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Market analysis report 2017

# Agency Debit Memos



### NOTICE

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### 01 Introduction

Agent Debit Memo (ADM) is the legitimate accounting tool used by airlines to collect adjustments for STDs issued by Agents. (Reso 850m).

There is a significant matter of contention with regard to ADMs and the negative impact on the Air transport industry representing a substantial administrative cost for Airlines, Travel Agents and the broader community involved in the ticketing distribution chain. Over time, Airlines and Agent community have expressed their respective concerns to IATA about their challenges when managing ADMs.

As such, ADMs are an enormous source of friction between business partners, therefore the Agency Debit Memo Working Group (ADMWG) involves all industry actors (Airlines, Agents and their Associations, GDSs, ATPCO, ARC & IATA SMEs) working together in a data-focused and blame-free environment, where constructive solution-oriented discussions take place to bring in reduction of the workload required for capturing revenue leakages, thereby reducing ADM volumes and settlement timeframes, as well as improving business relationships amongst the industry. The aim of the Working Group is to improve the inefficiencies in the current distribution chain, which have been identified through ADM data.

The ADM Management & Reduction Project consists of a set of actions to categorize the issuances of ADM by formalizing the reporting of Reasons

for Memo issuance and reduce the number of issuances by analyzing the root causes, through improved controls and training. The goal is to reduce or eliminate ADMs by fixing problems in the industry supply chain through the close collaboration of the stakeholders.

In the interest of assisting our members, we have undertaken a market analysis in order to understand the situation of Airlines and Travel Agents with respect to ADMs and to be able to offer concrete solutions for their specific needs. On the other hand, this study aims to provide market intelligence foundations that will help IATA to formulate a strategy for promoting the ADMWG best practices more efficiently.

This analysis is built upon a market research of all Airlines and Travel Agents that are BSP/ASD users around the world.

The report is structured with, first, the executive summary and methodology of the assessment. This is followed by the market research with the survey completion status report and geographic distribution. The market analysis section sets out the research results including an interpretation of the figures and specific objectives. Lastly, the market segmentation and the final section includes a summary of the analysis with the key challenges considered as actions to take.

### 02 Executive summary: Overall results

- We received 54 responses from Airlines (18% response rate) to the ADM survey; a result that reveals that IATA member Airlines are not completely engaged with the ADM subject.  
Travel Agents, however, corroborate a strong interest with a number of 968 responses from a total of 31,000 Travel Agent Head Offices; a high response rate considering the vast market segment and that regardless the number of Head Offices per company, the survey policy required only one response per company.
- As a preliminary remark, this is the first time that IATA undertakes a global market research to analyze all of the aspects respecting ADMs. Despite the fact that this is a sensitive matter for both Airlines and Agents, the results are quite useful and consistent with the purpose of the market needs.
- Airlines and Agents acknowledge the issues regarding ADMs and the administration costs involved, although some Airlines were unable to provide specific data. This suggests that in some cases the data requested is difficult to obtain.
- The 8 key focus areas to work on include:
  - Assist Agents and Airlines to reduce the administration costs associated to the management of ADMs.
  - Elaborate a solid and effective communication strategy for promoting the ADM best practices guideline to a global community of Airlines and Agents.
  - Provide ADM business intelligence tools that are accountable to the specific purposes of usage that Airlines and Agents manifested separately.

- Enhance the BSPLink/ASD communication functionalities in order to offer a single and effective communication platform for the parties involved in the ADM process.
- Standardize a vehicle that helps to facilitate a process in BSPLink/ASD that easily identifies an auto-priced transaction and enables the GDS to have a direct dialogue with the Airline when enabled by Airline.
- Improve the overall relationship and communication between the parties involved in the ADM distributing chain.
- Design a competent and unique Airline ADM information Central repository in BSP Link/ASD that is easy for Agents to access.
- Create an Airline standard dynamic ADM Policy module that is flexible for Airlines to adopt and that can be easily understood by Travel Agents and GDSs.

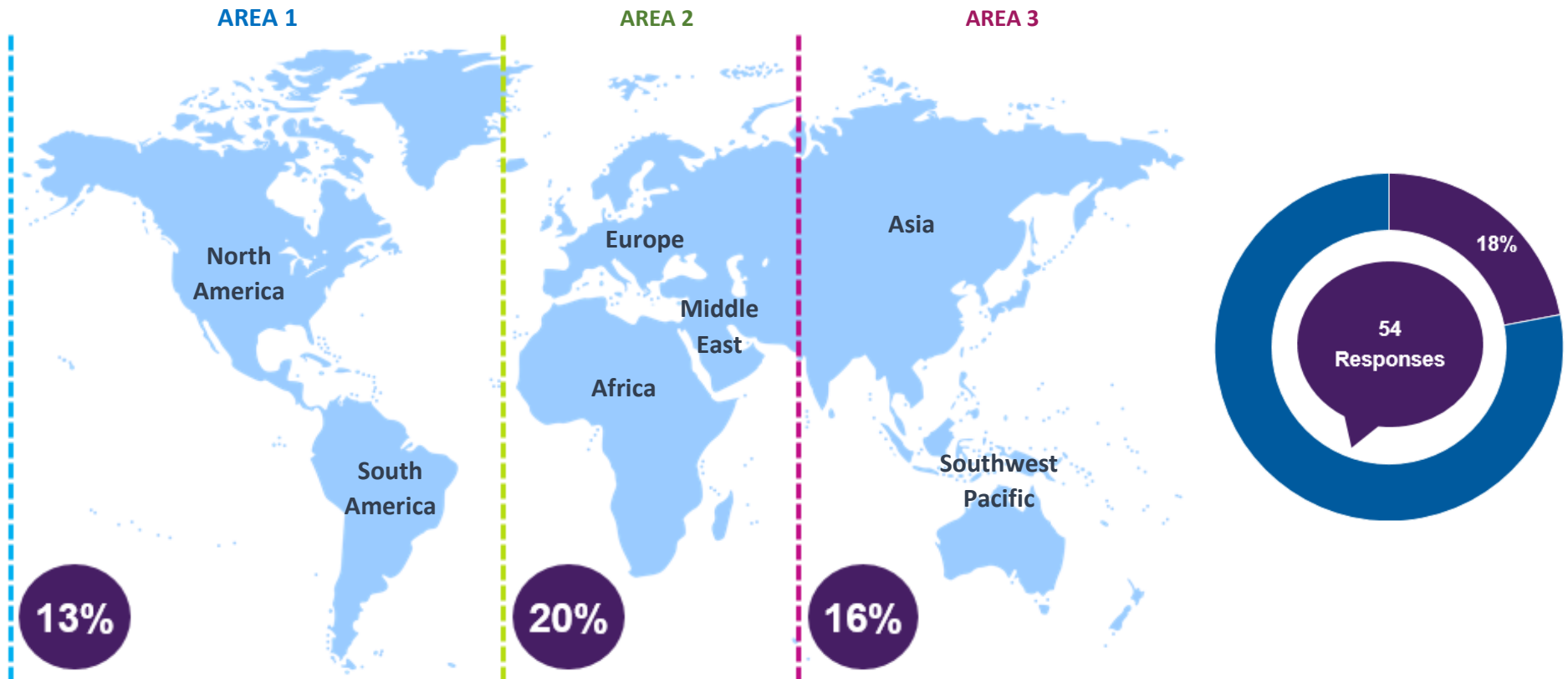
### 03 Methodology

As we embarked upon the ADM Market Analysis, we aimed to gain insightful perspectives and market-based data around the topic of ADMs from IATA members themselves, with a view to have a global understanding of the ADM management situation. In other words, our purpose was to capture the reality of the general and specific issues that affect Airlines and Agents daily when dealing with ADMs.

To that end, the ADM Reduction Project team conducted an online survey in January 2017 that was distributed to the pertinent Revenue Accounting departments of 300 Airlines and 31,000 Agent Head Offices that are part of BSP.

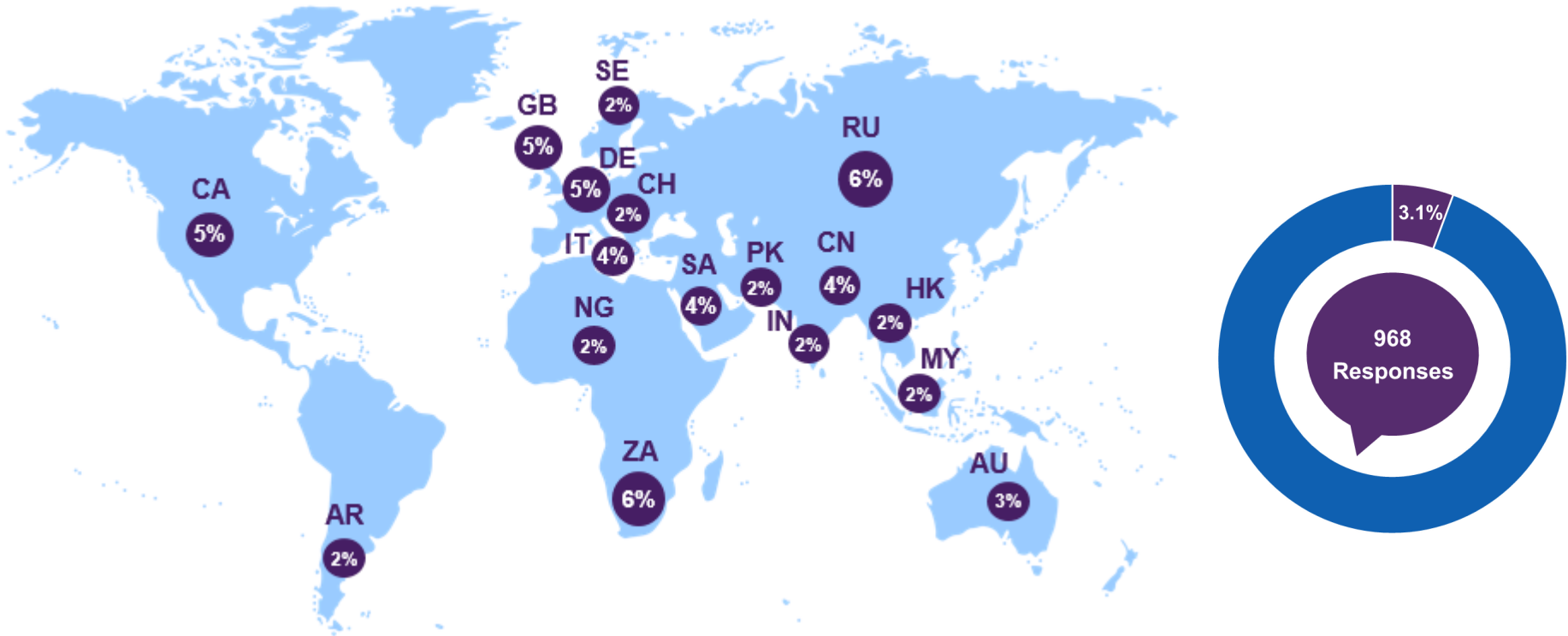
## 04 Market Research- Survey Completion Status & Geographic Distribution

