NEO

IDEAS AND INNOVATION

6. AIRLINE e-COMMERCE TRAVEL TRENDS

Current trends and future predictions

indra

FOREWORD

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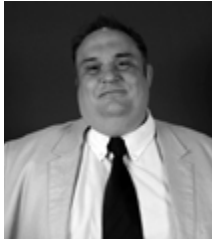
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Focusing on the evolution of the airline e-commerce channel, we are glad to share our study of airline industry trends, aimed to provide an approach to best practices in the industry to our user community.

We wish to thank those airline industry experts that participated in our panel, giving, in this edition, an airline business perspective of the e-commerce evolution from the view of legacy, regional, hybrid and low cost carriers.

From a historical perspective, based on our previous e-commerce benchmarks, we can observe consolidation in two major trends.

One of these trends is giving the user flexibility to access airline products with new search functionalities and increasing relevance of search engine optimization. This trend will keep gaining importance in the following years in response to new search functionalities provided by search engines.

Additionally we see a consolidation process in product customization allowing the user to add new services to his trip. This includes everything from the classical hotel and car search to new ancillaries' following the tendencies initiated by low cost carriers in previous years.

With a strong presence in this edition we can highlight two very popular trends, Social Networks and Mobility.

Social Networks are becoming "the next big thing" proving its value as a communication tool in crisis events such as the volcano crisis or air controller strikes. Additionally, nowadays more and more airlines are flocking into the likes of Facebook and Twitter in order to compete for customer, product information and recognition.

A second trend can be spotted in mobility with the introduction of new operating systems and devices that can satisfy all customer needs from booking to service. In this area we predict a short-term double digit growth and high probability that mobility will overtake web presence of airlines in terms of direct channel conversion.

We hope that you enjoy our travel trends study and eagerly look forward to what the future holds for our industry.

Sergio Fernández Sastre

"The most important advances in
the airline industry are currently
experienced in the e-commerce channel"

INTRODUCTION

1.0 INTRODUCTION

HIGHLY COMPETITIVE ENVIRONMENT

Bankruptcies of American Airlines, Spanair, Malev Airlines, Air Australia

Constant emergence of new airlines such as Iberia Express and JetStar Japan

CONSOLIDATION

Merger of Air France and KLM in 2004

Merger of Iberia and British Airways under IAG

Merger of LAN Chile and TAM into LAN-TAM

TECHNOLOGY DRIVEN

Most important advances and developments can be seen in the e-commerce market

Online market develops into a "battleground" for attracting customers

In the airline industry we are experiencing three major trends which are affecting the way that airlines do business.

Since the decrease of protectionist measures in the airline industry, the market has turned into a highly competitive environment in which many airlines struggle to survive and which new airlines emerge on a yearly basis.

The threat of new competitors and the struggle for survival has kick started a trend towards consolidation in terms of mergers, acquisitions and alliance creations. Airlines have also started to look for alternative ways of increasing revenue and becoming more independent from travel agencies and have discovered the e-commerce channel as a powerful tool to increase sales with a reasonable ROI.

1.1 CONTEXT

CONSTANT INCREASE OF INTERNET USERS WORLDWIDE

24 % of worldwide internet users have used the internet for flight reservations. "Online Trends in Shopping." Nielsen, February 2008
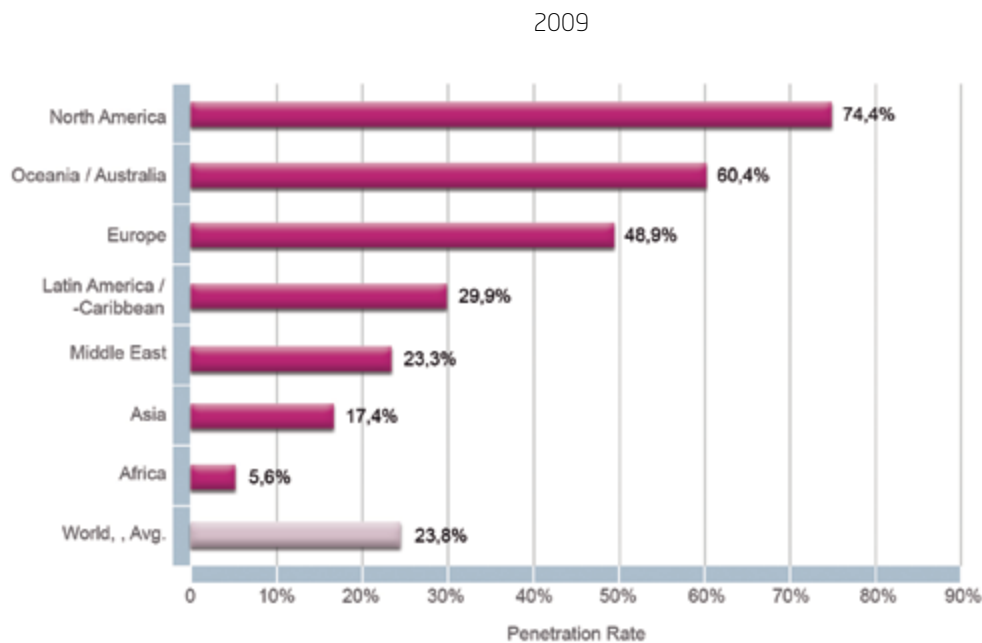
Internet users (Worldwide)
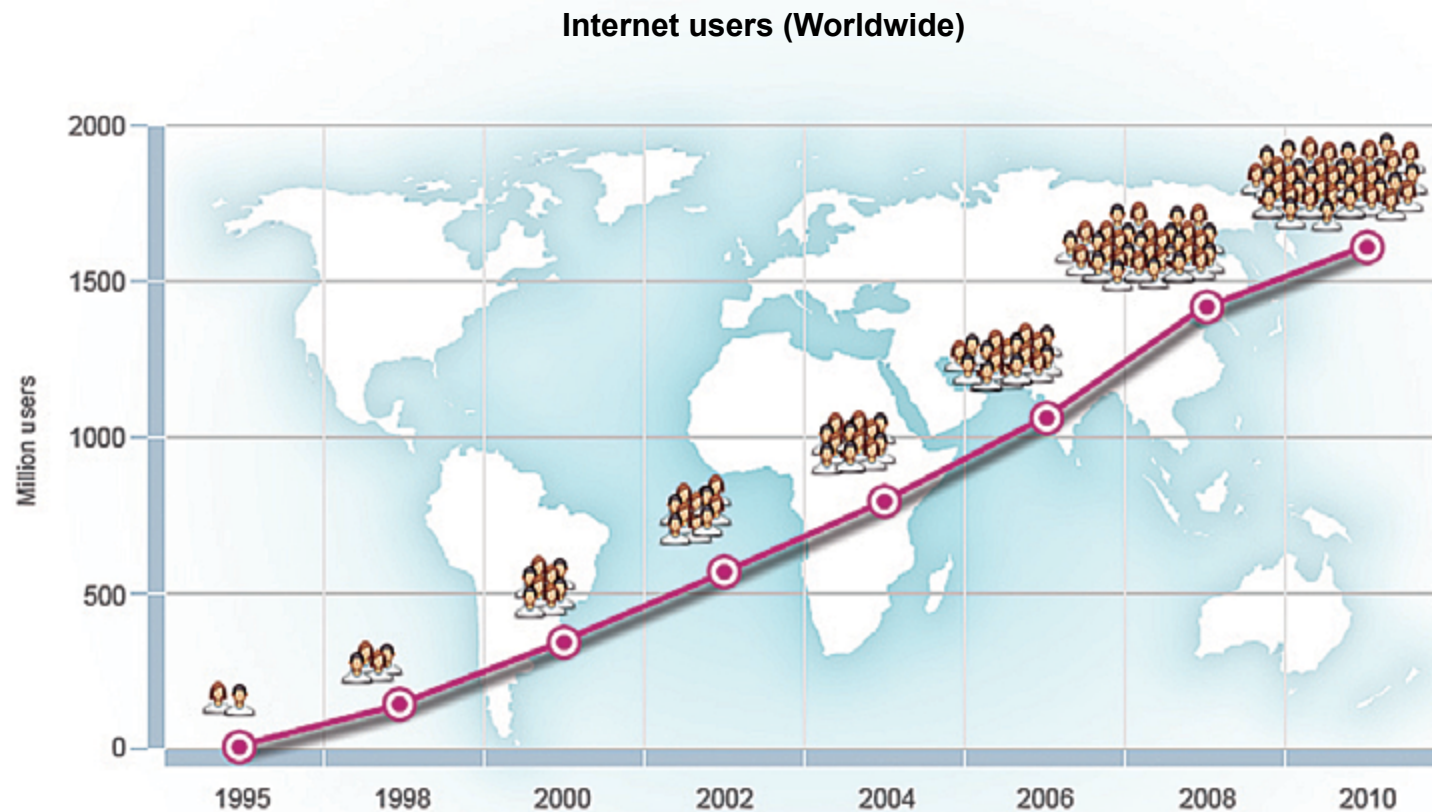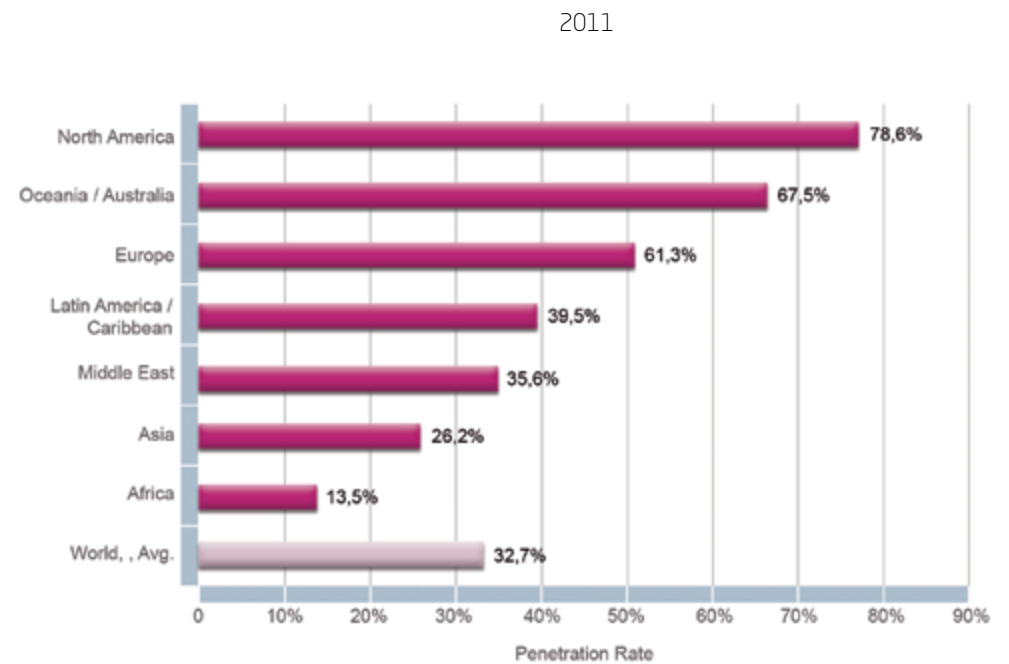

Source: Internet World Stats

1.1 CONTEXT

WITH A HIGH AND GROWING INTERNET PENETRATION

The highest growth levels are experienced in Asia, South America and Europe.

