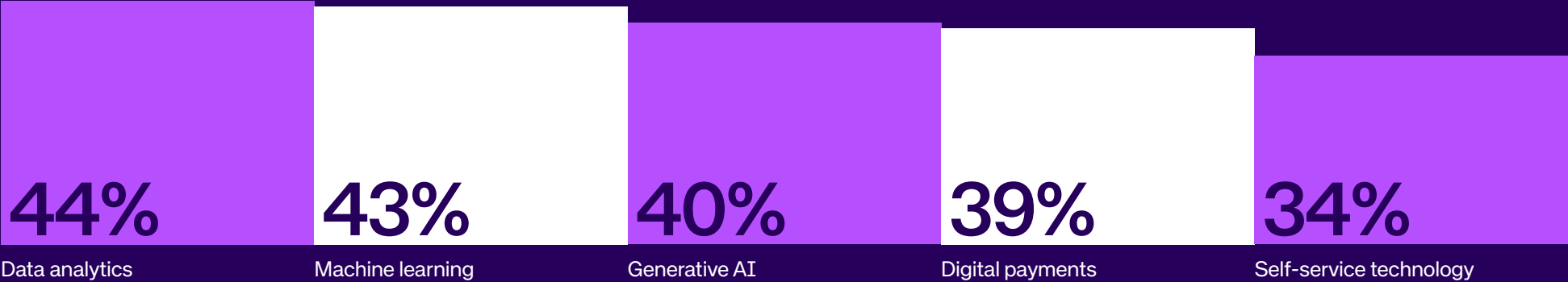
Overall, research suggests there is widespread appetite among Online Travel Agencies for travel technology investment in 2024, with ambitions centered on improving the customer experience and offering more information on sustainability options.

Investment Priorities

Online Travel Agencies continue to adapt to meet changing traveler expectations. Consumers today expect to do more, with less effort and in less time when it comes to booking a trip. Online Travel Agencies can help, offering a wide range of options to travelers, as well as the flexibility to search and compare options.
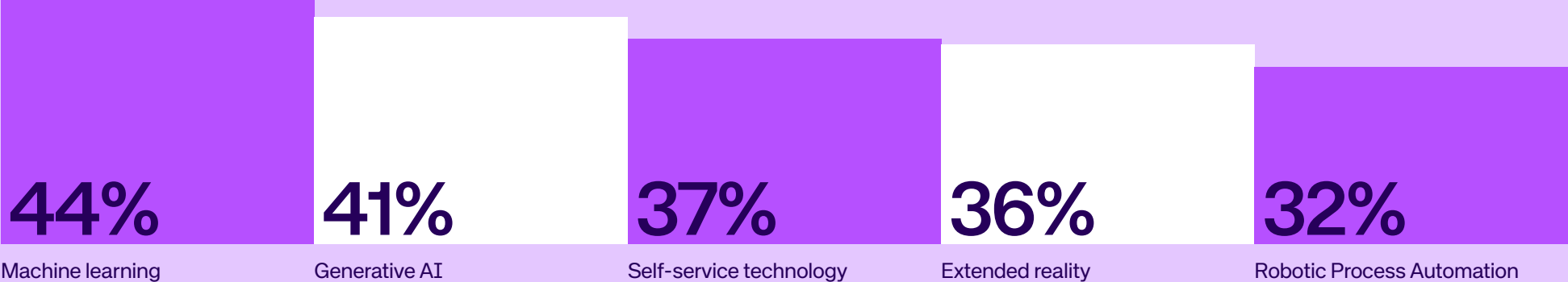
When it comes to investment priorities designed to meet these evolving expectations, a range of drivers were illustrated by this study, all with relatively equal weighting.

The technologies expected to make the biggest impact for Online Travel Agencies in the **next 12 months** are:

44%	43%	40%	39%	34%
Data analytics	Machine learning	Generative AI	Digital payments	Self-service technology

Looking further ahead, over a five-year horizon, the picture changes. Data analytics (29%) and digital payments (31%) drop out of the top five, to be replaced by extended reality and robotics.

The technologies expected to make the biggest impact for Online Travel Agencies in the **next five years** are:

44%	41%	37%	36%	32%
Machine learning	Generative AI	Self-service technology	Extended reality	Robotic Process Automation

Over the next year, Online Travel Agencies are looking to capture the power of data, through increased investment in analytics, while also deploying new tools – including machine learning and Generative AI – to create new opportunities for travelers.

For example, leisure travelers will increasingly expect to ask ChatGPT and other similar tools – such as Amadeus Hey! – for travel information or trip-related suggestions, before being referred to the relevant company for booking options. Online Travel Agencies are acutely aware of this development with the majority of the main Online Travel Agencies having publicly announced initial Generative AI projects.

> "

It's not surprising to see Online Travel Agencies highlight Generative AI as a disruptive technology. It looks likely that Generative AI tools will impact how travelers are inspired and search for travel, with implications for how Online Travel Agencies acquire traffic. It's important that Online Travel Agencies begin to consider how this new technology can be integrated into their own experience but also how offers and packages can be discovered using the main Generative AI platforms to drive more cost-effective acquisition.