### Airlines



- The ADM survey was sent to the Revenue Accounting departments of 300 Airlines and we received 54 responses to the questionnaire, a response rate of 18% that reflects a low engagement.
- From a total of 39 countries that participated in the survey, the map highlights the response average distributed by IATA areas from which 20% of responses were obtained from Area 2, 16% Area 3 and 13% from Area 1.

### Travel Agents

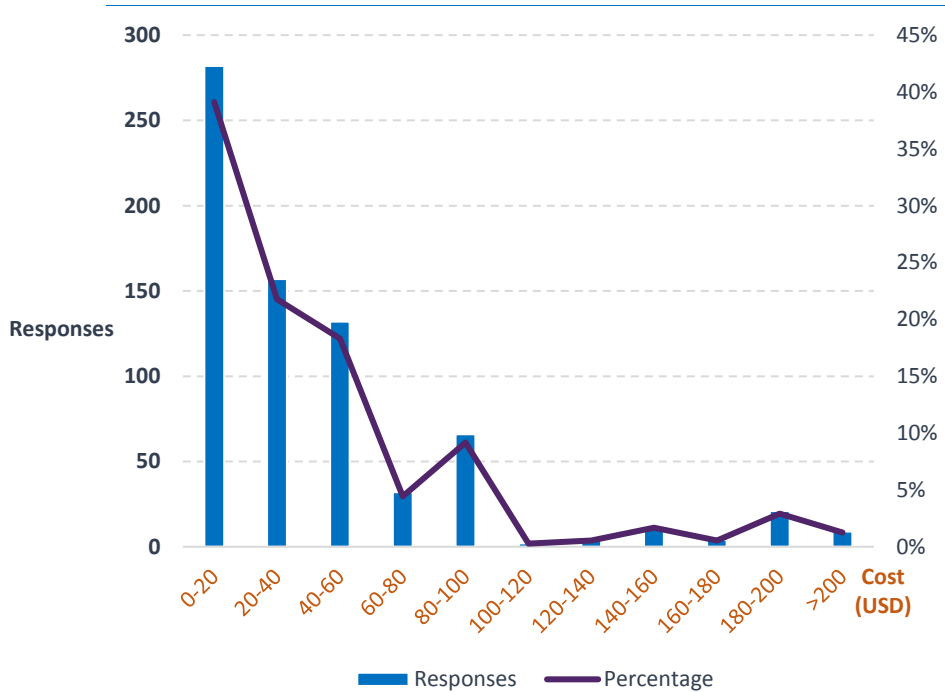


- The survey was sent to around 31,000 Agent Head Offices from which 968 participated in the market research. We consider this a high response rate with strong involvement taking into account that we addressed a vast market segment and that the survey was sent to all IATA Accredited Head Office locations including international Agent groups that have more than one Head Office, only one response per company was required. Moreover, the survey was distributed in English for all markets except China (simplified Chinese), causing language limitations for some French and Spanish speaking countries.
- From the 108 countries that participated, the map points out the main countries where most responses came from. The top 4 are Russia and South Africa (6%), continuing with a 5% presence from Canada, Germany and United Kingdom.

## 05 Market Analysis- Survey results

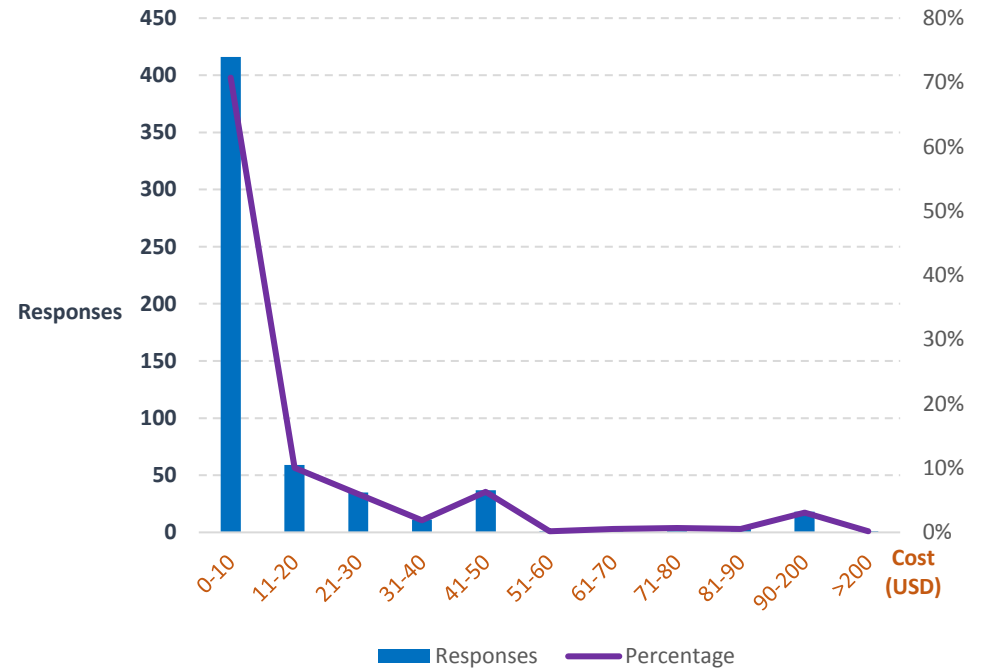
Q1- Agents where asked; what is the average administration cost of each ADM in USD? Please take into consideration man power and external party company fees.

a) What is the average administration cost of each ADM (USD)?



Minimum cost: \$0    Maximum cost: \$285    Average cost: \$46

b) Out of these, how much is allocated to external parties (USD)?



Minimum cost: \$0    Maximum cost: \$250    Average cost: \$15



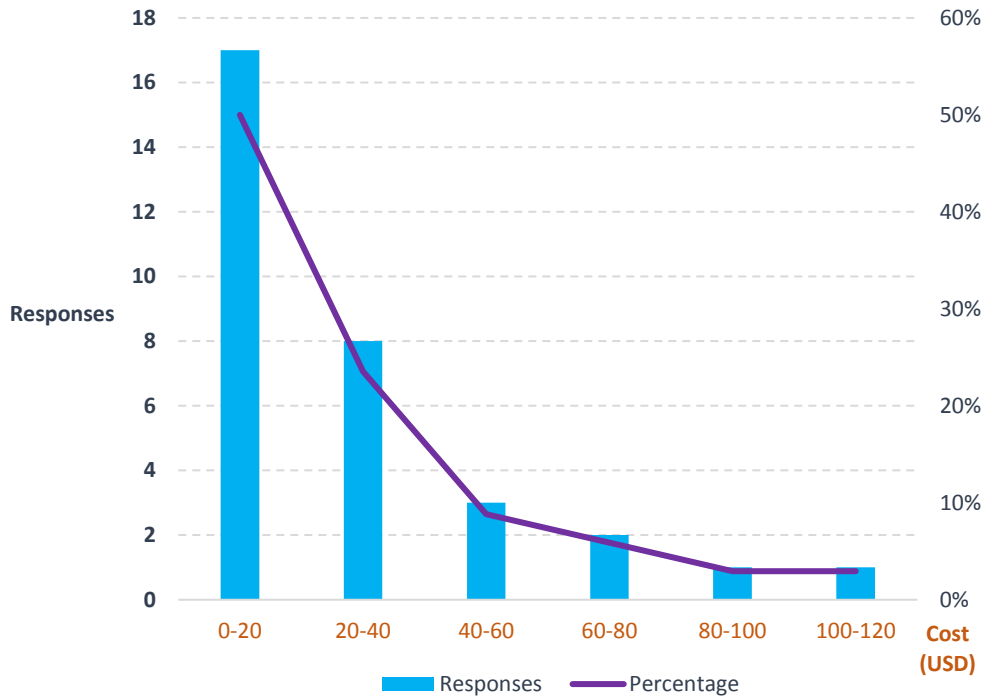
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In order to showcase the results of 968 Travel Agents, responses were categorized and grouped by cost range (displayed in chart a. and b. in 'Cost USD' categories):

- a) From the 968 Agents that participated in the survey, 721 provided a valid answer for the administration cost of an ADM for which we applied the criteria of not taking into consideration responses such as; 'not available' or an incorrect answer with a figure that is equal or superior than 300 USD. The results reveal that the average administration cost of each ADM is 46 USD. In the same manner, most of the Agents' cost do not exceed the amount of 60 dollars per ADM with 39% paying an admin cost that is in a range between 0 to 20 dollars per ADM, consequently the quantity drops to 22% whose cost is around 20 to 40 USD and 18% face a cost between 40 to 60 USD.
  - b) 61% of the Agents who replied the survey were able to specify how much of the administration cost is allocated to external parties. It is important to remark that nearly all Agents allocate from 0 to 40 dollars to external parties and the average cost is 15 USD.
- Objectives: The purpose of this study was to benchmark the administrative cost for an ADM versus the average value of ADMs to identify the level of cost-efficiency for ADM management. In 2016, the global average value of a financial adjustment made through an ADM was USD213.3 per transaction. For Travel Agents, the management of ADMs appears to be a costly yet unavoidable process to maintain as the cost is over 20% of the average adjustment value itself.
- Opportunities: There is significant room for improvement where the cost of ADM administration can be reduced by identifying solutions that will streamline and simplify the ADM management process.