Internet World Penetration Rates by Geographic Regions

2009

	Penetration Rate
North America	74,4%
Oceania / Australia	60,4%
Europe	48,9%
Latin America / -Caribbean	29,9%
Middle East	23,3%
Asia	17,4%
Africa	5,6%
World, , Avg.	23,8%

2011

	Penetration Rate
North America	78,6%
Oceania / Australia	67,5%
Europe	61,3%
Latin America / Caribbean	39,5%
Middle East	35,6%
Asia	26,2%
Africa	13,5%
World, , Avg.	32,7%

Source: Internet World Stats - www.internetworldsts.com/stats.htm
Penetration Rates are based on a world population of 6.710.029.070 and 1.596.270.108 estimated internet user for March, 2009.

Source: Internet World Stats - www.internetworldsts.com/stats.htm
Penetration Rates are based on a world population of 6.930.055.154 and 2.267.233.742 estimated internet users on December 31, 2011. Copyright © 2012, Minhwatts Marketing Group

1.2 SCOPE & OBJECTIVES

DETERMINE BEST PRACTICES

The scope of this study is to analyze a broad range of international and regional airlines and to determine the airlines who are market references in each sector that will be analyzed in this study.

Our objective is to determine best practices in the following categories:

- **Social Networks**

- **Loyalty**

- **Booking Engines**

- **Usability / Design / Simplification**

- **SEO**

- **Mobility**

- **Ancillaries**

We have selected these categories because they represent the most innovative sectors in recent years in the e-commerce segment, and are the most relevant for airlines in terms of good ROI and generating more sales and loyalty. The categories are selected along the basis of observed societal changes in habits and uses, such as social networks and mobile phones becoming a fundamental role in day to day life and as such a category which is destined to re-shape sales channels of the airline industry and all other related categories.

METHODOLOGY

- **More than 60 airlines analyzed**

- **3 months of research**

- **10.000 pages visited**

Within the scope of producing an observatory which is both international but also takes into consideration regional airlines, we have based our research upon a list of 50 pre-researched airlines.

The pre-researched airlines included all major carriers around the globe and a selection of major regional airlines for each continent. All of these airlines were rated, in an unbiased way, in the categories of social networks, loyalty, booking engines, usability / design / simplification, SEO, mobility and ancillaries on a scale from 1-5, where 1 stands for very poor and 5 stands for benchmark.

The airlines represented in this study have been included because they achieved a grading between 4 – 5 in a respective category and at the same time offer innovation, or are top of the industry in an evolving trend observed in the airline or travel industry.

Best practices and trends were selected based on our "e-BUSINESS TRAVEL BENCHMARKING" observatory created in 2009, to serve as a guiding document for new trends in 2012.

Based on the internally established criteria from our observatories in 2007 and 2009 we established new criteria for the recognition of a best practice or trend in the industry.

The examples included in this study had to apply to at least two of our four main indicators; replicable, innovative, differentiator, ROI.

REPRESENTED AIRLINES

EUROPEAN AIRLINES

Iberia	Estonian Air	TAP Portugal	Aer Lingus	EasyJet
British Airways	Spanair	Swiss	Atlasjet	
KLM	Germanwings	Wizz Air	Ryanair	
Air France	Lufthansa	Austrian Air	Jet2	

MIDDLE EAST AIRLINES

Royal Jordanian

Emirates

NORTH AMERICAN AIRLINES

Delta	Airlines	United Airlines
JetBlue	Alaska Airlines	
Southwest	Frontier	

REST OF THE WORLD AIRLINES

Air New Zealand	Air Asia	VivaAerobus
JetStar	Aeromexico	Malaysia Airlines
Cathay Pacific	Volaris	Qantas

CHALLENGES IN 2005

In 2005 we were asking...

"HOW IS A USER CONVERTED INTO AN ONLINE CUSTOMER?"

"WITH CLOSER FEES...

Tariff alerts, search engines of better prices, pursuit of favorite destinations, everything serves so that the user has the tariffs closer and the offers within the reach of their hand.

...AND EVERYTHING FOR THE TRIP...

Multiproduct sales of the whole trip, loyalty programs with powerful calculators (reckoners) for the use and redemption of points; so that the practical information is at the service of the traveler and the answer (solution) tailored to their needs.

...WITH THE ADVANTAGES OF THE ONLINE CHANNEL...

Call request, chat with the call center, guided tours, multimedia demos of products and services, surveys, and the application of usability norm, help to reach achieve a satisfactory user experience.

AND THE GUARANTEE OF AN IMPORTANT COMPANY."

Press kits, image files, TV/radio commercials, video conferences, virtual tours, online merchandising products, help to build a strong corporate image.

TODAY'S CHALLENGES

In 2012 we are asking...

"HOW CAN WE EXPLOIT THE POSSIBILITIES OF E-COMMERCE?"

"WITH AFFINITY SHOPPING...	...AND EVERYTHING FOR THE TRIP VIA APPLICATIONS...	...EXPLOITING SOCIAL NETWORKS...	AND FOCUSING ON THE INDIVIDUAL."
Tariff alerts, search engines that allow open searches, weekend searches, congress searches, preference searches, continent searches, no date searches, trip searches, search by map, search by budget, etc.	Check-in, booking, lost baggage claims, tariff alerts, search engines, directions, destination information, hotel reservation, car reservation, flight management, augmented reality.	Social check-in, social loyalty programs, integrated booking engines, customer service, advertising, special offers, games, individualization, social booking.	Food on board, lounge access, taxi service, special luggage fees, seat selection, por fare lock / booking on-hold, auctions, fast track security, individualization of offers, co-creation, customer voice.

"New functionalities in which early adapters benefit from first mover advantage, will soon become unavoidable commodities for any airline"

A VIEW INTO THE FUTURE

2.0
A VIEW INTO
THE FUTURE

2.1 SOCIAL NETWORKS

2.1 SOCIAL NETWORKS

INTRODUCTION

Through the past decade social networks have expanded to take a fundamental role in day to day activity of internet users. They have gained such an importance that in Europe ¼ of all online time is dedicated to posting in blogs or spending time on social networks.

On the customer side, this has had a strong impact on consumer behavior and expectations as well as on the habits of how internet users make decisions to buy products of a certain brand.

The evolution and importance of social media and its use as a new fully fledged important sales channel is constantly highlighted by statistics.

Around 3 out of 4 online customers base their purchase decisions on information obtained from social networks

In Europe in 2011:

- **Average customer spent around €1,250 in online shops.**

- **Overall spending €200bn.**

- **Online customers who have been redirected from social networks are at least eight times more likely to buy the offered products.**

Social media spending predicted to increase by about 37% in the coming three years

Customers who made a purchase due to online experience: +60%

2.1 SOCIAL NETWORKS

OVERALL TREND

SOCIAL MEDIA PLUGINS

Developments on Twitter and Facebook

Facilitate information, promotions, fan pages with contests, social check-ins, etc.

FROM MARKETING TO SELLING

Shift from marketing channel to sales channel

Search, book and check-in via social media

Fully fledged online sales channels

CUSTOMER SERVICE

Attending customer claims via Twitter

Specialized teams taking care of customer concerns

Outsourcing of customer service

2.1 SOCIAL NETWORKS

EXAMPLE OF TRENDS - DELTA

Delta Airlines is among the top airlines who have understood the potential of social networks in creating loyalty and generating sales. They offer various built-in applications that serve as a way to create customer loyalty and to keep users experimenting on their platform. These built-in applications include trip planers to destinations offered by Delta Airlines, which can be shared with other friends on Facebook. The application lets you invite friends to your created trip and discuss when to do it and how to plan it.

Furthermore it has adopted a co-creation strategy, similar to the one of Spanair, which we had already pointed out as a benchmark in 2009, which allows users to post their business ideas to improve Delta.

- **Co-creation strategy :** Ideas inflight

- **Customer Service:** Delta Assist

- **Trip Planning:** Away we Go

2.1 SOCIAL NETWORKS

EXAMPLE OF TRENDS - KLM

Another interesting trend and definitely a pioneer in the social networks area is KLM. So far they have one of the most followed fan pages on Facebook with more than 1,500,000 people following the group.

As of now most of the applications developed by KLM serve as additional gadgets to raise brand awareness and to increase loyalty amongst its customers.

This is done with applications that are used for limited promotions such as creating ones individual luggage tags or for customers to create their own holiday cards or movies of their trips with their mobile phones. Similarly to Delta, they have also implemented a crowdsourcing strategy. They also have a very active Twitter account to respond to consumer questions and with around 300.000 followers, they average 90 responses a day, Top of the industry in terms of tweets.

Most interestingly this year KLM introduced a tool which gives the another edge towards its competitors. Social check-ins which allow users of the application to check-in online and select their seats based on the social profiles of other people flying on the same flight.