At Amadeus we are working on conversational Generative AI chatbots which can be used to ask the right questions to understand the traveler preferences. Disruptions to travel plans can be resolved faster by intelligent rebooking systems. We are actively working in this area through our strategic partnership with Microsoft."
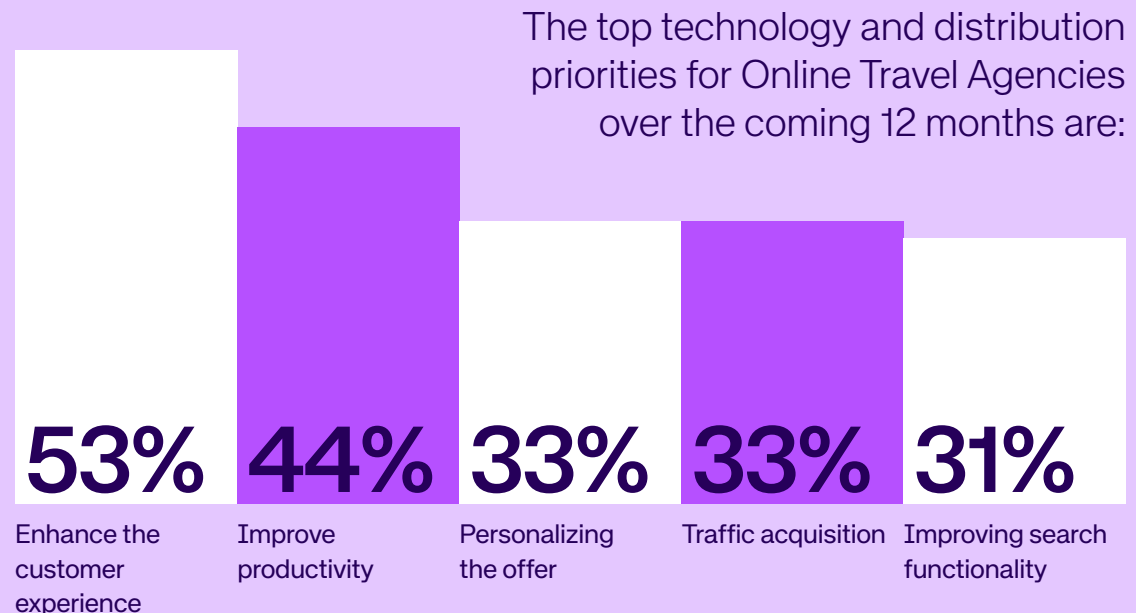
Nicki Gaynor

VP Commercial Americas
Amadeus

These trends are accentuated over the five-year time frame, with machine learning and Generative AI still the top priorities.

Interestingly, the importance of self-service technology is expected to increase over time, perhaps highlighting the reliance most Online Travel Agencies still have on extensive contact center infrastructure. Even basic servicing tasks, like changing air tickets, still cannot be achieved through digital channels, with travelers forced to phone an agent. In fact, this study confirms that only 42% of Online Travel Agencies allow self-serve ticket changes today.

The potential of the extended reality and robotics is expected to be realized toward the end of the decade, offering Online Travel Agencies a host of new solutions to improve both internal processes and customer-facing offerings.

Specifically, improving the customer experience and productivity are short-term technology objectives when it comes to distribution.

The top technology and distribution priorities for Online Travel Agencies over the coming 12 months are:

53%	44%	33%	33%	31%
Enhance the customer experience	Improve productivity	Personalizing the offer	Traffic acquisition	Improving search functionality

When it comes to specific solutions, Online Travel Agencies are seeking to enhance accessible content through APIs.

Effectively utilized, these solutions give agents access to content, data and processes that accelerate innovation, opening access to a wider range of content. At the same time, agents are also seeking to drive the efficiency of mid- and back-office systems, potentially through the integration of robotics. Over a longer time frame, of more than a year, low-cost carrier (LCC) content comes into focus, while self-service ticketing and NDC are also investment priorities.

There is, however, work to be done articulating the full value of these solutions.

Today, only 42% of Online Travel Agencies allow customers to self-serve ticket changes, while only half have LCC search, booking and servicing in place. At the same time, 41% of Online Travel Agencies say they have implemented NDC.

> "
>
> The race is on for Online Travel Agencies to offer a complete end-to-end trip planning and servicing experience. Travelers today expect to be able to search and compare options in one place. If Online Travel Agencies are going to deliver on this need, incorporating LCC content, search, booking and servicing is very important. So is making it easy to compare NDC content alongside EDIFACT. The findings suggest Online Travel Agencies recognize this challenge, with API connectivity the top focus over the coming 12 months."
>
> **Rajiv Raijan**
> EVP and Chief Commercial Officer, Americas
> Amadeus
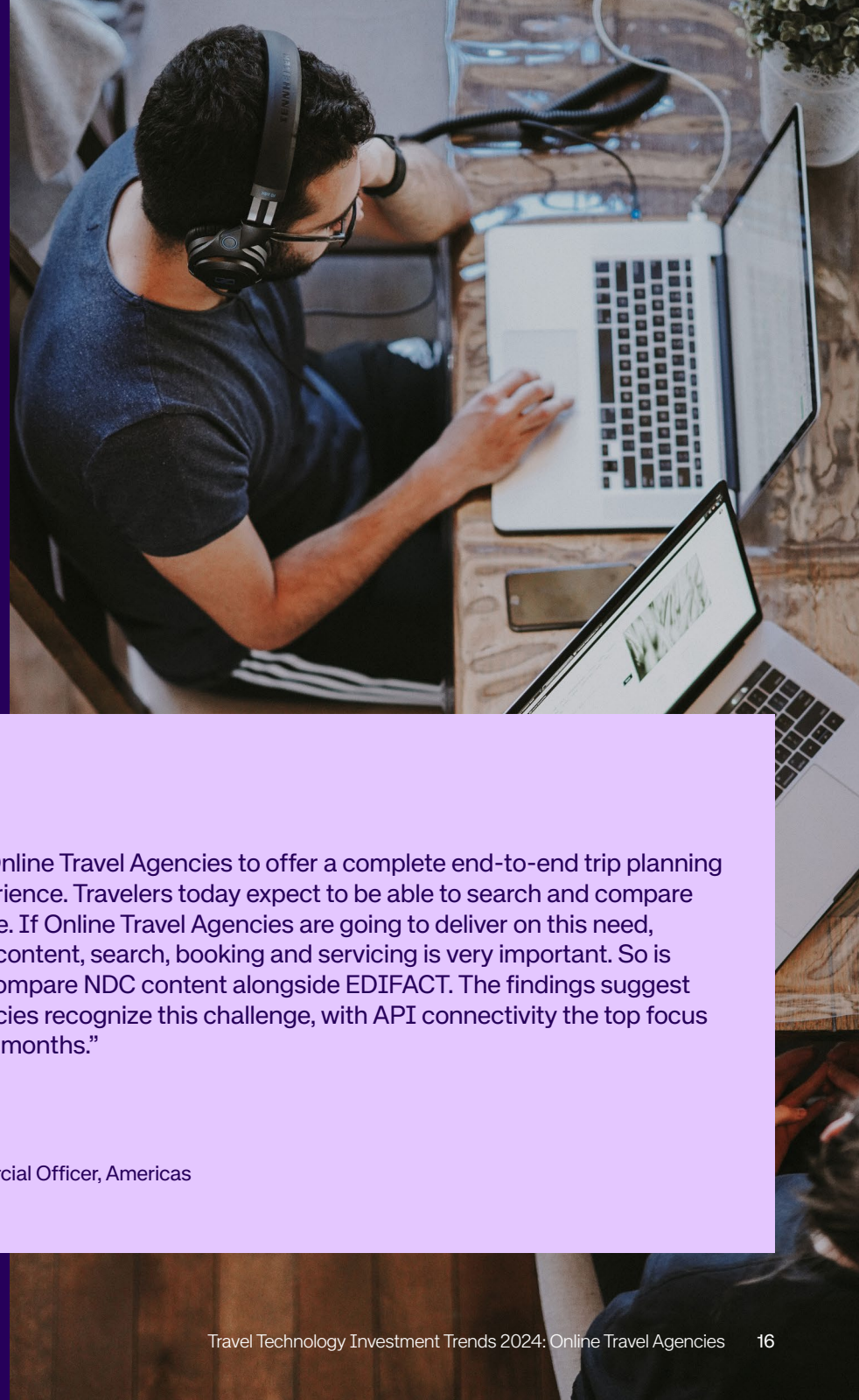
Which capabilities are Online Travel Agencies focused on implementing in the short term?