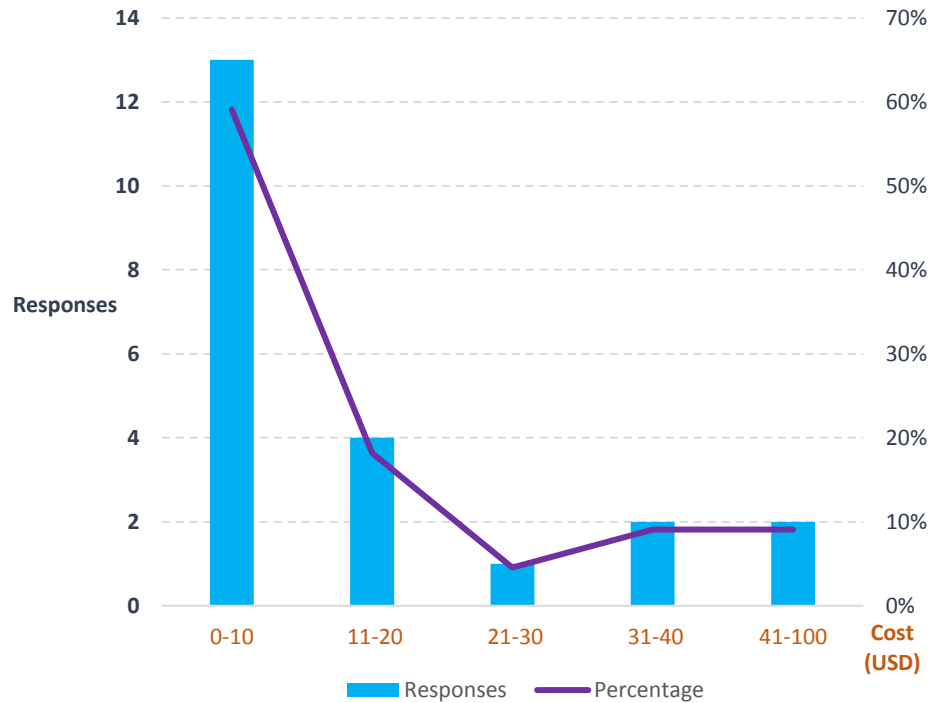
Q1- Airlines where asked; what is the average administration cost of each ADM in USD? Please take into consideration man power and external party company fees.

a) What is the average administration cost of each ADM (USD)?



Minimum cost: \$0    Maximum cost: \$103    Average cost: \$26

b) Out of these, how much is allocated to external parties (USD)?



Minimum cost: \$0    Maximum cost: \$93    Average cost: \$17

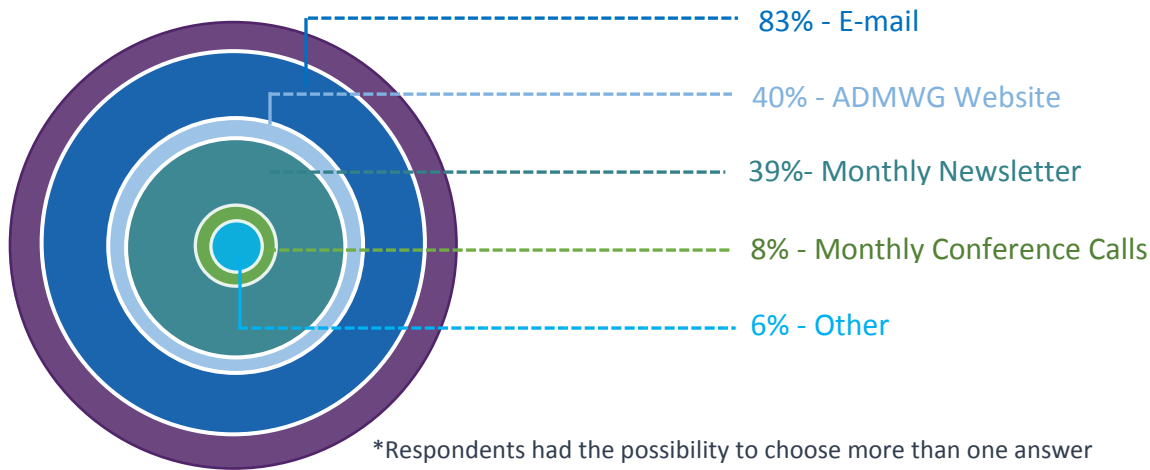
When asking Airlines the average administration cost of each ADM we were surprised to detect that 34 out of 54 who participated in the study were able to respond with a direct number. Aside from those airlines that indicated this information cannot be provided, most of them shared; an approximation, a percentage or stated that 'it is not easy to obtain each ADM cost'. Nonetheless, for those Airlines that could not provide a direct cost but did mention an indicative number or percentage, we were able to interpret the data and calculate the cost based on the Airlines ADM data obtained from the BSP database.

- a) Taking a look into the Airlines situation regarding the administration cost of ADMs, we can observe that the overall cost expenditure is lower constituting over half of the agents cost. The average administration cost of each ADM is 26 USD, furthermore, 50% of the airlines cost is between 0 and 20 dollars per ADM, while a 24% have a cost of 20 to 40 USD.
  - b) 22 Airlines (41%) from the 54 that replied to the survey indicated the cost that is allocated to external parties. It is worth stressing that the vast majority designate from 0 to 20 dollars to external parties and the average cost is 17 USD.
- Objectives: The objective of this question, similarly to the one posed to the Travel Agents, would help the industry identify the cost-efficiency for ADM Management. Whilst the response rate from Airlines was not strong enough to draw definite conclusions, the usable data indicated that the administration cost of ADMs for Airlines are approximately 12.2% of an average ADM. During 2016, approximately 45% of global ADMs issued were of a transaction value of less than 30 USD. Keeping in mind that ADMs are a mechanism to recover for revenue leakage, the cost associated to administrating such leakages should be kept to a minimal as much as possible.
- Opportunities: Whilst some Airlines do mitigate partially their cost via including administration fees in ADMs, the most effective way to improve this cost proportion to the industry would be to consider a lean and efficient revenue auditing system, as well as solving some root causes that may reduce the need for ADMs, thereby reducing the post-billing recovery workload altogether.

Further in the analysis (Refer to Q- Please indicate the revenue audit process that is used by your airline), it was indicated that the proportion of Airlines using external auditing parties and in-house auditing systems were very similar, and therefore there was no indication that the opportunities for cost reduction could come from either completely outsourcing or centrally managing this activity.

Q2- Agents and Airlines where asked; what would be the best way for IATA to promote best practices from the ADMWG to you and your community?.

Travel Agents



83%

The majority of the Travel Agents consider E-mail as the best way for IATA to promote the ADMWG best practices. This indicates us that the most effective way of maintaining this audience informed is the use of direct communication methods such as e-mails.

40%

40% Prefer the ADMWG Website to be informed about best practices. This figure evidences that the ADMWG Website is a valuable source of information, thus it should be updated regularly according to the latest project updates.

39%

Similar to ADMWG Website 39% of Agents selected the ADMWG Newsletter, which confirms that the ADMWG team should evaluate the alternative of sending newsletters to the global agent community to keep them informed of the latest project process, ADM data and news.

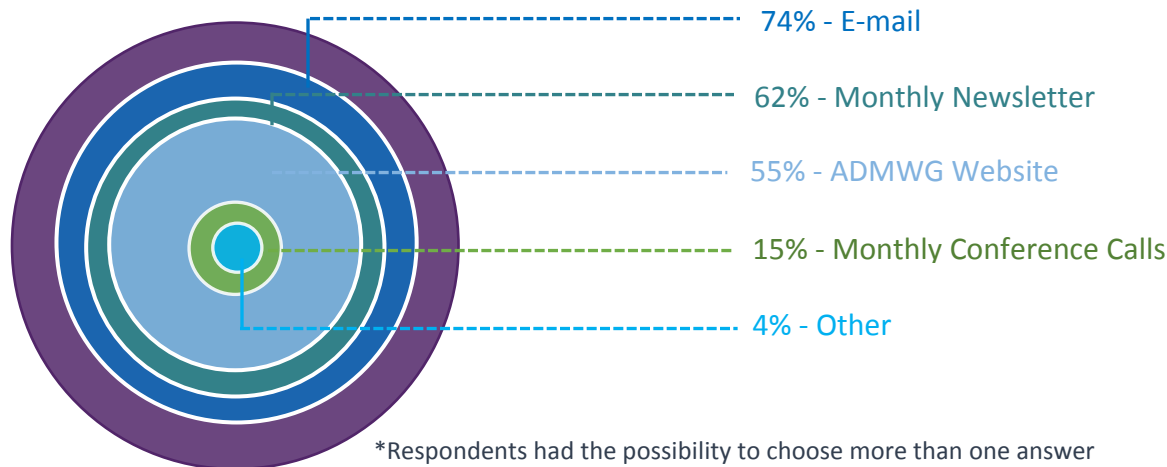
8%

Only 8% chose monthly conference calls; stating that this is not a preferable channel. Although, it has been considered by the ADMWG team that in some cases calls are useful when there is a need of discussing specific matters.

6%

From the 'Other' options suggested by Agents; the most popular was BSPLink with 21%, Workshops/Webinars with 11%, 10% mentioned information should be provided by GDS and 8% prefer phone in terms of calls or chats.