- • **Co-creation strategy Bright:** Bright Ideas

- • **Social Check-in**

- • **Customer Service:** Twitter (Established flight from Amsterdam to Miami after a bet via Twitter)

- • **Raise brand awareness & loyalty:** Various Apps

2.1 SOCIAL NETWORKS

EXAMPLE OF TRENDS - MALAYSIA AIRLINES
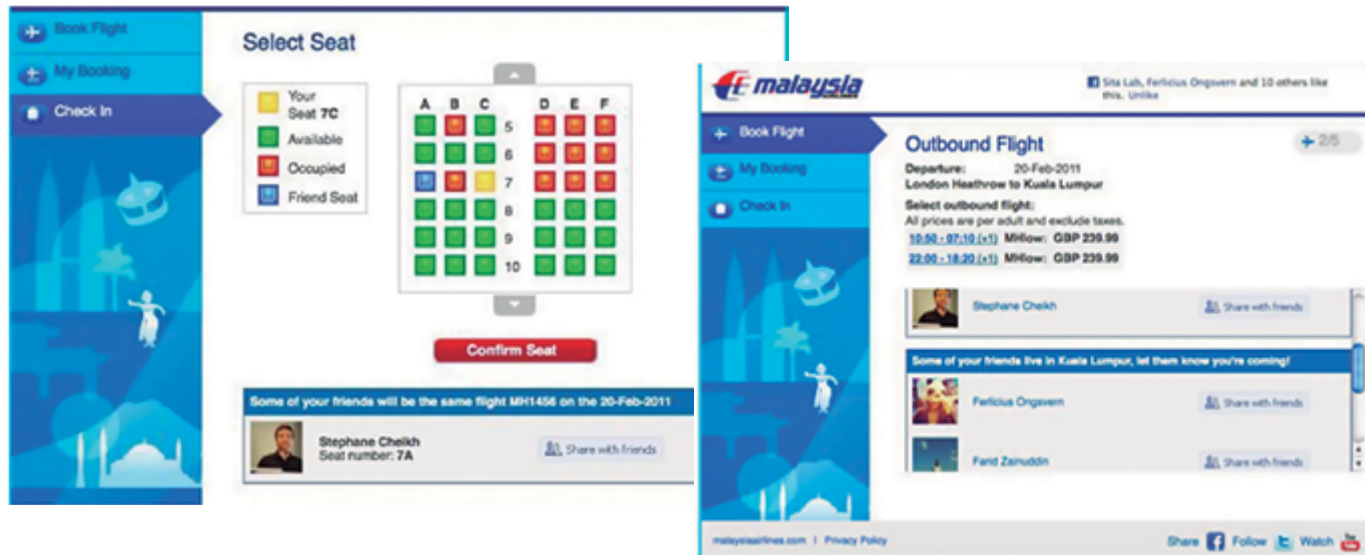
Malaysia Airlines is the first airline in the industry who has already implemented a system similar to the one created by KLM.

The application for Facebook is called MHBuddy and lets you book and reserve flights, do your check-in and select your seat, see if friends are on the same flight and base your seat selection upon where your friends are sitting on the plane and see a list of friends you have at your destination.

The approach that Malaysia Airlines has adopted is to make it easier to connect and interact with friends on the plane or on the ground.

- **Social Check-in & Booking engine:** MHBuddy

- **Loyalty:** Book via FB and gain Miles

2.1 SOCIAL NETWORKS

EXAMPLE OF TRENDS - AIR BALTIC

Air Baltic is taking all social seating initiatives to a further level with their recently launched application called "Air Baltic Seat Buddy". The application follows the same principle of connecting via Facebook in order to gather the most important data of the user. The first innovation here is the fact that the connecting with Facebook step is no longer obligatory and as such even people who do not like to share their social network information can participate in this system. On the other hand for users keen to incorporate their social networks, Air Baltic's application offers the ability to connect with the likes of Google+, LinkedIn, Twitter, etc. Most interesting however is the introduction of the Flight Mood and Ideal Neighbour options which gives the user control on what aspects he considers the most important for himself and who he wants to meet on the flight.

- **First Social Seating application which also allows the use without a Facebook account**

- **Flight Mood and Ideal Neighbour options for best seating options**

- **Extensive integration with social networks** (Facebook, Google+, Twitter, LinkedIn, Foursquare, Flickr, Tripit)

2.1 SOCIAL NETWORKS

EXAMPLE OF TRENDS - JETBLUE

JetBlue is the role model in Twitter with its 1,667.164 followers outnumbering any Twitter account of the major airlines.

What makes JetBlue's Twitter so successful is the fact that it responds to concerns or questions of customers with about 60 tweets a day. Also, the account is not limited to normal working hours but answering responds 24/7 and constantly follows accounts of regular customers.

While not the official medium to respond to formal complaints and concerns, the employees facilitate access to various helpful links and respond to questions that can easily be answered, taking away some work load from the JetBlue customer service.

- **Customer Service:** Active handling of customer claims. 24/7

- **Promotions:** Links to active offers

2.1 SOCIAL NETWORKS

EXAMPLE OF TRENDS - BRITISH AIRWAYS

British Airways is another big player in the use of Twitter to handle its customer concerns. Within an hour, British Airways averages about 25 tweets answering to concerned customers about possible delays and facilitates the access to information through providing links where the required information can be found. Although not as highly followed as its North American competitors, British Airways is amongst the most followed in Europe. British Airways is also highly present on Facebook with various applications such as Perfect Days which lets users create their perfect day at a destination flown by British Airways and share it with other users of the application.

- **Customer Service:** Active handling of customer concerns

- **Customer Interaction:** Perfect Days

- **Raise brand awareness & loyalty:** Donations

2.1 SOCIAL NETWORKS

EXAMPLE OF TRENDS - ROYAL JORDANIAN

While not necessarily a well followed Twitter account, Royal Jordanian is among one of the companies who have understood the importance and benefits of Twitter as a means to maintain customer contact and resolve customer issues.

Its Twitter account is especially a trend for Middle East Airlines which are slowly but surely also entering the social media world. An interesting fact and definitely a trend worth watching is that they offer responses in both Arabic and English, while many companies still follow the strategy of creating a Twitter account for every language, for example Air France.

- **Customer Service:** Active handling of customer claims

- **Multi-Language:** Arabic and English

2.1 SOCIAL NETWORKS

THE FUTURE

For the future we predict that:

1. Social Networks will keep **gaining importance for the online strategies** of airlines and as such we will experience more and more companies flocking in.

2. Twitter will turn into a **preferred customer service platform**, gradually decreasing the need for call centers.

3. More and more airlines will start developing **booking engines which can be integrated into social networks,** and next to the online sales channel, will create a social network sales channel category.

4. As mobility amongst customers increases we expect to see major development in **mobile applications for airlines that make use of social networks.**

5. Within the next few years we will see social networks mutate into **multi strategy platforms,** in which companies can merge their sales process, loyalty programs and customer service.

6. **Crowdsourcing** and empowering the customer is a concept that will gain stronger foothold amongst airlines.

2.0

A VIEW INTO THE FUTURE

2.2

LOYALTY

2.2 LOYALTY

INTRODUCTION

As our world keeps becoming more inter-connected and more international competitors join the markets, companies are having an increasingly hard time creating loyalty amongst customers.

Given that nowadays quality does not necessarily mean expensive, customer habits have developed in such a way that they prefer to buy the cheapest product and no longer have preferences to a certain brand.

As gaining loyalty amongst customers remains an important factor, major industry players are looking for new channels and new ways of implementing loyalty schemes. One of these new channels is social networks which have raised countless new opportunities for marketers.

> On average, more than half of the marketing budget is allocated towards preparing and promoting loyalty schemes

> People who adhere to more than three reward schemes: > 55%

> People who adhere to 1 reward scheme: 80-90%

- **More than half of marketing budgets allocated to loyalty**

- **Social networks offer vast new opportunities to make clients loyal**

- **Customers increasingly search for the cheapest product assuming a certain quality of services**

- **Loyalty programs are not tailored to the customers**

- **Not being able to use points remains the biggest complaint about loyalty schemes**

2.2 LOYALTY

OVERALL TREND

SOCIAL LOYALTY

Loyalty programs based on activity on social media

Tell your friends about a promotion and earn miles

Invite friends and gain discounts

MILES BY ONLINE SHOPPING

Partnership with biggest retailers in the world

Buy online at our partner and earn bonus miles

2.2 LOYALTY

OVERALL TREND - STATISTICS

" Due to the extensive use of social networks by frequent fliers, social loyalty in which customers can earn points through online interaction has grown to an important and viable loyalty scheme for airlines. "

Frequent fliers who use some sort of social network: > 80%

Frequent fliers that would consider a specific airline loyalty program if given the ability to earn points on social networks: 60-65%

Frequent fliers who follow least one airline on Facebook: > 50%

2.2 LOYALTY

EXAMPLE OF TRENDS - ESTONIAN AIR

Brussels Women's Film Festival

Regional, Tallinn based airline, Estonian Air is at the forefront and a pioneer in terms of social loyalty programs. It is the first airline to have introduced an application for Facebook designed for customers to gain virtual points, which can be redeemed for discounts on flights, through a mix of social gaming and active participation.

After installing the application on the Facebook profile, users can earn points by inviting friends, liking links of the airline within the application, sharing the information found in deals and events, etc. The more points a user earns, the more discounts on flights they can achieve, up to 25%, or gain access to features such as lounge access or meeting the CEO.