Next 12 months:

48%
APIs to connect to multiple content sources more easily

41%
Improvements to mid- and back-office systems

39%
API aggregation

35%
Conversational search

34%
Robotics for back-office efficiency

Which capabilities are Online Travel Agencies focused on implementing in the longer-term?

More than 12 months:

21%
Robotics for back-office efficiency

18%
NDC

15%
Self-serve ticket change

14%
LCC servicing

13%
LCC search

Overall, around 90% of Online Travel Agencies already have, or say they will at some point in the future, implement or improve every technology area covered in this study, suggesting significant agreement in the direction of travel for the industry. In the longer term, respondents also see a growing role for NDC in their operations.
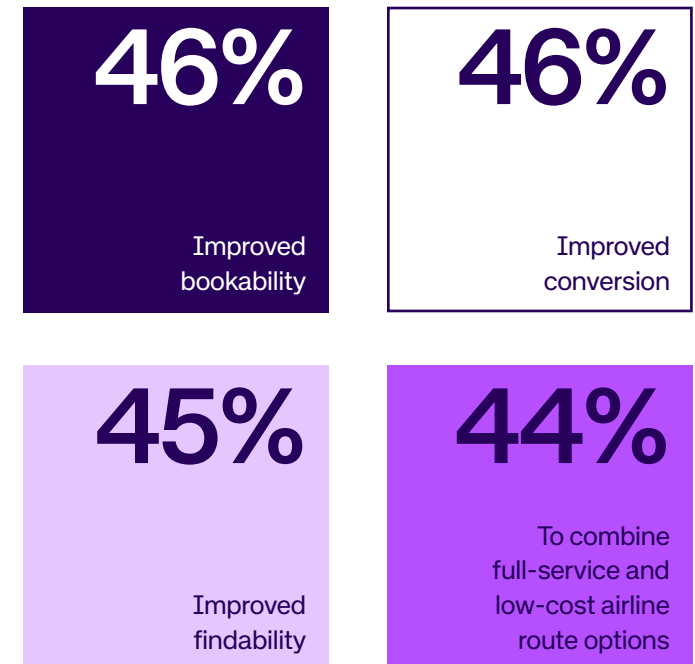
Priority: Improved Search

Effective search is key to the Online Travel Agencies offering, so it is no surprise to see that 72% of survey respondents are investing in enhanced search technology today. A further 22% plan to do so soon.

With this aspiration in mind, the top challenge for Online Travel Agencies seeking to improve search are the limitations of airline systems to handle massive polling requests (46%). This suggests enhanced collaboration will be required, while the 'complexity of the work' (42%) and 'competing priorities' (35%) were also highlighted as areas of concern.

Some 59% of Online Travel Agency respondents said they were currently building their own search technology. However, only 17% are currently planning to do so without the support of a travel technology supplier.

Most of the Online Travel Agencies building their own search capability will do so with a supplier (43% of all respondents), while 41% said they will use off-the-shelf search technology (usually, with various levels of customization). Finally, only 6% plan to use off-the-shelf technology without any customization, with 15% opting for moderate customization and 20% significant customization.

The top drivers for OTAs to improve search technology are:

46% Improved bookability	**46%** Improved conversion
45% Improved findability	**44%** To combine full-service and low-cost airline route options

> Online Travel Agencies point to the limitations of airline technology supporting massive query requests. This is a very topical issue across the industry. As airlines become retailers and start to put together dynamic offers, they are also opening the floodgates to a wave of search and query requests from partners such as Online Travel Agencies. As airlines make the switch to new Offer & Order systems, dealing with these high "look-to-book" rates should be a key concern. We are working with airlines and Online Travel Agencies to find industry viable solutions that allow airlines to maintain control of the offer process while handling Online Travel Agency queries at scale."