## Airlines



74%

Reassuringly, E-mail is the best way for IATA to promote the ADMWG best practices as it is considered the first choice both Airlines and Agents.

62%

A higher number of Airlines chose the ADMWG Newsletter, proving again that it is a competent communication tool to take into consideration.

55%

55% said they'd prefer the Website as a source of reference. This indicates that a higher proportion of Airlines is willing to refer to the Website when it comes to best practices.

15%

In the same position as Agents, Airlines are not so enthusiastic about having conference calls for learning about the best practices.

4%

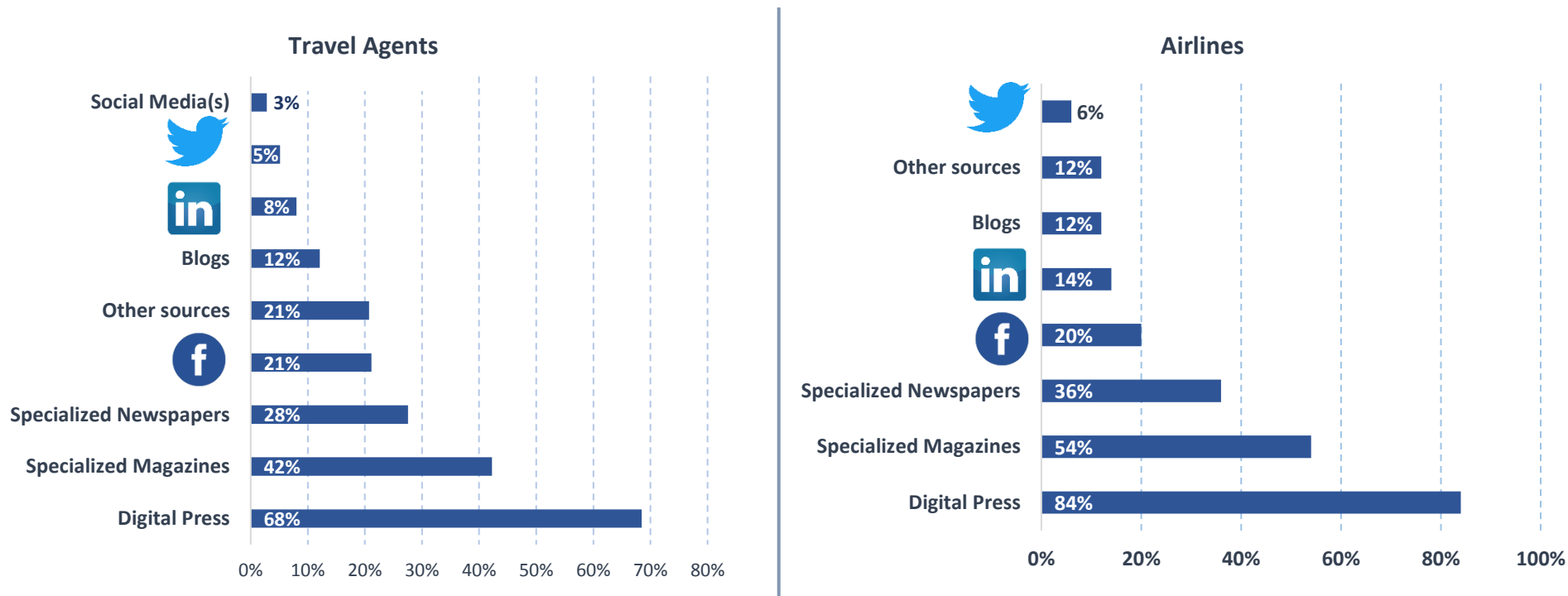
Just a few Airlines suggested 'Other' options like webinars and trainings.

→ Objectives- According to the study, the most effective communication strategy that the ADM Project team should pursue to promote the best practice guideline to a global community of Airlines and Agents is the use of direct communication tools such as e-mails and newsletters. However, it is proven that the ADMWG Website is a highly competitive source of reference especially for the Airlines.

→ Opportunity-

- Analyze the possibility of incorporating the ADMWG best practices guideline in BSPLink and examine how to communicate it effectively via e-mail and newsletter.
- Liaise with the IATA training team to study all the ADM areas that are suitable for training development and review the feasibility of offering new training proposals.

Q3- Agents and Airlines where asked; what is their main source of information for obtaining travel industry news?

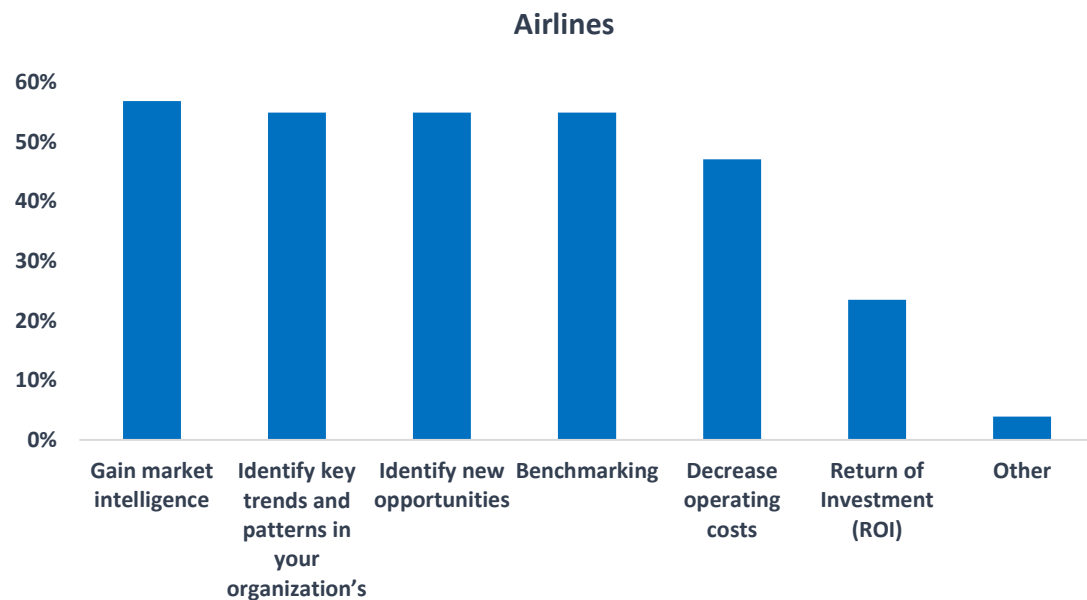
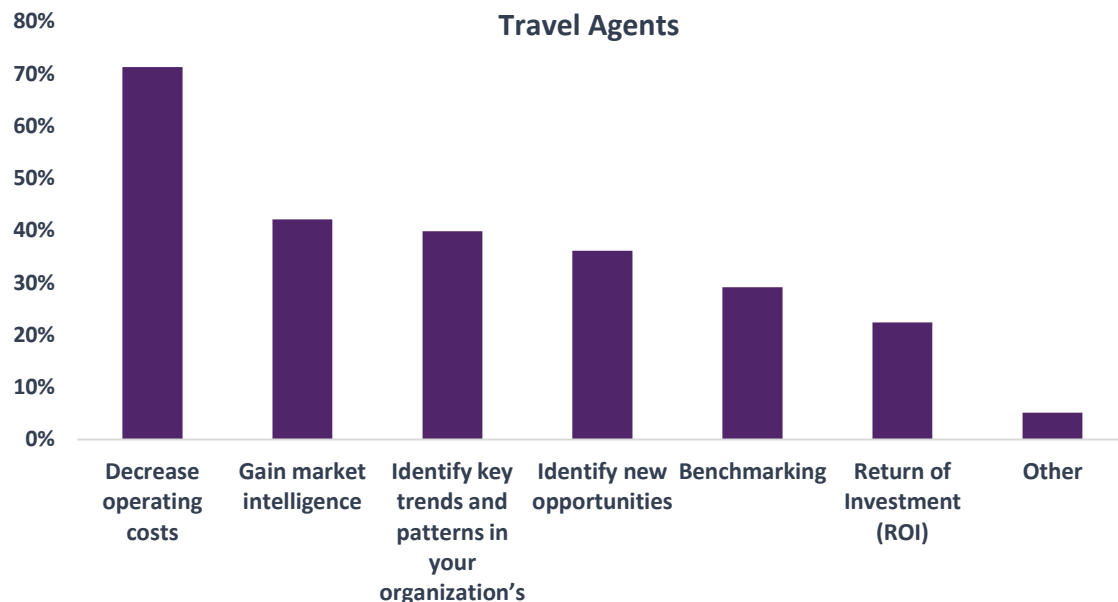


It is shown here that Agents and Airlines have a similar ranking of preferences when it comes to their main source of information for obtaining travel industry news. For both parties Digital Press is the most concurred source, followed by Specialized Magazines and Specialized Newspapers. While Facebook scores the fourth position, it is clear that it is the most used Social Media source for travel industry news. Nevertheless, 'Other sources' also seem to be significant for which 'e-mails, newsletters and direct communication' were mostly mentioned by Agents and 'Webinars' by Airlines.

\* Social Media(s) refers to other forms of Social Media in markets where the mentioned applications are not available.

→ Objectives- The fact that Airlines and Agents are aligned when choosing their main information source for obtaining travel industry news leads the ADM Project team to focus in the same sources when trying to reach both parties. In future need of publishing relevant news about ADMs that will globally impact the travel industry, these figures determine the most appropriate channels for reaching the target audience efficiently.

Q4- Agents and Airlines where asked; If IATA were to provide you with ADM business intelligence tools such as monthly dashboards, what main purpose would you find for it?



When asked if IATA were to provide its members with ADM business intelligence tools, Airlines and Agents seem to have a different prioritization for the main purpose of its usage. Whereas a wide range of Agents (71%) will use the tools for 'Decreasing operating cost', 'Gain market intelligence' was considered by 40% followed by 'Identify key trends and patterns' with 36%. Moreover, the Airlines show a quite similar degree of preferences amongst each of the purposes; 57% selected 'Gain market intelligence' while 55% equally chose 'Identify key trends and patterns', 'Identify opportunities' and 'Benchmarking'.