- **Loyalty via Social Networks:**

  - Earn miles, discounts and lounge access

  - Game aspect with achievements to be unlocked

  - Usability of points for discounts and other ancillaries

  - More than 2 million hits, within 10 days of launch

EXAMPLE OF TRENDS - SOUTHWEST AIRLINES
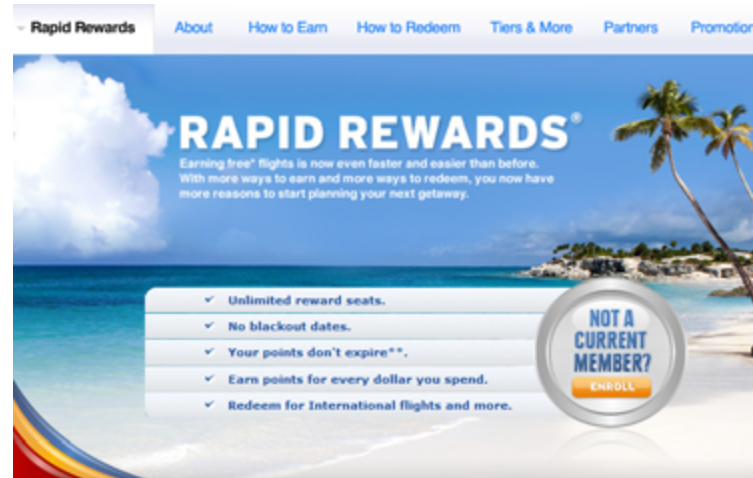
Southwest Airlines is the counterpart and one of many to have implemented a new concept in an already existing loyalty scheme of earning points by shopping at partner locations and earning miles in different ways, making its loyalty program more useful.

The new Rapid Rewards loyalty scheme changes the way in which miles are earned. While before a customer would earn miles by the amounts of miles flown, many companies, including Southwest Airlines, have now switched to a system in which one earns miles according to dollars spent. This change has opened a whole new world of options on which Southwest Airlines is now capitalizing upon.

- **Loyalty via Extensive Partner Network**

- **Earn miles by dollar spent not miles flown**

- **Rapid Rewards:**

    - Earn miles via online shopping at partner stores (BestBuy, Apple, Walmart, etc.)

    - Dedicated websites for points redemption

2.2 LOYALTY

EXAMPLE OF TRENDS - POINTS.COM
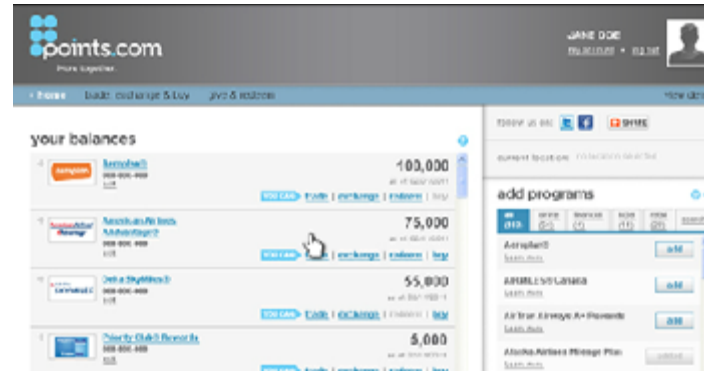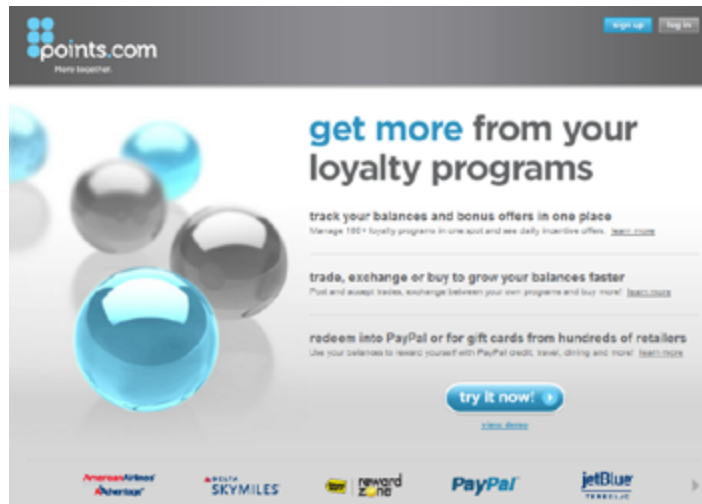
We are also currently experiencing a trend in which airlines are getting together to create "conglomerates" giving their loyalty programs an inter airline usability. Points. com counts on more than 30 airlines in its program and offers various new innovative ways of using your points. Amongst the biggest airlines in this program are Delta, American Airlines, Air France KLM, Emirates, Kingfisher, etc.

- **Trade miles between loyalty programs**

- **Exchange points with other airlines**

- **Buy points from an airline**

- **Earn points by shopping with affiliates**

- **Redeem points into PayPal money**

- **Redeem points into certificates**

- **Merge most of your loyalty schemes**

2.2 LOYALTY

EXAMPLE OF TRENDS - AEROPLAN.COM
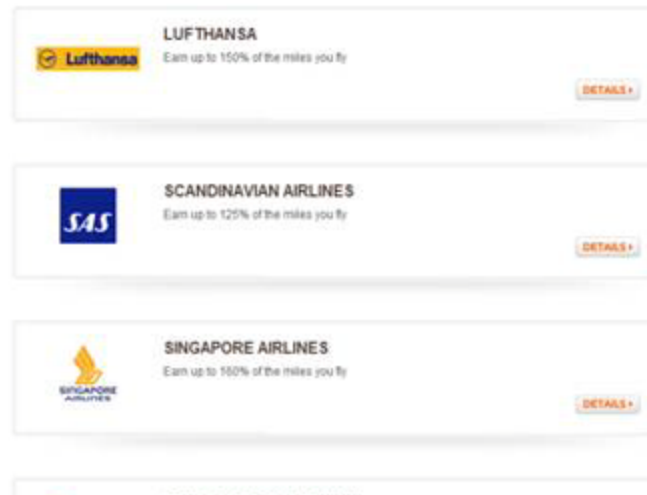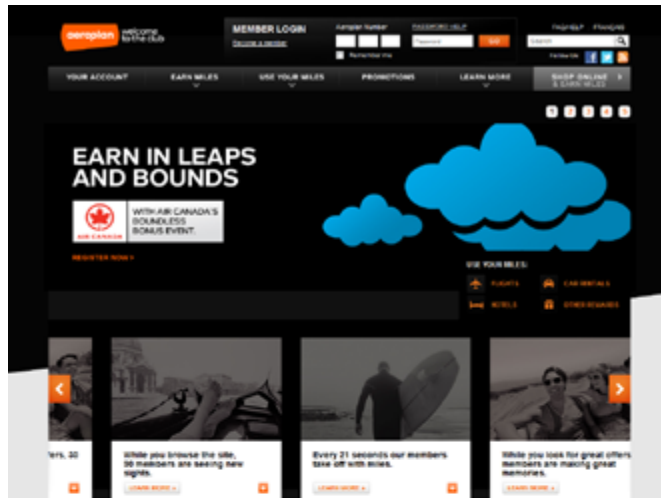
Aeroplan is a similar platform to the one presented by points.com. This platform which also counts on more than 30 airlines as their affiliates, lets you exchange miles between different loyalty programs and charges 2 cents per mile transferred from one account to the other. This platform is similar to the new partner platforms developed by airlines , with the only that it is a "conglomerate" of companies rather than just one airline and one loyalty program.

- **Trade miles between loyalty programs**

- **Buy points from an airline**

- **Earn points by shopping with affiliates**

2.2 LOYALTY

EXAMPLE OF TRENDS - LUFTHANSA
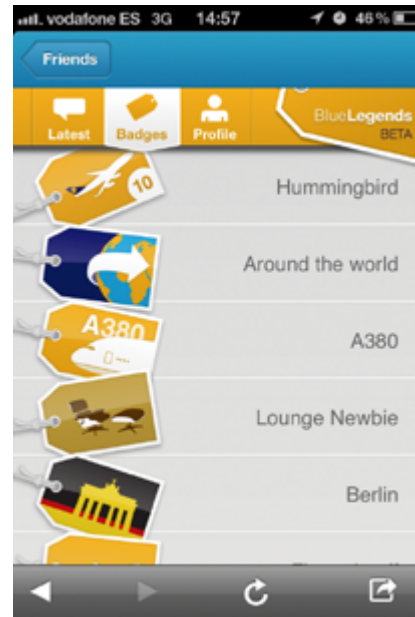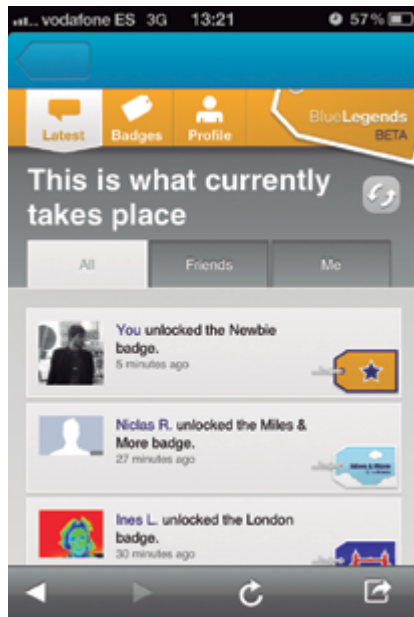
Another example of Social Loyalty is the Facebook application, called Blue Legend, that Lufthansa has launched in partnership with Foursquare. This application allows you to earn badges by doing their check-in through the application at Lufthansa venues or specific routes. Additionally one can log-in with their Miles&More frequent traveller number and earn special rewards. This application, which is designed in HTML5, enables frequent fliers to earn "online recognition" via badges and public rankings as well as rewards for their loyalty towards the company. This is a great example to illustrate how social gaming is increasingly becoming an important tool for airline loyalty programs.

- **Integration with Foursquare, Facebook and Miles&More**

- **New loyalty strategy**

    - Social Gaming

    - Earn rewards, recognition and badges by playing

2.2 LOYALTY

EXAMPLE OF TRENDS - SPANAIR

- **Adjustable redemption of points:**

  - No longer bound to have a set amount of miles in order to redeem points

- **Earn miles by dollar spent**

Tu selección

⊟ Vuelos

Madrid Barajas
Salidas: vie, 04 may 2012, 11:40

Copenhagen
Llegadas: vie, 04 may 2012, 14:50

Copenhagen
Salidas: mié, 09 may 2012, 15:35

Madrid Barajas
Llegadas: mié, 09 may 2012, 18:50

2 Adulto:	€ 170,00
Tasas:	€ 140,04
Total + Tasas:	€ 310,04

Puntos:

Utiliza tus puntos Spanair Star para obtener tu descuento o billete gratis

Total a pagar:	**€ 277,19**
	+ 3.285 puntos

Conversor de monedas

Siguiente >

Being a client of, now defunct, Spanair's frequent flier program, one was able to enjoy of a novelty in the booking process. While with most airlines in the world you would be able to book an entire flight with miles, it was a novelty that you could decide how many miles you want to spend for a flight and how much money you want to put into the flight. This concept was called Casy & Miles.