Bénédicte Isnardon

Associate Director, Search & Inspire, Product Marketing Management
Amadeus

Priority: Preparations for NDC

This study questioned Online Travel Agencies on several areas of preparation for NDC and, perhaps surprisingly, none have been undertaken by more than half of the sample. However, conversely, only 6% of Online Travel Agencies said they have taken no action at all on NDC, potentially suggesting there is progress in the deployment of the new standards, but it is slower than anticipated.
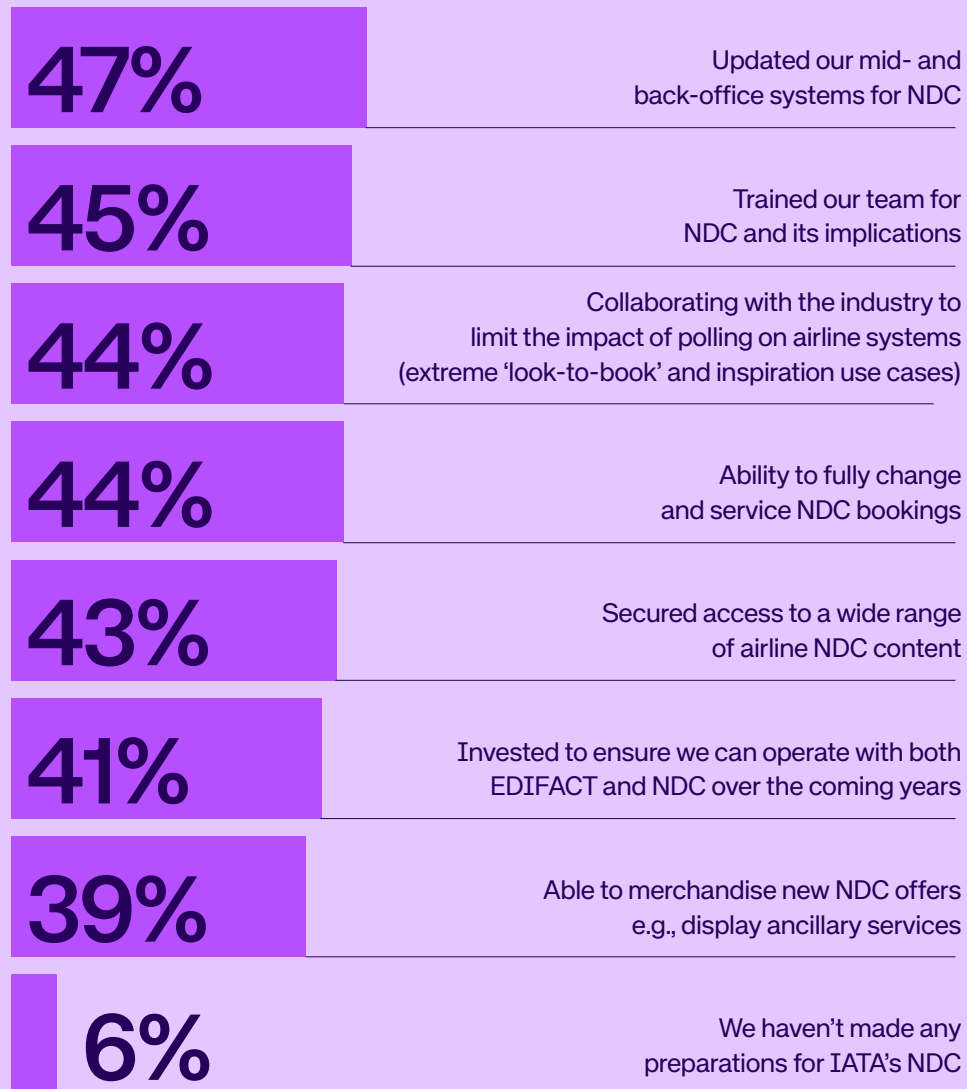
Diving a little deeper, Online Travel Agencies suggest catering to multiple standards at once is the biggest challenge NDC poses. Yet, significant minorities cite issues with 'securing content' and the 'negotiations' required to do so. Nearly a third of Online Travel Agencies pointed to problems with the large-scale polling of airline systems required to obtain offers and pricing for travelers during the search process as potential areas of concern.

Focused investment could ease the transition.
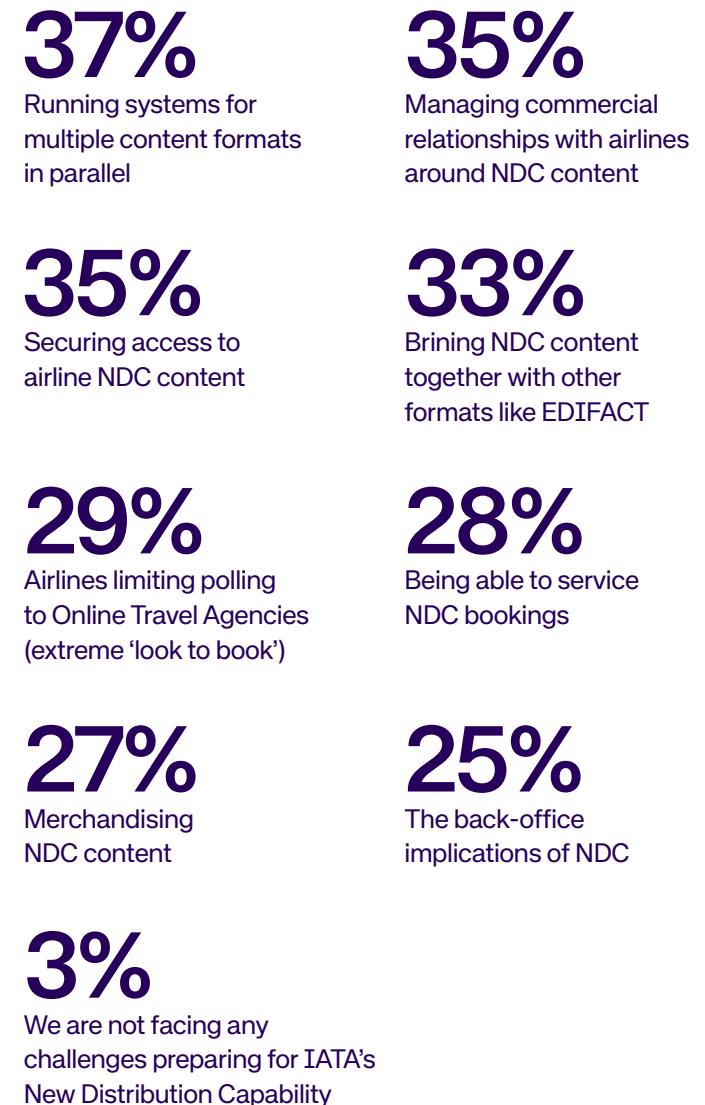
With effective NDC search, Online Travel Agencies will be able to respond faster to the traveler and build inspirational use cases – such as destination maps or calendars – without systematically polling the airline. The airline, as owner of the data, will control and decide which content to push into the repository, while demands made of the IT systems of the airline will be reduced.