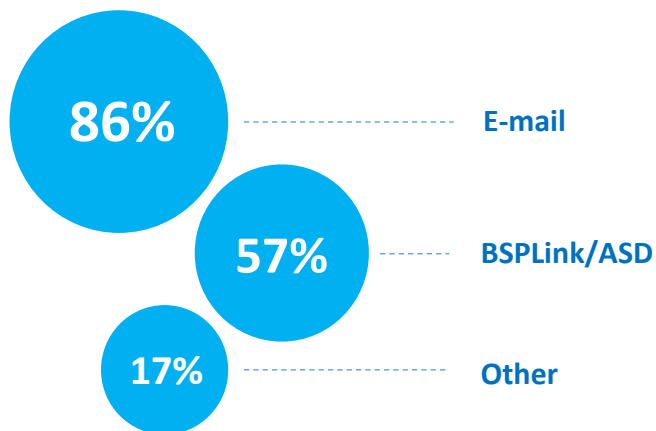
→ Objectives- The prevalent purposes lead us to understand the common areas of significance when designing ADM business intelligence tools. For Travel Agents, the strong response rate in decreasing operating costs are clear indications that correlate to Q1 where ADM management activities are more costly to Agents than Airlines.

→ Opportunities- There are strong opportunities for IATA to support Travel Agents in helping them identify weaknesses for improvement and thereby decreasing operating costs; notwithstanding the opportunities to also provide automation that may reduce some manual work at the same time. Therefore Operational tools would appear to be fit for purpose for Travel Agents rather than Business Intelligence tools.

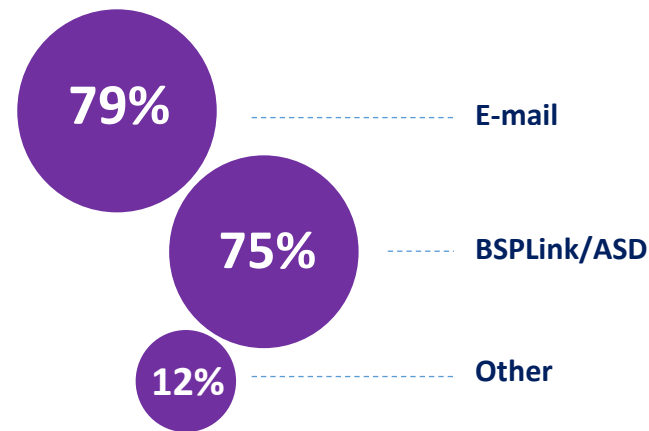
On the contrary, the opportunities for Airlines relate to organizational positioning and strengthening competitive advantages and Business Intelligence data would appear valuable for Airlines.

Q5- Agents and Airlines where asked what is their preferred method of communication with each other?

Agents preferred method of communication with the Airlines



Airlines preferred method of communication with Agents



\*Respondents had the possibility to choose more than one method

A significant amount of Agents prefer E-mail to communicate with Airlines, whilst more than a half prefer BSPLink /ASD and 17% mentioned other methods from which phone calls is the most common.

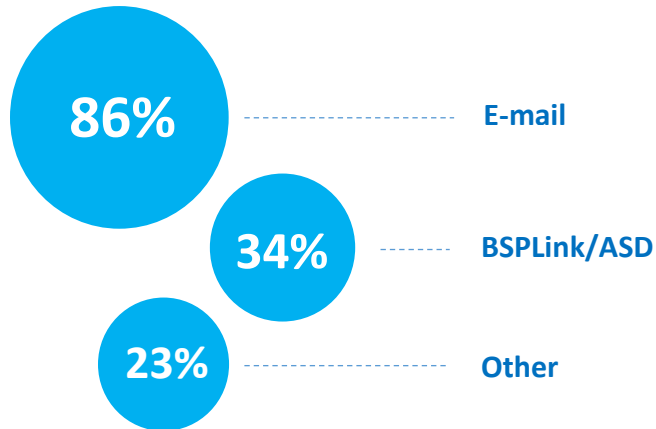
On the other hand, the majority of Airlines (79%) also have a preference to use E-mail when communicating with the Agents but we can see that BSPLink/ASD is also a preferable channel by a close majority of 75%. These figures implicate that BSPLink/ASD is currently considered a valuable method for the Airlines. From the other methods; phone calls and GDS’s communication platforms were mostly mentioned.

- Objectives: For ADM matters the Passenger Agency Conference Resolutions govern the communication channel between agents and airlines to be BSPLink/ASD. This question reflects how fit for purpose are the tools that IATA is currently providing to the industry. Despite having a Resolution mandate, the research reflects that the current platforms provided to the industry cannot fully substitute Email usage and Travel Agents and Airlines are still having to revert to Email communication in addition to essential BSPLink conversations. This contributes to a time and labor intensive communication process.
- Opportunity: Improve BSPLink/ASD communication functionalities that would facilitate a more efficient and effective dialogue between the parties involved in an ADM research process (including the GDS), will encourage a gradual movement to a single communication platform and remove the requirement for duplication in documentation efforts such as having to attach email communications to ADM comments, or taking discussions outside of BSPLink/ASD due to character limits and access issues where not all users are authorized to utilize the full BSPLink/ASD functionalities (not limited to ADMs).

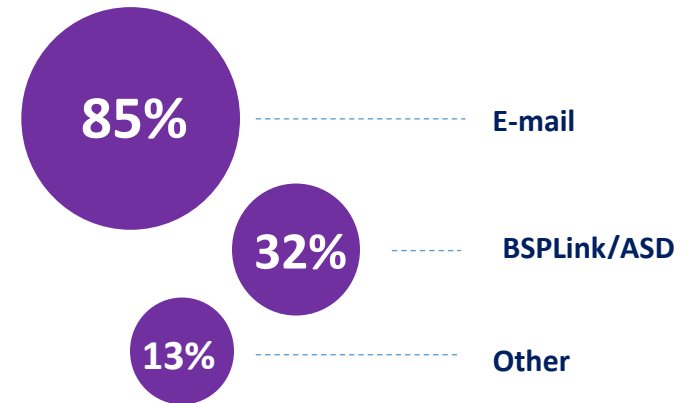


## Q6- Agents and Airlines where asked what is their preferred method of communication with the GDSs?

### Agents preferred method of communication with the GDSs



### Airlines preferred method of communication with the GDSs



\*Respondents had the possibility to choose more than one method

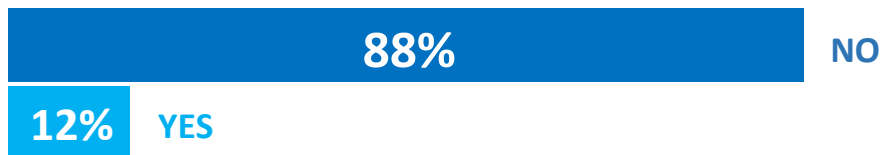
We found that the same range of 86% of Agents that selected Email as main communication method with the Airlines, have the same preference for communicating with the GDSs. As suspected, this proves again that the BSPLink /ASD platform is not beneficial for the communication between agents and GDSs.

Similarly to Agents, 85% of Airlines favor E-mail as the main communication channel with GDSs and that just 32% chose BSPLink/ASD.

- 
- Objectives: These findings are reassuring that it is necessary to enhance the ADM communication channel in order to facilitate the dialogue between Agents and Airlines with the GDSs. Certainly, E-mail is the top choice in view of the fact that BSPLink/ ASD has very limited functionalities to support an easy and fluent communication between parties.
  - Opportunity: Assist the GDSs so that they are capable of supporting their customers through BSPLink accordingly. As a consequence, it will indirectly encourage airlines and agents to use BSPLink/ASD for communicating with the GDSs.

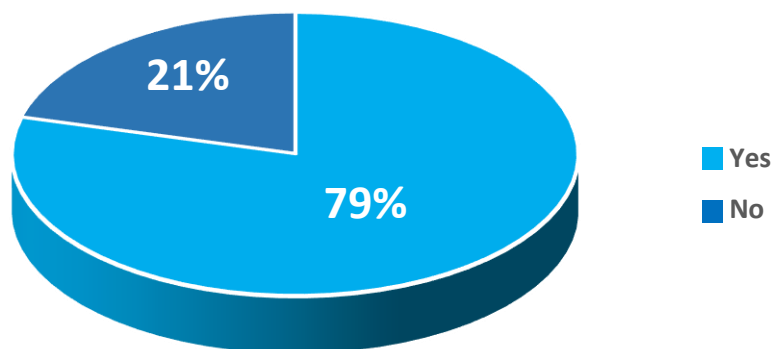
Q7 & 8 - Airlines were asked:

- Does your airline have any agreement with GDSs for recovering ADMs that are related to auto-priced transactions?



We have discovered that a wide range of the Airlines segment do not have any agreement with GDSs for recovering ADMs that are related to auto-priced transactions. This proves that the most important element of communication lies between the travel agencies and their system providers during the research process.

- In case an ADM is related to auto-priced transactions, would your Airline be willing to engage in direct dialogue with the GDS?



At first glance, Airlines appear to be willing to have direct dialogue with the GDSs, with 80% saying yes and 20% claiming they are not interested.

It's important to highlight that the dialogue between Airlines and GDSs is currently existing today through e-mail as demonstrated in question 6 (preferred method of communication with the GDSs). Thus, the existing platform of communication is not standardized and to this effect, our goal is to standardize a vehicle that helps to facilitate a better interaction within parties through BSPLink.