This is a great improvement towards traditional booking engines which, if you decide to pay in miles, obliges you to pay everything in miles with the option to offset the additional taxes with a cash payment.

2.2 LOYALTY

THE FUTURE

For the future we predict that:

1. Marketers will increasingly understand that loyalty is not a program but a **journey and a strategic business goal**

2. Loyalty will **focus more on emotions than on rational**, incentive-based initiatives therefore changing the way loyalty programs are run

3. A greater focus will be given to the **voice of the customers** and as such we expect more airlines to base their loyalty programs on interaction

4. Companies are sitting on piles of information and as such we expect airlines to follow suit to customer demands and **implement more personalized loyalty programs**

5. Marketers will take a more strategic look at **in-the-moment marketing**, looking at how best to use all the customer touch points, increasing their use of mobile possibilities

6. The goal of customer loyalty initiatives will shift towards **actively engaging customers**

7. Expect to see **growth in partnership programs** and a greater focus on the coalition model. The key to making any of these programs successful is creating a currency that works.

8. We are expecting that in the future we will see **flight rewards being handed out as discounts for other flights** or products and that customers will have the choice to earn miles or discounts

9. Models that enable to **transfer miles, donate miles and transfer miles between different loyalty programs** will gain popularity and start replacing traditional loyalty schemes

10. Marketers will integrate **social gaming** into their loyalty initiatives.

2.0
A VIEW INTO
THE FUTURE

2.3

BOOKING ENGINES

2.3 BOOKING ENGINES

INTRODUCTION

Since last decade the online sales channel has gained a major importance for most companies regardless of their industry. As internet access keeps penetrating more regions of the world, companies experience an increased shift from traditional "in-store" shopping to online booking, shifting the focus of development towards the improvement of the online sales process in order to facilitate the customer's shopping experience.

Customers in advanced countries are starting to demand booking engines in social networks, where a customer can chat with friends about a product, see ratings, and have much more interaction with factors affecting the buying process. Additionally we identify a trend in how customers search for products. They are much more open to suggestions and rather look at a category first than at a specific product.

In 2011, the United States was predicted to have online sales of $195 billion

For 2005, the U.S. is predicted to approximately have $260 billion in online sales

On average, online sales in the United States are predicted to grow by an average of 9% each year, in the coming five years

- **More extensive and complex searches**

- **Integration of booking engines in social networks**

- **Interaction during shopping process**

- **Ratings and opinions become more important**

2.3 BOOKING ENGINES

OVERALL TREND

SOCIAL BOOKING

Fully integrating booking engines into Social Networks

Permitting interactions and exchange of opinions during the booking process

AFFINITY SHOPPING

Searching by activities and not by destination

Searching by area and not by specific city

Weekend Trip, National Holiday, etc.

EXTENSION OF BOOKING FACTORS

Searching by where Friends are

Rating of offers

2.3 BOOKING ENGINES

EXAMPLE OF TRENDS - DELTA

Delta Airlines is the first company to have introduced a booking engine that is fully integrated with Facebook. It permits users of the social network to simply visit the Delta fan page and use this application to find flights and reserve a ticket without ever having to leave the platform, permitting the user to keep chatting with their friends and exchanging possible trip information. However this platform is currently only available in the United States.

- **Fully integrated booking engine in Facebook**
- **Plan your trip**
- **Check-in via Facebook**

2.3 BOOKING ENGINES

EXAMPLE OF TRENDS - GERMANWINGS

Germanwings, owned by Lufthansa, has developed an extension of its booking engine, adding it functionality via Facebook through an application which is intuitive and simple to use. After granting permission of the application to access your profile information, it searches for your current location and the location of your friends, compares it to data in its booking engine and then, on an interactive map, gives you the possibility to see where your friends are and how much a flight to the nearest airport from your location costs. This interactive map is customizable by price, name and distance and adds a regulating bar in which users can determine the maximum price they want displayed.

- **Find flights based on your friends location**

- **Customizable by price, friend name and distance**

- **Tool to reduce price sensitivity and add new factors to the booking process**

- **Direct link to booking engine on their website**

2.3 BOOKING ENGINES

EXAMPLE OF TRENDS - ALASKA AIRLINES

Alaska Airlines is another company which created a similar add-on to its booking engine by allowing users to find and select flights on social networks via integrated maps. The difference of this extension to Germanwings, is that it does not take your profile information as your current location and lets you decide from which city it should show you prices.

Additionally one can pick the month that the user wants to fly and whether he wants to see the prices displayed in money or in miles that would have to be used in order to book the displayed flights with Alaska Airlines.

- **Find flights based on your friends location**

- **Customizable by price, friend name, distance and miles.**

- **Tool to reduce price sensitivity and add new factors to the booking process**

- **Direct link to booking engine on their website**

2.3 BOOKING ENGINES

EXAMPLE OF TRENDS - AIR NEW ZEALAND

Following the trend of increasingly popular online reverse auctions, ANZ has introduced its very own reverse auction portal in which the airline offers new tickets every Tuesday. Tickets are for specific dates and specific flights and cannot be changed.

As an innovative company, ANZ is amongst the first to have implemented an auction portal of this sort and has ever since enjoyed a wide popularity amongst its customers.

- **Reverse Auction**

- **Buy specific flights at specific dates**

- **Lure customers into buying flights they did not think they wanted**

2.3 BOOKING ENGINES

EXAMPLE OF TRENDS - LUFTHANSA
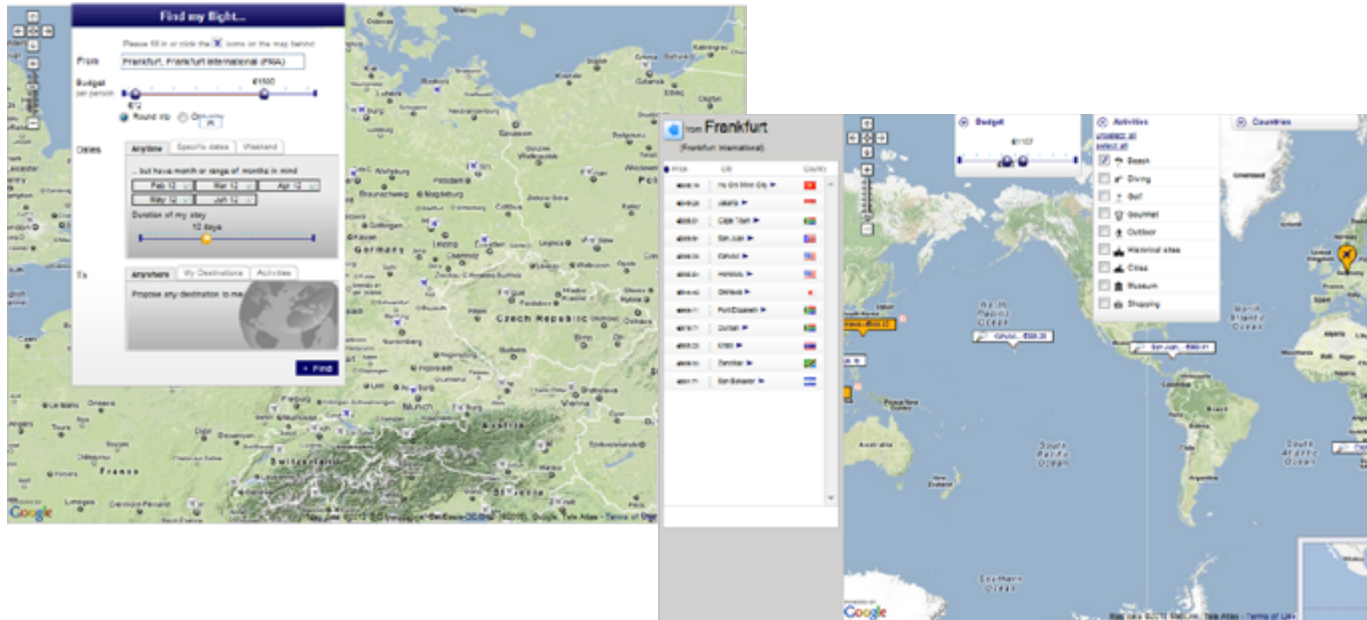
In terms of affinity shopping, Lufthansa is a good example of how to offer new ways of booking interactively. While navigating through their site, one can find an interactive map which holds all destinations that Lufthansa has. The customer plugs in their personal price range, where they want to fly from and what they want to do on their trip. For example indicating a budget between 880 € to 1100€ and selecting that you want to have beach and shopping, you get 12 possible destinations that fit within your budget and your required activities.

- **Interactive affinity shopping map**

- **Find flights according to Leisure**

- **No date restriction in search**

- **Overview of possible destinations**

- **Results adjustable to price without reloading the page**

2.3 BOOKING ENGINES

EXAMPLE OF TRENDS - TAP PORTUGAL

Similarly to Lufthansa, however without the interactive map, TAP Portugal implemented a search for flights based on categories. In this specific example a client would indicate what dates they want to fly, specific date or weekend, and could choose between categories of beach, city tour, culture, golf, islands, romantic, shopping, snow or spiritual travel. The search engine will then look for flights from the indicated Origin and present you with various options for your date and category including prices.

- **Find flights according to Leisure**

- **No date restriction and destination restriction**

2.3 BOOKING ENGINES

EXAMPLE OF TRENDS - IBERIA

Iberia has a price cache integrated in the booking process, that enables potential prospect customers to see the cheapest flights found by other users in a recent time span. What this system does, is save the search results of a set number of users and reproduce these results to other users on a page designed especially for flight offers.