What preparations, if any, has your agency made for IATA's New Distribution Capability (NDC)?

47% Updated our mid- and back-office systems for NDC

45% Trained our team for NDC and its implications

44% Collaborating with the industry to limit the impact of polling on airline systems (extreme 'look-to-book' and inspiration use cases)

44% Ability to fully change and service NDC bookings

43% Secured access to a wide range of airline NDC content

41% Invested to ensure we can operate with both EDIFACT and NDC over the coming years

39% Able to merchandise new NDC offers e.g., display ancillary services

6% We haven't made any preparations for IATA's NDC

What are the biggest challenges for your Online Travel Agency when preparing for NDC?

37% Running systems for multiple content formats in parallel

35% Managing commercial relationships with airlines around NDC content

35% Securing access to airline NDC content

33% Brining NDC content together with other formats like EDIFACT

29% Airlines limiting polling to Online Travel Agencies (extreme 'look to book')

28% Being able to service NDC bookings

27% Merchandising NDC content

25% The back-office implications of NDC

3% We are not facing any challenges preparing for IATA's New Distribution Capability

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When interpreting the data in this study it is important to consider that more than half the executives surveyed represent regional Online Travel Agencies with less than $100m in annual revenue. We know from our own work with large Online Travel Agencies that this group of mega players tend to be further ahead with NDC adoption. At Amadeus we see that NDC volumes have increased by a factor of five compared to 2022, and the large Online Travel Agencies are playing an outsized role in this trend.

During 2023, we also saw more major airlines, like Air Canada and SAS, decide to make their NDC content available via Amadeus. What's really important for Online Travel Agencies now is having the ability to poll airline systems at huge scale, so they can return accurate offers to any traveler or third-party. Amadeus is bringing airlines and Online Travel Agencies together around this topic to ensure NDC scales effectively.”

Ludo Verheggen

Director Air Distribution Product Marketing Amadeus

![avianca logo]

Amadeus recently unveiled a study with Avianca, demonstrating progress from the airline with NDC since signing an expanded agreement with Amadeus in 2021 to supply the travel agency community with its full range of NDC content.

Not only is the airline seeing double-digit growth in its NDC bookings, but the airline has re-focused its commitment to its agency partners too.
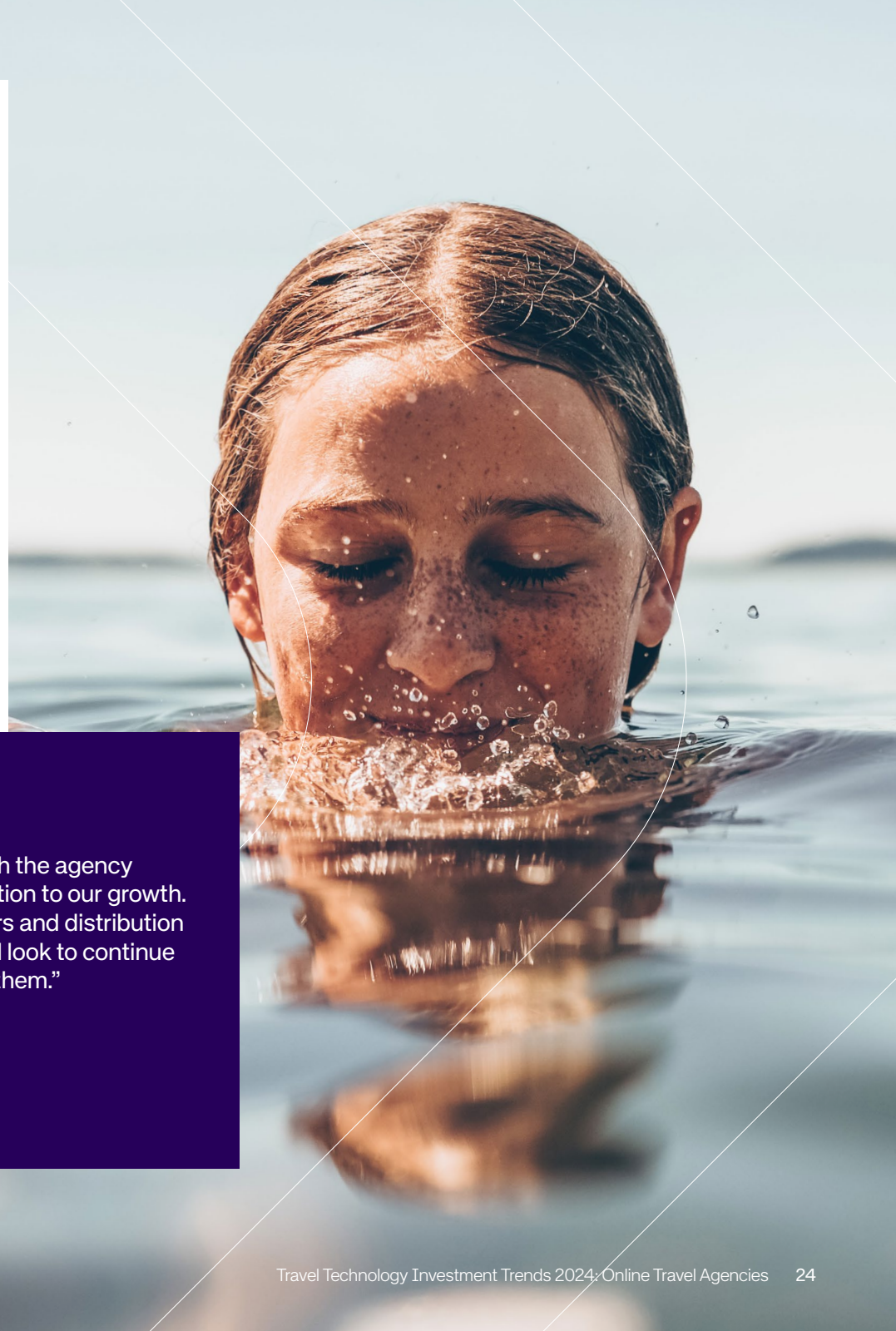
Find out more

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We value our relationships with the agency community and their contribution to our growth. Avianca considers travel sellers and distribution partners as key actors and will look to continue building strong relations with them."