- Objectives: This confirms again that it is primordial to improve the communication channel in BSPLink/ASD as it is shown that most Airlines do agree to engage in a potential dialogue with the GDSs. Previous to this study, the ADMWG identified the need of implementing a solution to insert the GDSs comment field into the ADM comment chain in BSPLink/ASD, as well as adding email functionality and additional alerts that would target specific individuals. Implementation will be effective August 2017.
- Opportunity: Whilst there is no significant evidence that Airlines are involving the GDSs directly in the financial transaction of the ADM, there is a strong will for Airlines to liaise directly with the GDS when there is an ADM case that relates to auto-priced transactions. Distinguishing between manual and automatic transactions today is not a straight forward process and involves individual investigation into each original transaction. The ability to easily identify an auto-priced transaction and for the GDS to directly be able to engage dialogue with Airlines in these scenarios would potentially reduce the need for mass issuance of ADMs to Travel Agents (and their individual efforts to investigate each ADM) when there is a general issue with a certain GDS that could be directly solved with the GDS being informed at an early stage.

Q9- Airlines and Agents were asked to rate the Airline-Agent relationship for ADMs in general on a scale of 1 – 10 with 10 being the most positive:

Agents

Rank 1-10	Percentage	Frequency
5	22%	190
1	15%	135
2	12%	108
3	11%	95
7	10%	83
4	8%	69
8	8%	68
6	7%	65
9	4%	35
10	3%	24

Airlines

Rank 1-10	Percentage	Frequency
7	27%	14
5	23%	12
8	21%	11
6	17%	9
3	4%	2
10	4%	2
4	2%	1
9	2%	1
1	0%	0
2	0%	0

The Agents average rank is

4.5

The Airlines average rank is

7

Most Agents consider that the relationship with the Airlines when managing ADMs is unsatisfactory given that the average rate is **4.5** and more than a half (68%) rated it with **5 points or lower**. In the contrary, the Airlines perception of the relationship with the Agents is notoriously better and we can conclude that they are overall satisfied since 71% rated it higher than 5 and the average rate is **7**.

→ Objectives: One of the main goals of the ADMWG is to realize solutions that are able to improve the relationship between the parties involved in the ADM processes and procedures. However, it is important to first understand the particular challenges faced by the Agents in order to develop a set of actions for reducing the issues that cause friction in the relationship. To this interest, the working group should continue supporting a 'blame free' environment where both Agents and Airlines can openly raise their specific concerns and work together to address those in consensus.

Q10- Agents were asked: On a scale of 1 – 10 with 10 being the most positive, how would you rate your communication with the Airlines and with the GDSs regarding ADMs

Communication with the Airlines regarding ADMs

Rank 1-10	Percentage	Frequency
5	24%	217
1	12%	111
7	12%	111
2	11%	97
3	10%	88
4	9%	77
8	8%	72
6	8%	68
9	4%	32
10	3%	23

The Average rank is

5

Communication with the GDSs regarding ADMs

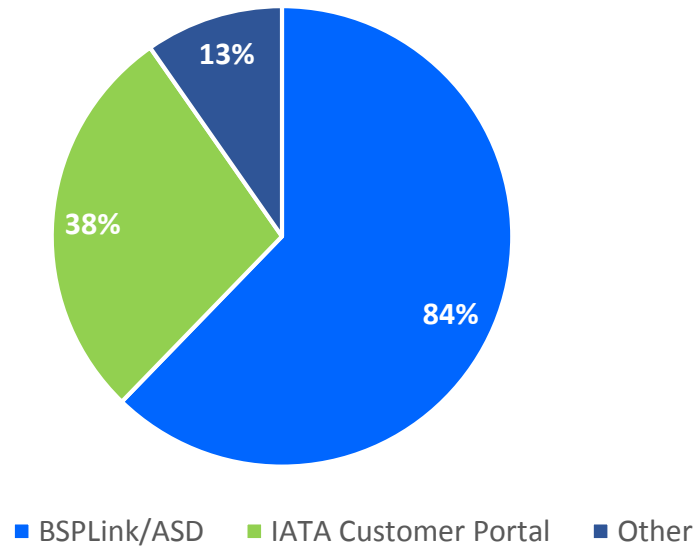
Rank 1-10	Percentage	Frequency
5	22%	197
7	12%	110
8	11%	97
1	10%	86
2	9%	84
6	9%	80
4	7%	66
9	7%	66
3	7%	63
10	6%	52

The Average rank is

5.4

- 
- Certainly, an average rank of **5** implies that the communication between Agents and Airlines is indeed regular. To this effect, 66% of Agents have rated the communication with **5 or less**. In addition, Agents think that the communication with the GDSs regarding ADMs is standard with an average rank of **5.4**. Despite the similar average rank between Agents communication with Airlines and GDSs, it is noteworthy that 67% of Agents ranked the communication with the GDSs with **5 or higher**.
  - Objectives: The first step for enhancing the relationship between the parties involved in the ADM process is to improve the communication by establishing an open dialogue flow during the process. These market indicators reinforce that there is ample room for improvement; starting by fostering a philosophy that encourages data driven actions (leaving emotions and blame aside) as well as encourage Airlines, Agents and GDSs to be partners towards the common goal of ADM reduction.  
Secondly, the ADMWG is implementing a set of solutions ([Direct link to access the list of solutions](#)) which in practice have the aim of standardizing global ADM policies and processes as well as solving the communication deficiencies.

Q11- Agents were asked where would be the best place to dispose a central repository for their Agency to access important information such as query Airline's ADM policies, commission control setups and credit card acceptances?



It is demonstrated that BSPLink/ASD is the optimum place to dispose a central repository by some considerable margin of 84%. As other alternatives for placing the repository, Agents proposed E-mail as a predominant solution, followed by the idea to access the information through the Airlines and GDSs source.

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→ Objectives: Design an central repository in BSP Link/ASD with the purpose of assisting the ADM Project to provide a competent and unique source that is easy for Agents to access, search and have visibility to stable and reliable information. This way we can help our members to spend less resources and time when in the need of information related to ADMs and its research.

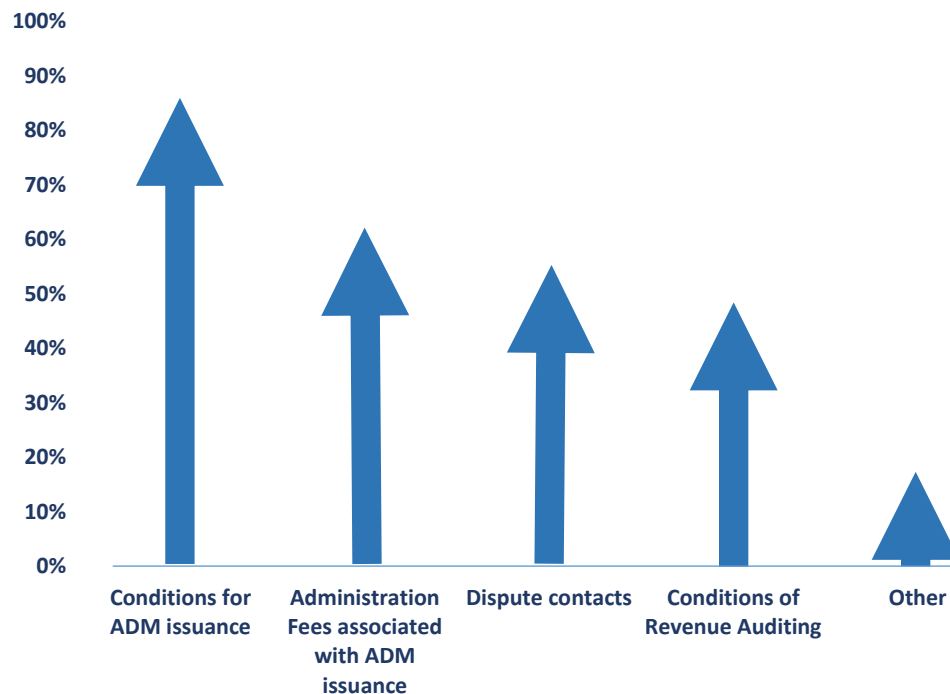
Q12 & 13- Airlines were asked:

- Please indicate the revenue audit process that is used by your airline



\*Respondents had the possibility to choose all that apply

- Please identify the critical information that is in your ADM policy



Nearly the same volume of Airlines utilize ‘External party’ and ‘In-house audit’ as an option for their revenue audit process. In like manner, 30% of the Airlines use both internal and external parties at the same time.

67% of Airlines use external outsourcing wherein 4 main companies seem have the strongest presence in this market share.

→ Objectives: This question supports the analysis of Q1 for Airlines.

With this question Airlines have identified the critical information that is in their ADM policies and the results exhibit that the great majority of 86% took into account ‘Conditions for issuance’ and 62% ‘Administration Fees associated with ADM issuance’. Furthermore, ‘Dispute contacts’ and ‘Conditions of Revenue Auditing’ were less recognized but they also seem to be a valued factor in the ADM policy.

→ Objectives: There is a planned initiative to create a dynamic ADM Policy module that would be standard and caters for needs of all Airline business modes. The responses to this question provides IATA with guidance in which areas to focus on to identify essential elements.

→ The low “skipped answer” rate (7%) and high commonality to “Conditions for ADM issuance” show that there is genuine similarities and strong opportunity for the industry to share a dynamic ADM Policy module that would at least host the essential common conditions for each Airline’s ADM Policy, with dynamic fields that will create flexibility for Airlines to adopt the module to suit their specific needs in a format that can be easily understood by Travel Agents and GDSs.

## 06 Market Segmentation- Benchmark average research results

The purpose of the following market segmentation is to facilitate ADM market metrics that will serve as a benchmarking tool for Airlines and Agents in order to evaluate one's company position within the industry and compare its performance in terms of the ADM management and processes.