For example the flight offers displayed on its main page, fly to city X from € onwards, is run with prices found by previous users searching for the same destination. It saves the company transaction costs with GDS's and enables customers to have easy access to the best fares in Iberia at a glance.

- **Overview of the cheapest found fare for a destination by other customers**

- **Reduction of GDS cost**

- **Reduce search times for customers**

EXAMPLE OF TRENDS - IBERIA

With the redesign of its website, Iberia has introduced a next generation search engine that adds an extensive amount of new options and ways of searching for flights. There is no destination limit meaning that you just have to input your origin and Iberia will list you the best prices from that origin. Furthermore, clients are no longer limited by dates and can choose specific travel occasions such as weekends. For example, if you travel from Madrid and want to find a destination in Europe, you simply type in Europe as a destination and click on any date and you can freely choose between cities and dates.

- **No Destination Limitation**

- **Countries/Continents Destination**

- **No Date Limitation**

- **Weekend Searches**

- **No Specific Origin**

2.3 BOOKING ENGINES

EXAMPLE OF TRENDS - VOLARIS

Volaris has a lot of payment methods, of which one in particular stands out. When buying a flight with Volaris, if you are a Mexican citizen, and you do not have enough money to afford a flight, the company offers you pre-arranged deals with American Express, Banamex and Santander to receive loans of at least $5,000 MXN to pay for a flight. Note that every loan option has a minimum. Additionally it offers payment methods at any of their partner stores (Oxxo, Sears, HSBC, Banamex, etc.), via credit card or via an online wallet, if you are a registered user of Volaris.

- **Extensive online payment methods**

- **Pre-arranged financing deals**

- **Payment at partner stores**

2.3 BOOKING ENGINES

EXAMPLE OF TRENDS - ATLASJET

Similarly to Volaris, Atlasjet offers various different, pre-defined packages that help customers pay for the flights. While this might increase the risk for airline companies to sit on the costs of a flown ticket, in the market that these two companies majorly operate in, it is a clever move to attract more online customers that usually would not buy a ticket online because they cannot afford it via traditional means.

- **Extensive online payment methods**

- **Pre-arranged financing deals**

EXAMPLE OF TRENDS - JETSTAR

Since Jetstar is a fairly new company, it comes as no surprise that it embraces the internet as one of its biggest sales channels. In the payment method section, Jetstar offers their clients the possibility to pay for flights via PayPal or Poli, the Australian version of PayPal, which removes the necessity to have a credit card or go to a branch office to pay for the flight. This development makes even more sense for airlines in developed countries, in which booking over the internet is a major part of the business and therefore customers will be more prone to use online payment services such as PayPal.

- **Extensive online payment methods**

- **Payment via PayPal & POLI**

2.3 BOOKING ENGINES

EXAMPLE OF TRENDS - PROMOTIONAL SALES WEBSITES

In 2011 we have seen companies such as Virgin America, Southwest, Lufthansa Brazil, Estonian Air and British Midland join Groupon and other similar services, and offer discounted prices.

Arguably the best result so far achieved in this new trend, although not on Groupon itself, was by Estonian Air which had to stop selling tickets through Cherry. ee, which the largest Estonian Groupon-kind site. The airline was planning to sell coupons for 38 euro which would provide clients with a 64 euro discount. The airline had aimed to sell 2,500 vouchers but within 24 hours managed to sell 6,500 vouchers, representing approximately 250,000 euro of generated sales within 24 hours. An impressive result seeing that the company only operates 7 planes.

- **Sell tickets at special fares**

- **Sell discounts for specific flights**

THE FUTURE

For the future we predict that:

1. Booking engines become increasingly social by being **fully included in social networks** and **offering new functionalities** such as friend search.

2. Fully integrated booking engines in current **mobile phone applications** available on the market. Since most application based booking engines send the mobile phone user to the website of the company, we expect to see major development in this area.

3. Customizable search options such as **searching by type of activity, price, friends and much more will start to be more** popular amongst users, prompting innovation in this area. We expect to see options such as selecting whether to fly at night or during the day, flying to a random location but with a specific plane type (plane tourism), etc.

4. Additionally, we expect to see a change in **searches which will become more flexible and adapt to customer** needs such as not requiring all fields of a flight search and permit to search without restrictions.

5. We expect to see an **increase in alternative payment methods** for online payment.

2.3 BOOKING ENGINES

INCREASING POWER OF METASEARCHERS AS BOOKING ENGINE PROCESSES

In the past couple of months, the airline industry has seen various interesting changes. Surely one of the biggest ones is the launching of Google Flights in the United States. Sooner or later Google will be able to offer direct booking of flights from their own website. The potential for Google in this area is quite big. Once fully launched, new developments in this flight search engine can lead to a loss in visits to airline websites and mean that an already highly competed market will focus even more on the price variable. The quickness with which Google is able to find and compare flights cannot be matched by any airline and the possibilities for "Afffinity Shopping" are also high for this engine. All in all a treat to be watched by carefully by airlines.

- **Fast searches and comparison**

- **Integration in Google search**

2.0
A VIEW INTO
THE FUTURE

BANNER

2.4

USABILITY DESIGN SIMPLIFICATION

2.4 USABILITY / DESIGN / SIMPLIFICATION

INTRODUCTION

As internet penetration keeps growing and more business and sales go through the online channels, it has become very important to build websites which are easy to navigate, attractive to the eye and do not require much knowledge to be able to do a transaction on the website.

All across industries we have seen a development over the years in more complex websites which however, keep gaining in simplicity, showing that these are not two mutually exclusive factors. Additionally, while many companies do not want to put in extra money and working hours into making their websites a leader in usability, we are currently experiencing a wave of redesign and re-launching of websites

- **Increase of access to websites through smartphones**

- **Drive towards increasing usability**

- **Cross-platform design**

- **Booking and check-in steps reduction**

2.4 USABILITY / DESIGN / SIMPLIFICATION

OVERALL TREND

REDESIGN OF WEBSITES

Delta, JetBlue, Ibera, etc.

Gaining usability and interactivity

SHORTENING OF PROCESSES

Booking, Check-in and Management on the home page

DESIGN

Clean-cut, simple design

Easy to use for first time visitor

Easy to navigate and find information on first page

2.4 USABILITY / DESIGN / SIMPLIFICATION

EXAMPLE OF TRENDS - DELTA
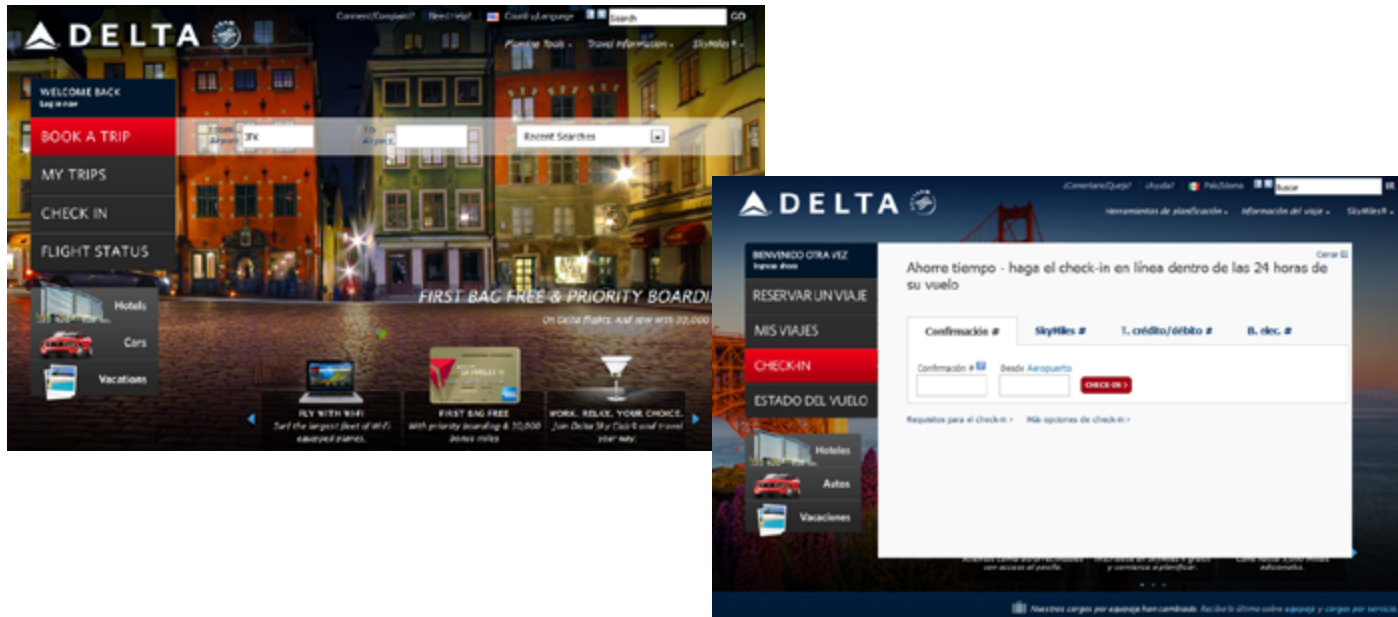
Delta has just recently revamped its website in what has become a fully interactive state of the art platform that offers everything at first sight and is incredibly easy to use. It offers the ability to book a hotel or car without booking a flight, the top right menus of Planning Tools, Travel Information and SkyMiles automatically unfold by just passing the mouse over them. Everything is clear, tidy, elegant and makes a customer happy to visit the site more than once. The help section as well as all other options are easily accessible.

- Interactive website

- Clean and attractive to the eye

- Most important information at first sight

2.4 USABILITY / DESIGN / SIMPLIFICATION

EXAMPLE OF TRENDS - EMIRATES

The Emirates website has got two differentiation points that sets their websites above other airlines. Due to Emirates being a global carrier, it offers its website with the possibility to select between English, French, German, Spanish, Italian, Portuguese, Greek, Turkish, Japanese, Chinese, Korean and fifteen different Arabic languages. Usually using this many languages is solved by airlines through offering different website structures and contents for each language and as such increasing the administrative burden. Emirates, however, has developed its website based on modules, that allows it to use the same contents and adapts the modules of the website according to the language.