**Catalina Nannig**

VP, Sales and Distribution
Avianca

Priority: Access to content

In the short-term, Amadeus' research reveals Online Travel Agencies are seeking better access to hotel, full-service carrier, insurance, destination and NDC content. Having access to the widest range of content in a single location helps Online Travel Agencies create the end-to-end, personalized experiences travelers demand.

However, perhaps surprisingly, specialist content like cruise, meeting and event space and ground transport content was less of a priority for Online Travel Agencies at this time.

The top types of content Online Travel Agencies are seeking access to are:

43%	38%	38%	37%	36%
Hotel	Full-service airline	Insurance	Destination	NDC content
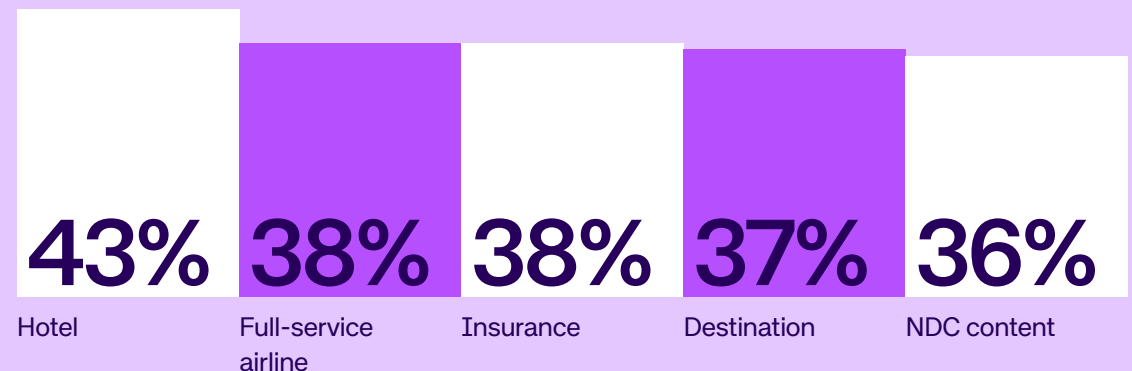
Priority: Merchandising

In terms of merchandising, 81% of Online Travel Agencies said it was either 'important' or 'very important' for them to be able to effectively merchandise airline products. The top reasons given by the sample were 'gaining access to more airline content' (cited by 58%), 'need to be a one-stop shop' (50%) and 'to keep up with options available on airline websites' (47%).

To better merchandise, slightly more than half of Online Travel Agencies cite the need to 'access rich content like expanded descriptions or images to better sell the product' as essential, while upselling to a 'better rate' or 'better fare' was only deemed important by a fifth of Online Travel Agencies.

At the same time, 86% of Online Travel Agencies said they 'frequently' or 'all the time' suggest additional add-ons to their customers, like hotels, car, rail, insurance or transfers. Online Travel Agencies work to do this as part of ambitions to 'service a full end-to-end trip for their customers' (67%) and because they 'need to be a one-stop shop to meet traveler needs' (49%). Finally, driving revenue was the most influential driver for suggesting add-ons for 49% of Online Travel Agencies.

Travelers increasingly expect end-to-end experiences, and Online Travel Agencies see merchandising as a key to meeting that demand.
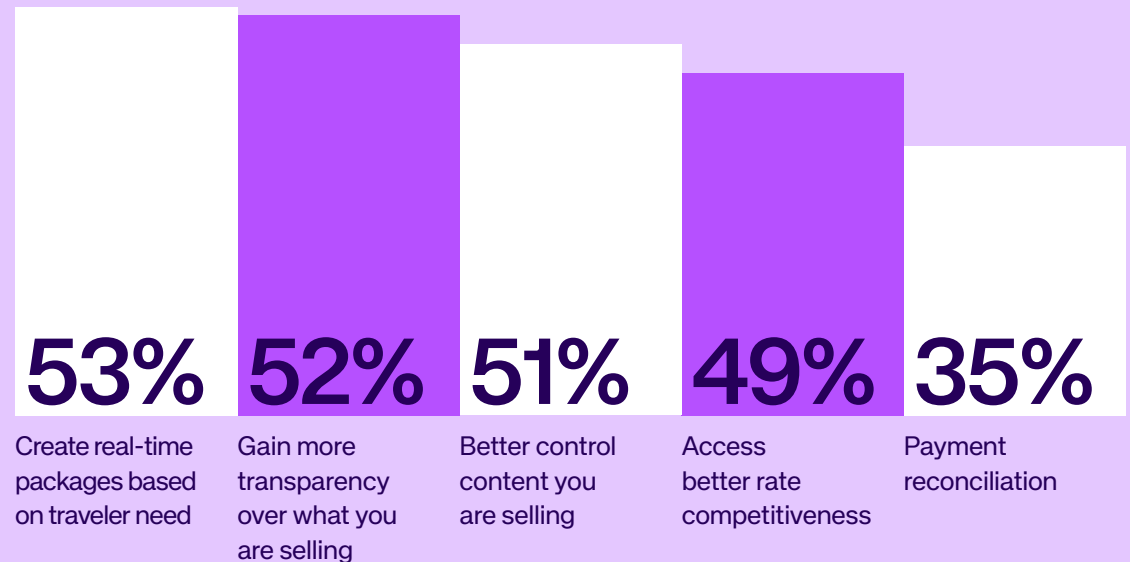
> "
> We want to ensure our customers can provide the perfect end-to-end and personalized experience for travelers. For this reason, we source content from a wide range of providers and make it available in one place. It all comes together, regardless of the type of content: from air, hotel, rail, insurance and mobility.
>
> For Online Travel Agencies, we have launched Amadeus Value Cars, which empowers them to offer car rental services to their travelers without requiring extra resources for handling agreements, connections or reconciliation."
>
> **Peter Altman**
> VP, Mobility and Travel Protection, Hospitality
> Amadeus

When it comes to how technology can help with selling products 'beyond air' Online Travel Agencies highlighted:

53%	52%	51%	49%	35%
Create real-time packages based on traveler need	Gain more transparency over what you are selling	Better control content you are selling	Access better rate competitiveness	Payment reconciliation

Priority:
Servicing and automation

Today, Online Travel Agencies estimate roughly 12% of their bookings involve a voluntary or involuntary ticket change, suggesting this consumes 11% of their customer service resources. Levels of self-service for ticket changes are reasonable today, with 64% of respondents enabling this via web and 57% using mobile.