### Airlines- Sales vs ADM Value based in 2016 data

Airlines annual sales less than 1 Billion USD	Airlines annual sales between 1 and 5 Billion USD	Airlines annual sales more than 5 Billion USD
49%	31%	20%

### Airlines- Research Results

Revenue audit process that is used by the Airline *			
Airlines	< 1 Billion USD	1 - 5 Billion USD	> 5 Billion USD
In-house	74%	50%	50%
External Party	48%	94%	70%
Admin cost per ADM			
Airlines	< 1 Billion USD	1 - 5 Billion USD	> 5 Billion USD
0 USD - 20 USD	39%	25%	20%
21 USD - 40 USD	11%	13%	40%
More than 40 USD	14%	25%	0%
Does not know	36%	38%	40%
Admin cost per ADM allocated to External Parties			
Airlines	< 1 Billion USD	1 - 5 Billion USD	> 5 Billion USD
0 USD - 20 USD	18%	31%	10%
21 USD - 40 USD	0%	19%	10%
More than 40 USD	0%	12%	0%
Does not know	68%	38%	80%
Information in ADM Policy			
Airlines	< 1 Billion USD	1 - 5 Billion USD	> 5 Billion USD
Administration Fees associated with ADM issuance	46%	69%	80%

Conditions for ADM issuance	86%	81%	70%
Conditions of Revenue Auditing	39%	50%	60%
Dispute contacts	39%	69%	70%
Other	14%	13%	30%

**The best way for IATA to promote best practices from the ADMWG to you and your community?**

Airlines	< 1 Billion USD	1 - 5 Billion USD	> 5 Billion USD
ADM WG website	46%	56%	80%
E-mail	86%	56%	70%
Monthly conference calls	14%	13%	20%
Monthly newsletters	61%	63%	70%
Other	4%	6%	10%

**Main source of information for travel industry news?**

Airlines	< 1 Billion USD	1 - 5 Billion USD	> 5 Billion USD
Blogs	11%	6%	0%
Digital press	82%	69%	70%
Facebook	21%	13%	0%
LinkedIn	7%	19%	0%
Other sources	14%	13%	20%
Specialized Magazines	54%	25%	60%
Specialized Newspapers	29%	19%	50%
Twitter	4%	0%	0%

**If IATA were to provide you with ADM business intelligence tools such as monthly dashboards, what main purpose would you find for it?**

Airlines	< 1 Billion USD	1 - 5 Billion USD	> 5 Billion USD
Benchmarking	54%	56%	50%
Decrease operating costs	46%	56%	30%
Gain market intelligence	46%	63%	70%
Identify key trends and patterns in your organization's	50%	63%	50%
Identify new opportunities	50%	69%	40%
Other	4%	0%	10%
Return of Investment (ROI)	14%	44%	10%



Preferred method of communication with the Travel Agents?			
Airlines	< 1 Billion USD	1 - 5 Billion USD	> 5 Billion USD
BSPLink	68%	81%	80%
E-mail	79%	69%	80%
Other	4%	19%	20%
Preferred method of communication with the GDSs?			
Airlines	< 1 Billion USD	1 - 5 Billion USD	> 5 Billion USD
BSPLink	36%	25%	30%
E-mail	82%	88%	90%
Other	18%	6%	20%
Does your airline have any agreement with GDSs for recovering ADMs that are related to auto-priced transactions?			
Airlines	< 1 Billion USD	1 - 5 Billion USD	> 5 Billion USD
No	100%	63%	70%
Yes	0%	25%	20%
In case an ADM is related to auto-priced transactions, would your Airline be willing to engage in direct dialogue with the GDS?			
Airlines	< 1 Billion USD	1 - 5 Billion USD	> 5 Billion USD
No	21%	13%	20%
Yes	71%	75%	70%
Rate the Airline-Agent relationship for ADMs in general			
Airlines	< 1 Billion USD	1 - 5 Billion USD	> 5 Billion USD
Average	6	7	6
Most common answer (mode)	5	6	7

**\* Note:**

- The average numbers in the market size segmentation are approximate as not all of the airlines provided responses to all of the survey questions.
- The segmentation is based in a number of 51 surveys from airlines, 2 of the responses submitted were excluded as the airlines did not have any ADMs issued in 2016, in addition, 1 response was removed as the airline did not have any sales.
- \*Airlines might have both internal and external providers for the revenue audit process.

Travel Agents- Market Area

Region	Africa & Middle East	Asia Pacific	Europe	North Asia	The Americas
<b>Total number of responses*</b>	<b>211</b>	<b>148</b>	<b>396</b>	<b>62</b>	<b>139</b>
<b>%</b>	<b>22%</b>	<b>15%</b>	<b>41%</b>	<b>6%</b>	<b>15%</b>
<b>Admin cost per ADM</b>					
Average in USD	42.76	48.08	41.43	45.52	59.99
0 USD - 20 USD	23%	26%	23%	27%	14%
21 USD - 40 USD	20%	14%	26%	19%	17%
More than 40 USD	27%	30%	30%	19%	42%
Does not know	16%	18%	15%	26%	11%
<b>Admin cost per ADM allocated to External Parties</b>					
Average in USD	14.10	15.01	10.54	14.91	19.26
0 USD - 20 USD	41%	43%	48%	34%	39%
21 USD - 40 USD	8%	7%	7%	10%	7%
More than 40 USD	5%	7%	6%	8%	13%
Does not know	32%	31%	34%	40%	25%
<b>Best way for IATA to promote best practices from the ADMWG</b>					
ADMWG Website	36%	39%	36%	60%	46%
E-mail	83%	82%	79%	85%	86%
Monthly Conference Calls	7%	11%	4%	6%	17%
Monthly Newsletter	35%	44%	40%	24%	42%
Other	7%	9%	4%	5%	8%
<b>Main source of information for travel industry news</b>					
Blogs	9%	14%	9%	21%	19%
Digital Press	57%	66%	72%	73%	68%
Facebook	23%	32%	16%	10%	22%
LinkedIn	6%	10%	8%	5%	9%
Other sources	24%	27%	16%	18%	24%
Social Media(s)**	0%	0%	0%	44%	0%
Specialized Magazines	36%	41%	46%	27%	45%
Specialized Newspapers	27%	29%	25%	29%	30%
Twitter	8%	6%	3%	2%	9%

If IATA were to provide you with ADM business intelligence tools such as monthly dashboards, what main purpose would you find for it?					
Benchmarking	29%	30%	23%	45%	27%
Decrease operating costs	71%	67%	63%	81%	69%
Gain market intelligence	48%	41%	33%	60%	37%
Identify key trends and patterns in your organization's	45%	40%	31%	31%	45%
Identify new opportunities	34%	36%	32%	31%	41%
Other	4%	8%	5%	2%	5%
Return of Investment (ROI)	28%	26%	15%	16%	27%
Preferred method of communication with the Airlines					
BSPLink/ASD	60%	59%	55%	44%	58%
E-mail	86%	85%	85%	87%	81%
Other	16%	17%	14%	32%	20%
Preferred method of communication with the GDSs					
BSPLink/ASD	35%	38%	28%	34%	40%
E-mail	89%	85%	84%	82%	80%
Other	16%	22%	24%	31%	27%
Rate of the communication with the Airlines regarding ADMs					
Average	4.3	4.9	4.7	5.5	5.1
Most common answer (rate) from every region -> 5					
Rate of the communication with GDS's regarding ADMs					
Average	5.2	5.5	5.2	6.1	5.7
Most common answer (rate) from every region ->5					
Rate the Airline-Agent relationship for ADMs in general					
Average	3.9	4.9	4.3	5.3	5.2
Most common answer (rate) from every region -> 5					
Best place to dispose a central repository for important information					
BSPLink/ASD	77%	84%	87%	71%	89%
IATA Customer Portal	49%	45%	23%	66%	41%
Other	13%	14%	11%	18%	16%

**\* Note:**

\* Three of the responses were removed from the data as they were provided by IATAN agencies with no representation in any BSP.

\*\* The Social Media (s) option was included only in the survey to the Agents in China since the country has its own independent Social Media platform.

The average numbers in the market size segmentation are approximate as not all of the Agencies provided responses to all of the survey questions.

## 07 Key Opportunities & Recommendations

### 1. Reduce ADM Management administration cost

Travel Agents: Reduce the ADM administration cost by identifying solutions that will streamline and simplify the ADM management process. Airlines: Improve the cost proportion to the industry by considering a lean and efficient revenue auditing system, as well as solving some root causes that may reduce the need for ADMs, thereby reducing the post-billing recovery workload altogether.

### 2. Communicate effectively

Define an effective communication strategy to promote the ADM best practices guideline to a global community of Airlines and Agents based in direct communication tools such as e-mails and newsletters.

### 3. Diversify Communication Channels

When publishing relevant ADMs news that could potentially impact the industry, use the predominant travel news channels (Digital Press, Specialized Magazines and Newspapers & Facebook) to reach the target audience.

### 4. Elaborate ADM business intelligence tools

As for Airlines, design Business Intelligence tools with the view of improving organizational positioning and strengthening competitive advantages. For Travel Agents, provide Operational tools that will help them to decrease operating costs as well as to automate processes that could reduce manual labor.

### 5. Optimize BSPLink/ASD communication functionalities

- Enhance the communication functionalities in BSPLink/ASD and encourage a gradual movement to a single and effective communication platform between the parties involved in an ADM research process.
- Assist the GDSs so that they are capable of supporting their customers through BSPLink/ASD accordingly.

### 6. ADMs related to auto-priced transactions: Standardize a vehicle for a better interaction

Facilitate a process in BSPLink/ASD that easily identifies an auto-priced transaction and enables the GDSs to engage dialogue directly with Airlines in order to potentially reduce the need for mass issuance of ADMs to Travel Agents.

### 7. Improve the relationship between the parties involved in the ADM distributing chain

Understand the particular challenges faced by Agents and Airlines and mitigate the issues that cause friction in the relationship. Support a 'blame free' environment amongst the ADMWG and extend to the whole industry.

### 8. Enhance the communication deficiencies between Airlines, Agents & GDS

- Standardize global ADM policies and processes.
- Establish an open dialogue flow during the ADM process and foster a data driven action philosophy.