- • **Extensive language selection**

- • **Adaptation of display by language**

- • **Centralized information**

- • **Modules based website**

- • **Accesibility Statement**

2.4 USABILITY / DESIGN / SIMPLIFICATION

EXAMPLE OF TRENDS - SWISS

Swiss has the typical business website which however, perfectly represents the trend in which the industry has been moving. There is a clear trend towards clear-cut websites which are very tidy and focus information. Swiss excels in promoting their brand image through their website. The company is known for having excellent service and to be an airline majorly used for business, therefore their website is kept clear and simple. The white/red contrast and use of grey scale colors perfectly works to attract immediate attention to the search engine. The website is intuitive to use and as such, new clients not used to booking online have it easy to find all relevant information they might be interest in within the reach of one click.

- Clean cut simple design

- Impression of business and excellence

- Good usability and accessibility

- Good scale of colors

2.4 USABILITY / DESIGN / SIMPLIFICATION

EXAMPLE OF TRENDS - FRONTIER

Frontier Airlines, is an Indianapolis based airline, which has earned awards for their innovative and unusual website design. The website is clean and eye-catching and gives central focus to the booking engine which, when clicking on it, automatically expands. Overall the website looks very tidy and intuitive to use, the usual fine print is clearly visible, giving the customers the chance to read all important information without having to click through the site to find it. The site is refreshing and out of the ordinary in the airline industry and an idea that can be followed by regional airlines.

- **Simple design**

- **Good usability**

- **All information is easy to find**

- **Central focus to the booking engine**

- **Intuitive to use**

2.4 USABILITY / DESIGN / SIMPLIFICATION

EXAMPLE OF TRENDS - KLM

KLM is one of the recent airlines who are following the fully integrated cross-platform strategy trend, and as such has laid special focus on being able to offer a coherent design and same functionalities for all its customer contact points (Website, Mobile, Application, Auto Check-in). Regardless of the quality of each single application , they offer the same functionalities throughout all platforms that they are present in. A trend which is gaining popularity as different operating systems become more and more popular and it becomes ever more difficult and costly to create common applications for all operating systems.

- **Cross-platform design**

- **Same functionalities on all platforms**

- **Coherent design**

2.4 USABILITY / DESIGN / SIMPLIFICATION

THE FUTURE

For the future we predict that:

1. HTML5 will be a big factor in shaping the website of the future in adding more **interactivity** to web pages and being a cornerstone on which new technology will be based upon.

2. Usability wise, web pages will start developing towards **touch screen functionalities**. So that offers on a website can be scrolled through with a finger or other applications can be easily used without having to click anymore.

3. Applications will be **better integrated in websites** thanks to new advancements in the interactivity department. We predict that applications such as Google Maps will gain further functionalities and be fully integrated into the website, no longer as a gadget but an integral part.

4. Voice control will start to gain popularity on websites. In a similar way to how Google is able to recognize voice for its searches, **voice control will be integrated in web pages** to facilitate navigation.

5. Longer term, we expect to see use of tools such as **Kinect to navigate through websites**. This would require a major development on the touch screen sector but is definitely a viable option in the future.

2.0
A VIEW INTO
THE FUTURE

2.5

MOBILITY

2.5 MOBILITY

INTRODUCTION

The use of mobile phone has exponentially increase in the last decade and a sector which has experienced a lot of growth recently is the smartphones area, which is the strongest growing mobile sector and whose trend is not predicted to end anytime soon,.

In the world there are currently about 6.2 billion cellular subscriptions with approximately 1.1 billion of them being mobile broadband subscriptions which allow their users unlimited internet access wherever they are.

- **Increased access to websites through mobile phones**

- **High sales potential**

- **No foreseeable downturn in mobile sales**

- **For 2015, approximately 500 million people will use their mobile phones as a boarding tool**

In 2011, Venture capitalists invested $6.3 billion into mobility

Google revenues in mobile advertising could hit $3.5 billion in 2012 up from $2.5 billion in 2010

1/4 of internet users in Germany solely access the internet through mobile phones

2.5 **MOBILITY**

OVERALL TREND

APPLICATIONS

Airlines are tending towards creating applications

Not only applications to buy but also to promote and entertain

HYBRID

Have the best of both worlds

Merge the benefits of a mobile web and an application

2.5 MOBILITY

OVERALL TREND - ASSUMPTION

" Even with a high standard error, smartphones penetration amongst frequent fliers is high and therefore an opportunity that must be exploited by airlines "

In December 2011, Madrid Barajas had 3.625.513 passengers

From a representative sample of passengers at Madrid Barajas, 66% of travelers have smartphones

If 23% of passengers with smartphones are frequent fliers, 550,352 of frequent fliers have smartphones

EXAMPLE OF TRENDS - CATHAY PACIFIC

Cathay Pacific is amongst the first to offer a very well designed version of a mobile application for the iPad. As any other application out there it offers the ability to check in, check on your flight status, manage your booking, look at flight schedules and manage your loyalty program. However, the real innovation is found within the comprehensive city guides, which are not just simply put together but are recommendations of the staff of the airline itself. This makes the guide more personal, trustworthy and more interesting than other standard city guides which might not have insider knowledge of the "true" places to see. Overall this feature manages to make Cathay Pacific stand out from the competition and make this an enjoyable travel app.

- **Standard functionality**

- **Amongst the first to offer for iPad**

- **Complete city guides by the crew**

2.5 MOBILITY

EXAMPLE OF TRENDS - MALAYSIA AIRLINES
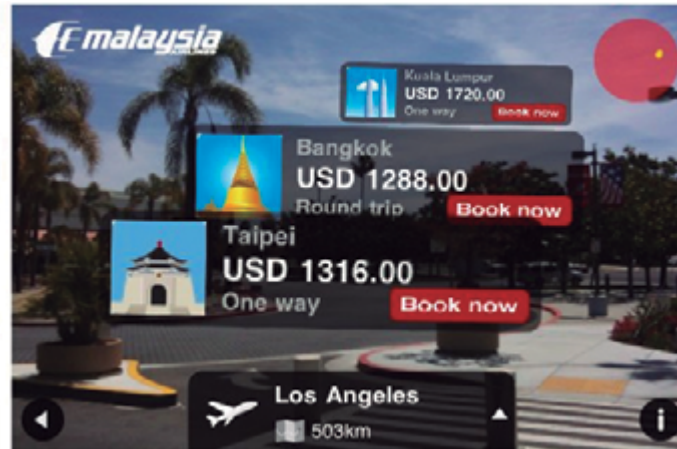
As a true innovator, Malaysia Airlines is the first company to have made use of the developments of virtual reality for its application MHDeals. This application consists of nothing else than pointing the camera of your phone or tablet towards the direction of the streets and one will receive various offers of flights to or from this destination. As of now this is seen as more of a gadget but once fully implemented, it can be used as city guides, as airport guides and many more functions. This is definitely a trend to be closely followed.

- **Augmented Reality**

- **Promotes deals**

2.5 MOBILITY

EXAMPLE OF TRENDS - LUFTHANSA
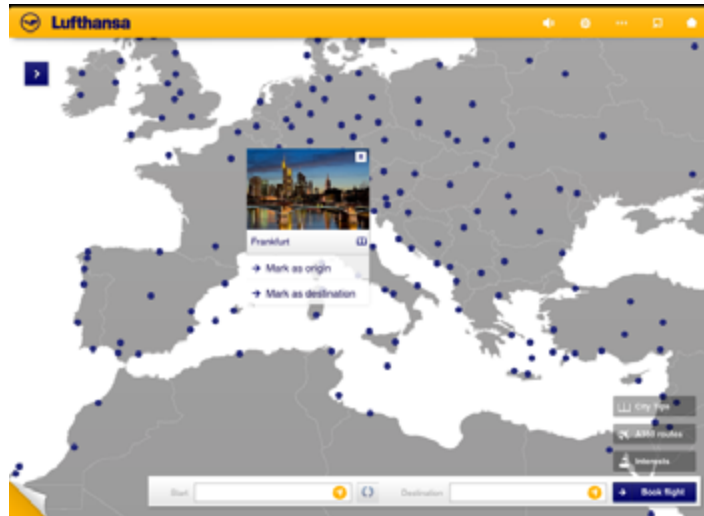
Lufthansa is amongst the front runners in iPad applications and have developed an application which sets the standard for interactivity. The application for the iPad is fully designed around the map as the main functionality for booking. The application uses this fully interactive map to choose and select cities as origin or destinations for booking and accessing the several city guides. The city guides are well designed and offers a lot of useful information and pictures. Overall this applications serves well for customers who are either not home or prefer to book flights over their tablets. Lufthansa also offers various different small applications which range from the standard main application to things such as games, information, magazines and an application especially designed for miles & more.