However, a significant minority of Online Travel Agencies continue to handle ticket changes manually via the contact center.

Effective investment in self-service tools for rebooking could lead to automation of time-consuming ticket exchange and refund calculations, potentially saving Online Travel Agencies money by reducing demands on contact centers or agents. Self-service capabilities, available through a fully digitalized ticket exchange and refund experience, can enhance the customer experience, offering a quick, automated and transparent process.
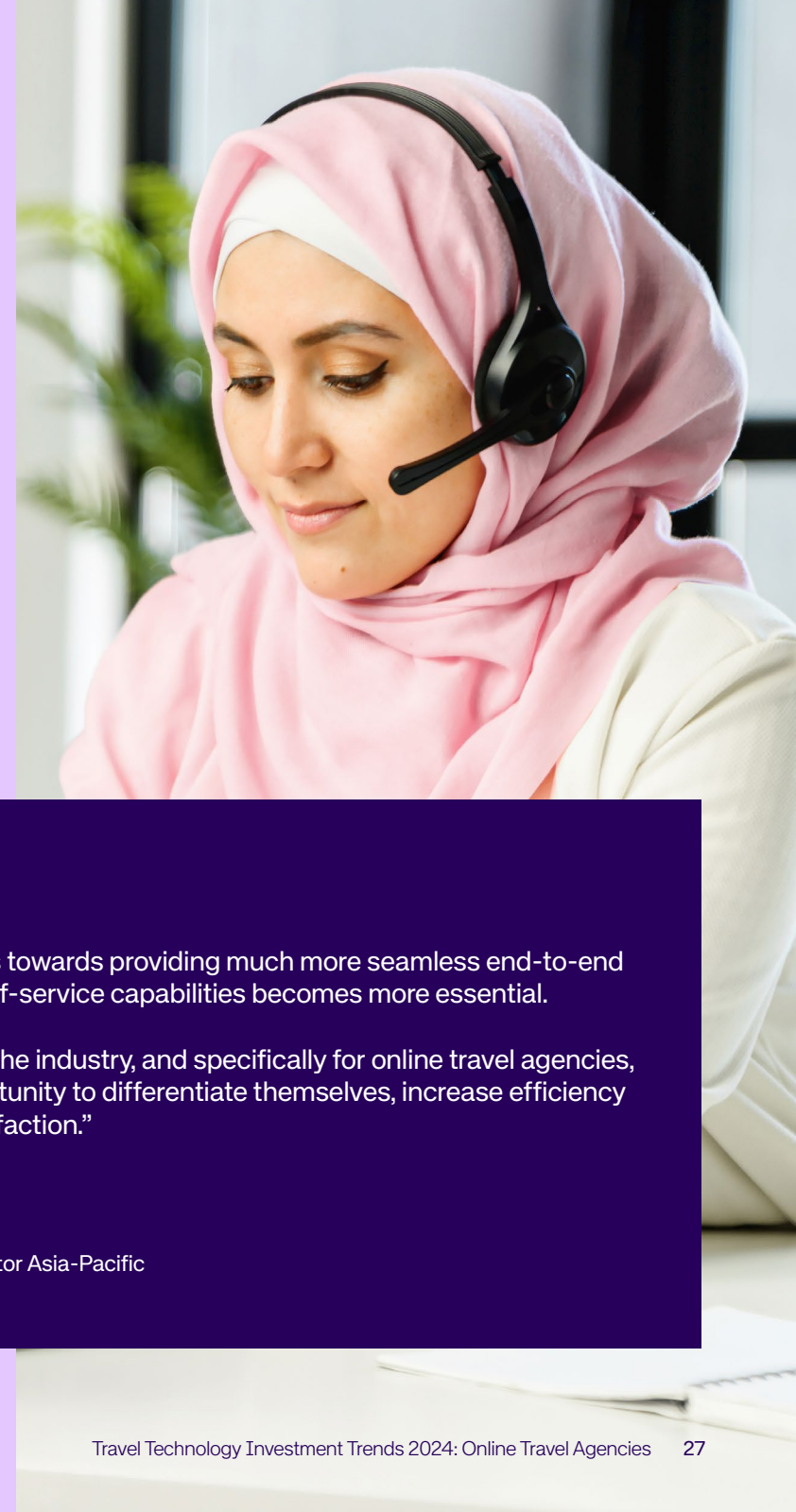
> "
>
> As the travel industry moves towards providing much more seamless end-to-end journeys, the adoption of self-service capabilities becomes more essential.
>
> This is true for all players in the industry, and specifically for online travel agencies, self-service brings an opportunity to differentiate themselves, increase efficiency and improve customer satisfaction."
>
> **Javier Laforgue**
> EVP, Travel Unit & Managing Director Asia-Pacific
> Amadeus

Virtually all respondents (96%) said it was 'important' (41%) or 'very important' (55%) to invest in a Trip Management System (TMS) to empower agents to better serve travelers over the coming 12 months. This is potentially linked to the overall objective to better service the traveler over the entire trip.

The majority of Online Travel Agencies plan to use their existing TMS to enable LCC bookings (64%), LCC servicing (55%) and LCC search (49%).

Investment in effective LCC search could offer more content to travelers by unlocking additional carriers. Online Travel Agencies today have an opportunity to address all search use cases thanks to off-the-shelf connections to airlines, covering all search travel funnel use cases. This frees Online Travel Agencies to focus on enhancing airline relationships, rather than dealing with connectivity complexity.