### 9. Central repository for BSP information

Create a competent and unique source in BSP Link/ASD that is easy for Agents to access, search and have visibility to reliable information.

### 10. Airline standard dynamic ADM Policy module

Host a module with the essential common conditions for each Airline's ADM Policy in a format that is flexible for Airlines to adopt and that can be easily understood by Travel Agents and GDSs.

## 08 Annex

### Annex A: Survey results

#### 1. Agent’s average administration cost of each ADM.

a) What is the average administration cost of each ADM (USD)?

a) What is the average administration cost of each ADM (USD)?	Response Count	Response Percentage
Answered	812	84%
No Answer/ Not Available	156	16%
Invalid Answer equal or superior than 300 USD	89	9%
Valid Answers used for average	721	74%

b) Out of these, how much is allocated to external parties (USD)?

b) Out of these, how much is allocated to external parties (USD)?	Response Count	Response Percentage
Answered	637	66%
No Answer/ Not Available	331	34%
Invalid Answer equal or superior than 300 USD	49	5%
Valid Answers used for average	588	61%

#### 2. Airline’s average administration cost of each ADM.

a) What is the average administration cost of each ADM (USD)?

a) What is the average administration cost of each ADM (USD)?	Response Count	Response Percentage
Answered	36	67%
No Answer/ Not Available	20	37%
Invalid Answer equal or superior than 300 USD	2	4%
Valid Answers for average	33	61%

b) Out of these, how much is allocated to external parties (USD)?

b) Out of these, how much is allocated to external parties (USD)?	Response Count	Response Percentage
Answered	24	44%
No Answer/ Not Available	30	56%
Invalid Answer equal or superior than 300 USD	2	4%
Valid Answers used for average	22	41%

3. What would be the best way for IATA to promote best practices from the ADMWG to you and your community?

Agents

Answer Options	Response Percentage	Response Count
Email	83%	791
ADMWG Website	40%	380
Monthly Newsletter	39%	376
Monthly Conference Calls	8%	74
Other	6%	61
<b>Answered</b>	<b>98%</b>	<b>952</b>
<b>Skipped Question</b>	<b>2%</b>	<b>16</b>

Other Options	Response Percentage	Response Count
BSPLink/ASD	21%	13
Workshops/Webinars	11%	7
Through GDS	10%	6
Phone (Calls, Chat)	8%	5

Airlines

Answer Options	Response Percentage	Response Count
Email	74%	39
Monthly Newsletters	62%	33
ADMWG Website	55%	29
Monthly Conference Calls	15%	8
Other	4%	2
<b>Answered</b>	<b>98%</b>	<b>53</b>
<b>Skipped Question</b>	<b>2%</b>	<b>1</b>

4. What is your main source of information for obtaining travel industry news?

Agents

Answer Options	Response Percentage	Response Count
Digital Press	68%	651
Specialized Magazines	42%	402
Specialized Newspapers	28%	262
Facebook	21%	201
Other sources	21%	197
Blogs	12%	115
LinkedIn	8%	76
Twitter	5%	49
Social Media(s)	3%	27
<b>Answered</b>	<b>98%</b>	<b>951</b>
<b>Skipped Question</b>	<b>2%</b>	<b>17</b>

Airlines

Answer Options	Response Percentage	Response Count
Digital Press	84%	42
Specialized Magazines	54%	27
Specialized Newspapers	36%	18
Facebook	20%	10
LinkedIn	14%	7
Blogs	12%	6
Other sources	12%	6
Twitter	6%	3
<b>Answered</b>	<b>93%</b>	<b>50</b>
<b>Skipped Question</b>	<b>7%</b>	<b>4</b>

5. If IATA were to provide you with ADM business intelligence tools such as monthly dashboards, what main purpose would you find for it?

Agents

Answer Options	Response Percentage	Response Count
Decrease operating costs	71%	653
Gain market intelligence	42%	386
Identify key trends and patterns in your organization's	40%	365
Identify new opportunities	36%	331
Benchmarking	29%	267
Return of Investment (ROI)	22%	205
Other	5%	47
<b>Answered</b>	<b>95%</b>	<b>916</b>
<b>Skipped Question</b>	<b>5%</b>	<b>52</b>



Airlines

Answer Options	Response Percentage	Response Count
Gain market intelligence	57%	29
Identify key trends and patterns in your organization's	55%	28
Identify new opportunities	55%	28
Benchmarking	55%	28
Decrease operating costs	47%	24
Return of Investment (ROI)	24%	12
Other	4%	2
<b>Answered</b>	<b>94%</b>	<b>51</b>
<b>Skipped Question</b>	<b>6%</b>	<b>3</b>

6. Agents and Airlines were asked; what is their preferred method of communication with each other?

Agents preferred method of communication with the Airlines

Answer Options	Response Percentage	Response Count
Email	86%	821
BSPLink/ASD	57%	546
Other	17%	163
<b>Answered</b>	<b>99%</b>	<b>956</b>
<b>Skipped Question</b>	<b>1%</b>	<b>12</b>

Airlines preferred method of communication with Agents

Answer Options	Response Percentage	Response Count
Email	79%	41
BSPLink/ASD	75%	39
Other	12%	6
<b>Answered</b>	<b>98%</b>	<b>52</b>
<b>Skipped Question</b>	<b>4%</b>	<b>2</b>

7. Agents and Airlines where asked; what is their preferred method of communication with the GDSs?

Agents

Answer Options	Response Percentage	Response Count
E-mail	86%	819
BSPLink/ASD	34%	323
Other	23%	218
<b>Answered</b>	<b>99%</b>	<b>955</b>
<b>Skipped Question</b>	<b>1%</b>	<b>13</b>

Airlines

Answer Options	Response Percentage	Response Count
BSPLink/ASD	32%	17
E-mail	85%	45
Other	13%	7
<b>Answered</b>	<b>98%</b>	<b>53</b>
<b>Skipped Question</b>	<b>2%</b>	<b>1</b>

8. Airlines were asked; does your airline have any agreement with GDSs for recovering ADMs that are related to auto-priced transactions?

Answer Options	Response Percentage	Response Count
Yes	12%	6
No	88%	44
<b>Answered</b>	<b>93%</b>	<b>50</b>
Skipped Question	7%	4

9. Airlines were asked; in case an ADM is related to auto-priced transactions, would your Airline be willing to engage in direct dialogue with the GDS?

Answer Options	Response Percentage	Response Count
Yes	79%	38
No	21%	10
<b>Answered</b>	<b>89%</b>	<b>48</b>
Skipped Question	11%	6

12. Airlines and Agents were asked to rate the Airline-Agent relationship for ADMs in general on a scale of 1 – 10 with 10 being the most positive:

Agents

Ranking 1-10	Response Percentage	Response Count
5	22%	190
1	15%	135
2	12%	108
3	11%	95
7	10%	83
4	8%	69

## ADM Market Analysis



8	8%	68
6	7%	65
9	4%	35
10	3%	24
<b>Total</b>	<b>100%</b>	<b>872</b>
<b>Answered</b>	<b>98%</b>	<b>948</b>
<b>Skipped Question</b>	<b>2%</b>	<b>20</b>

### Airlines

Ranking 1-10	Response Percentage	Response Count
7	26%	14
5	22%	12
8	20%	11
6	17%	9
3	4%	2
10	4%	2
4	2%	1
9	2%	1
1	0%	0
2	0%	0
<b>Total</b>	<b>100%</b>	<b>52</b>
<b>Answered</b>	<b>96%</b>	<b>52</b>
<b>Skipped Question</b>	<b>4%</b>	<b>2</b>

13. Agents were asked: On a scale of 1 – 10 with 10 being the most positive, how would you rate your communication with the Airlines and with the GDSs regarding ADMs

Communication with the Airlines regarding ADMs

Ranking 1-10	Response Percentage	Response Count
5	24%	217
1	12%	111
7	12%	111
2	11%	97
3	10%	88
4	9%	77
8	8%	72
6	8%	68
9	4%	32
10	3%	23
<b>Total</b>	<b>100%</b>	<b>896</b>
<b>Answered</b>	<b>98%</b>	<b>946</b>
<b>Skipped Question</b>	<b>2%</b>	<b>22</b>

Communication with the GDSs regarding ADMs

Ranking 1-10	Response Percentage	Response Count
5	22%	197
7	12%	110
8	11%	97
1	10%	86

2	9%	84
6	9%	80
4	7%	66
9	7%	66
3	7%	63
10	6%	52
<b>Total</b>	<b>100%</b>	<b>901</b>
<b>Answered</b>	<b>98%</b>	<b>947</b>
<b>Skipped Question</b>	<b>2%</b>	<b>21</b>

14. Agents were asked where would be the best place to dispose a central repository for their Agency to access important information such as query Airline's ADM policies, commission control setups and credit card acceptances?

Answer Options	Response Percentage	Response Count
BSPLink/ASD	84%	808
IATA Customer Portal	38%	364
Other	13%	126
<b>Answered</b>	<b>99%</b>	<b>957</b>
<b>Skipped Question</b>	<b>1%</b>	<b>11</b>

15. Airlines were asked; please indicate the revenue audit process that is used by your airline.

Answer Options	Response Percentage	Response Count
External party	67%	36
In-house audit	63%	34
External party, please specify	57%	31
Both External and Internal parties	30%	16
<b>Answered</b>	<b>100%</b>	<b>54</b>
<b>Skipped Question</b>	<b>0%</b>	<b>0</b>

16. Airlines were asked; please identify the critical information that is in your ADM policy.

Answer Options	Response Percentage	Response Count
Conditions for ADM issuance	86%	43
Administration Fees associated with ADM issuance	62%	31
Dispute contacts	58%	29
Conditions of Revenue Auditing	48%	24
Other	18%	9
<b>Answered</b>	<b>93%</b>	<b>50</b>
<b>Skipped Question</b>	<b>7%</b>	<b>4</b>

to represent, lead and serve the airline industry



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