At the same time, Online Travel Agencies estimate they have automated 22% of their manual processes using robotics today, although more than half of respondents said they had automated less than 20% of manual processes. A quarter of respondents said less than 10% of processes have been automated.

Online Travel Agencies plan to increase the use of robotics soon, with plans to automate a further 27% of their processes on average. This would take the number of automated processes close to 50% for the average Online Travel Agencies.

The potential of robotics to enhance the efficiency of Online Travel Agencies therefore presents a significant opportunity for travel technology providers. Streamlined business processes thanks to the standardization of back-end system workflows and enhanced data quality can help Online Travel Agencies achieve optimum productivity. At the same time, robotics can reduce the risk of Airline Debit Memos (ADMs) as well as costly human errors, thanks to compliancy with internal operations with customized rules set up by the Online Travel Agency to automatically deal with policies, issuance, queues and other criteria.

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There are areas of focus that add value for Online Travel Agencies, like search and payments. Then there are hundreds, if not thousands, of routine processes going on that support operations. The fact is, many of these processes simply involve moving information from one place to another or taking an action when a criterion is met. This work is dull when undertaken by a human and is ripe for automation with robotics technology."

Guillaume Pamélard

VP Travel Sellers, EMEA Strategic Accounts
Amadeus

The central finding of Travel Technology Investment Trends relates to content. Online Travel Agencies are seeking easy access to the widest range of content, while the emerging challenge of 'direct connects' is spurring further investment of resources. Content fragmentation looks set to remain a hot topic for the foreseeable future.

Sustainability

More sustainable travel takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities. This can take many forms, from using new types of fuel, different forms of transport, working to reduce the impact on destinations or even something as simple as sharing a taxi.

Building an increasingly sustainable travel industry is a top priority for Online Travel Agencies.

A huge 90% of respondents confirmed that sustainability objectives are an 'important' (41%) or 'very important' (49%) driver of technology investment.

Agents showed a sense of confidence around progress for environmental, social and governance objectives, for example, 81% are confident they can show tangible steps taken on 'environmental sustainability,' while 79% say they can demonstrate tangible steps when it comes to 'social sustainability' and 81% are confident when showcasing tangible 'governance' steps.

"

Online Travel Agencies are beginning to integrate carbon emissions information into the search experience. By empowering travelers to choose their providers based on carbon impact, Online Travel Agencies can play a major role in fostering a more sustainable industry. When travelers have choice it motivates all players to improve their carbon efficiency. We're also seeing Online Travel Agencies offer carbon offsetting options during the booking flow, with encouraging take-up from travelers. Amadeus aims to make this possible across the industry."

Olivier Girault

Head of Sustainability Solutions, ESG Office
Amadeus

Conclus

The evolution of Online Travel Agencies has reached a pivotal moment. Leaders in this space told researchers they are striving to provide an end-to-end trip planning, booking and servicing experience to travelers as they aim to become a 'one-stop-shop'. Linked to this macro-objective is the desire to deliver a better experience.

sion

Achieving this requires multi-faceted action. This research suggests Online Travel Agencies recognize greater investment in technology will be fundamental, as nine-in-ten Online Travel Agencies are planning to implement every new technology area suggested during the research, with average spend on technology set to grow by 13% over the coming 12 months.

But, even with this increased investment, there are likely to be competing demands as Online Travel Agencies tackle several important challenges.

Respondents told researchers they are still making improvements to the experience they currently offer, with improved search capabilities to incorporate new options like LCCs, hotels and NDC content being a key priority. Similarly, respondents are planning to boost self-service and empower their agents with better trip management technology.

A significant minority of Online Travel Agencies plan to implement digital payments, machine learning and self-service over the coming year.

According to the research, a typical Online Travel Agency is set to automate a further 27% of its processes in the future, suggesting a major program of automation is underway across the sector. With respondents estimating that ticket changes currently account for 11% of their customer service resource, automation is a key near-term priority.

The results of this study paint a mixed picture on NDC. While the vast majority of Online Travel Agencies value accessing and selling a wider range of airline products and services, the data shows that maturity varies across the sector. Indeed, when set against other priorities, NDC preparation was only cited as a priority by 25% of respondents.

Two major challenges were identified by Online Travel Agency leaders. The first is the complexity of managing the multiple API connections needed to make NDC a reality. The findings suggest the sector would welcome aggregation to tackle content fragmentation and reduce the complexity involved in a multi-standard distribution world.

The second challenge relates to readiness of airline systems. Online Travel Agency leaders are concerned that, as airlines assume control over their underlying IT systems, they will struggle to fulfill the high volume of polling requests initiated by Online Travel Agencies. Here, new collaborative approaches are needed that protect airline systems from this polling while still ensuring the airline can package and make its content available in the way it chooses.

At the same time as dealing with these current priorities, Online Travel Agencies have an eye on the disruptive potential of Generative AI. Some 40% of Online Travel Agency leaders think the technology will have a significant impact on the industry over the coming year.

Amadeus is responding. The way Online Travel Agencies acquire traffic has long been a point of contention in the industry. Traffic acquisition costs have steadily increased and are now one of the largest line items on the balance sheets of Online Travel Agencies. Generative AI offers a new route for Online Travel Agencies to place their offers and service in front of the traveler, without the costs associated with traditional search. At the same time, Generative AI holds significant potential to automate service and to enhance the core Online Travel Agency search experience.

The transformative potential is clear.

How will Online Travel Agencies allocate their typically expanded technology investment budget between these current and disruptive priorities? The research suggests that the question will be the subject of discussion in many boardrooms across the industry.

Methodology

This report is informed by a survey with 150 senior leaders from Online Travel Agencies that are involved in technology investment decision-making.
When reviewing the findings, it is important to note that around 50% of respondents were drawn from regional Online Travel Agencies with revenues of less than $100m.

The research was carried out in ten countries to provide a globally representative view. Respondents were drawn from the following countries: Brazil, China, France, Germany, India, Mexico, South Korea, UAE, UK and USA.

The survey was conducted by independent market research agency, Opinium, in quarter four of 2023.

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