- **Various applications:**

    - Entertainment

    - Information

    - Games

- **Fully interactive map:**

    - City Guides

2.5 MOBILITY

EXAMPLE OF TRENDS - DELTA
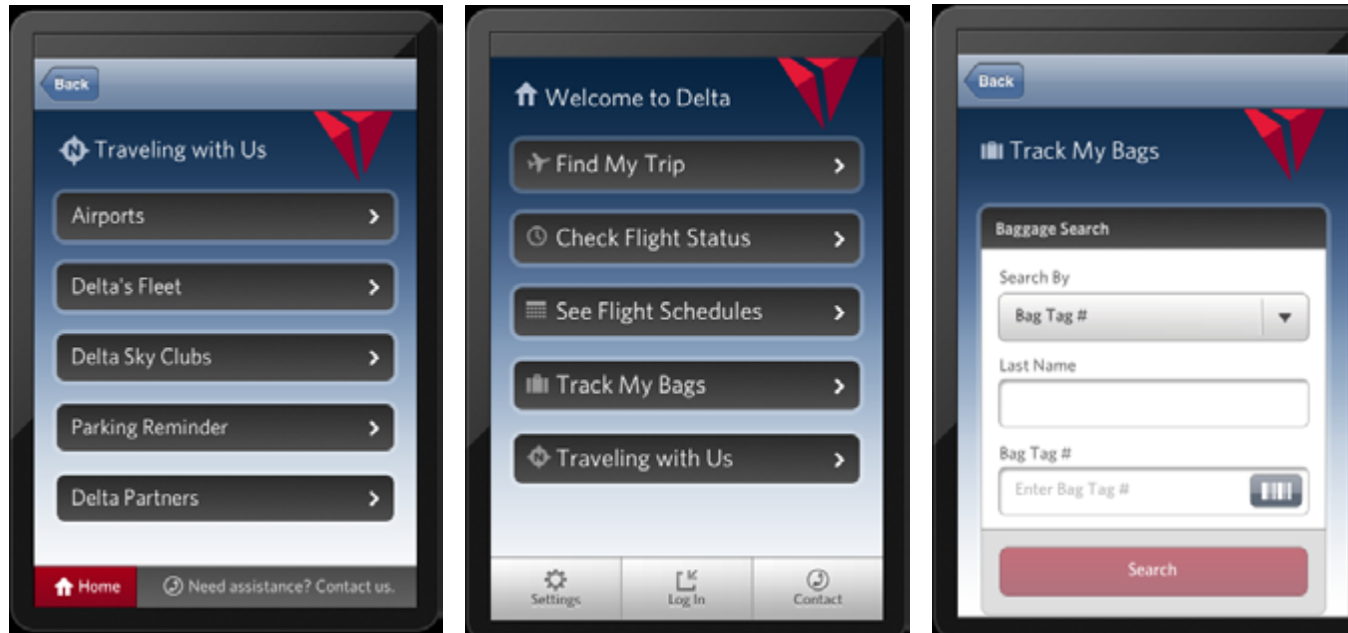
Delta Airlines, through their redesign process, have recently launched an application which is easy to use and pretty straight forward for people who don't use their smartphones a lot. The application offers all the norms such as check in and flight booking but more interestingly, and as a way to improve customer satisfaction in what can often result in a stressful situation, is the fact that through its application, a customer can track their bag at any time. This not only eases the feeling when waiting at the bag carousel of hoping that the bag has arrived but also in case the bags are missing, a customer can quickly see where is bag is and be re-assured. Additionally , and this is mostly a gadget, it offers the ability to remind customers going to the airport by car, to save the position of the car as a written reminder or a geotag.

- **Standard functionality:**
  - Check-in
  - Booking
  - Flight Status
- **Track your bag at any time**
- **Save position of car via geotag**

2.5 MOBILITY

EXAMPLE OF TRENDS - SOUTHWEST AIRLINES
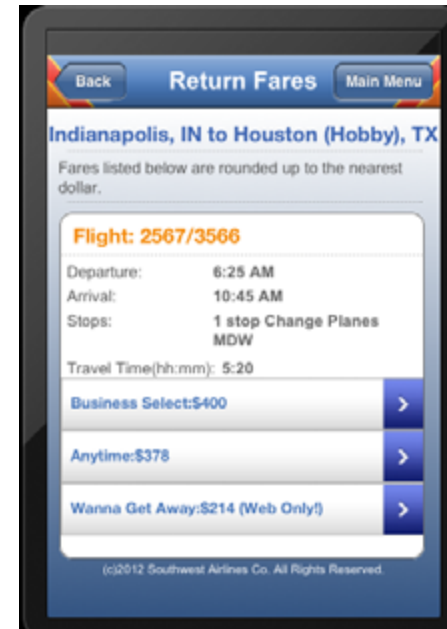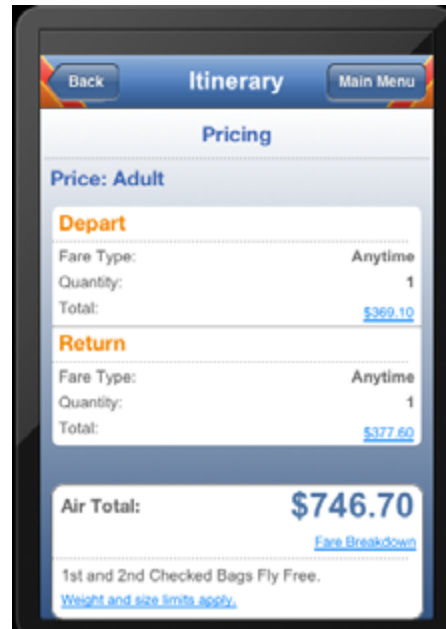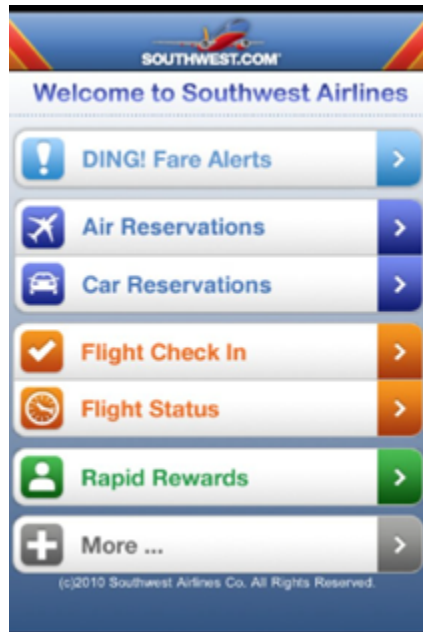
Similarly to United Airlines but for a different feature, Southwest Airlines offer push alerts for its flight offers, indicating when there is a new offer for a flight or by customer selected flights available for a certain price. Additionally, they offer ancillaries such as being able to reserve a car through the applications. Southwest is also among the airlines who have introduced a fully integrated booking engine which can handle a flight reservation without having to Access the web site of the company to complete the transaction at any time.

- **Flight offer push notifications**

- **Car rental**

- **Fully integrated booking engine**

- **No need to access web page**

- **Miles Access**

2.5 MOBILITY

EXAMPLE OF TRENDS - UNITED AIRLINES

- **Fully integrated booking engine**

- **Airport maps**

- **Flight status push notifications**

- **Currency converter**

- **Games**
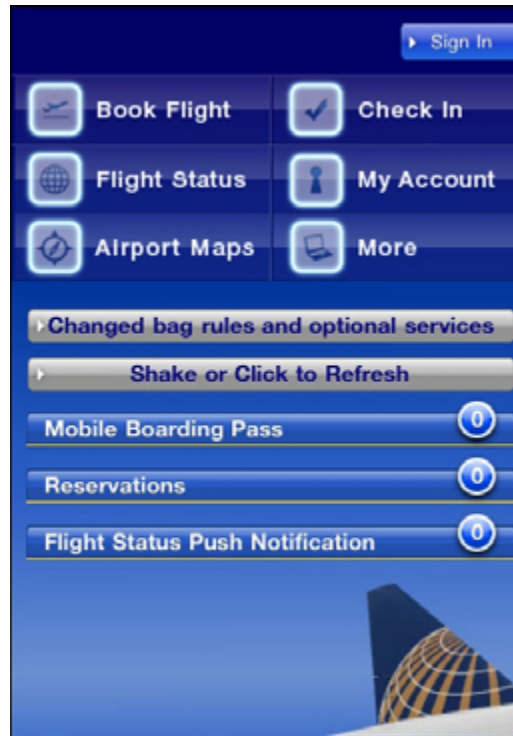
United Airlines is among one of the few airline companies which offer more than just the standard options in their applications. Besides the usual, with the United Airlines application, one can enjoy using airport maps which make navigating through a new airport easier, flight status push notifications, currency converter, games and links to their social media feeds which are Twitter and Facebook. Overall, while not being the most attractive application on the market, the many features that United Airlines offers to its customers via this application is a standard which soon many more companies will follow as they rebrand their applications. They will no longer be just a mobile application and extension for an airline but a product which facilitates customer satisfaction with as many relevant features as possible..

2.5 MOBILITY

THE FUTURE

For the future we predict that:

1. We expect to see **fast developments in augmented reality** and other similar technologies, which will raise application interactivity . These applications will become a fundamental part of the travel since they can offer updated suggestions to anything that the customer points their camera at.

2. Applications allowing **voice control** are the future and will soon be found in the airline industry.

3. Applications will start offering more and more extra features such as **the ability to order a taxi, find hotel suggestions on the spot, travel suggestions, information of how to get to final destination, etc.**

4. Real-time application will begin to take a fundamental role. Information such as current waiting time at check-in, waiting times at baggage control, traffic, flight status, etc. will be aimed at the **actual needs of customers and provide real time information.**

5. Airline applications will develop into **full travel applications** which take into account the moment the passenger leaves their home or hotel to when they reach their final destination (hotel or house).

2.0
A VIEW INTO
THE FUTURE

2.6

2.6 SEO

INTRODUCTION

Since search engines have entered the market and became a popular and powerful tool, the one million dollar question has always been how do I optimize my website to appear in the first searches of a search engine in order to attract more clients.

Surprisingly enough, a lot of companies don't have a SEO strategy or are simply half heartedly adding some tags to the website without really giving it some thought.

SEO can be a very effective way of raising returns and statistics prove that well planned SEO campaigns can have a return on investment of more than 300%. An exorbitant and baffling number highlighting the vast potential that SEO strategies can have to increase a companies revenue.

Users who click only on the first two results: 50-60%

Users who do not find a desired page on top results will go on to do a more complex search: > 70%

Users who navigate to the second page of a search if they do not find the desired results: > 20%

- **SEO can lead to more than 300% ROI**

- **3 out of 4 search users prefer organic search results over paid advertisements**

- **When shopping online, more than half of search users prefer results from SEO results rather than from SEM campaigns**

OVERALL TREND

ALTERNATIVES TO FULL GDS SEARCHES

Reduction of GDS transaction cost

Better visibility for customers about flight offers

Better look-to-book ratio

LANDING PAGES

Destination and route specific pages

Increases visibility for specific destination searches

Increases traffic from users looking for complex information searches
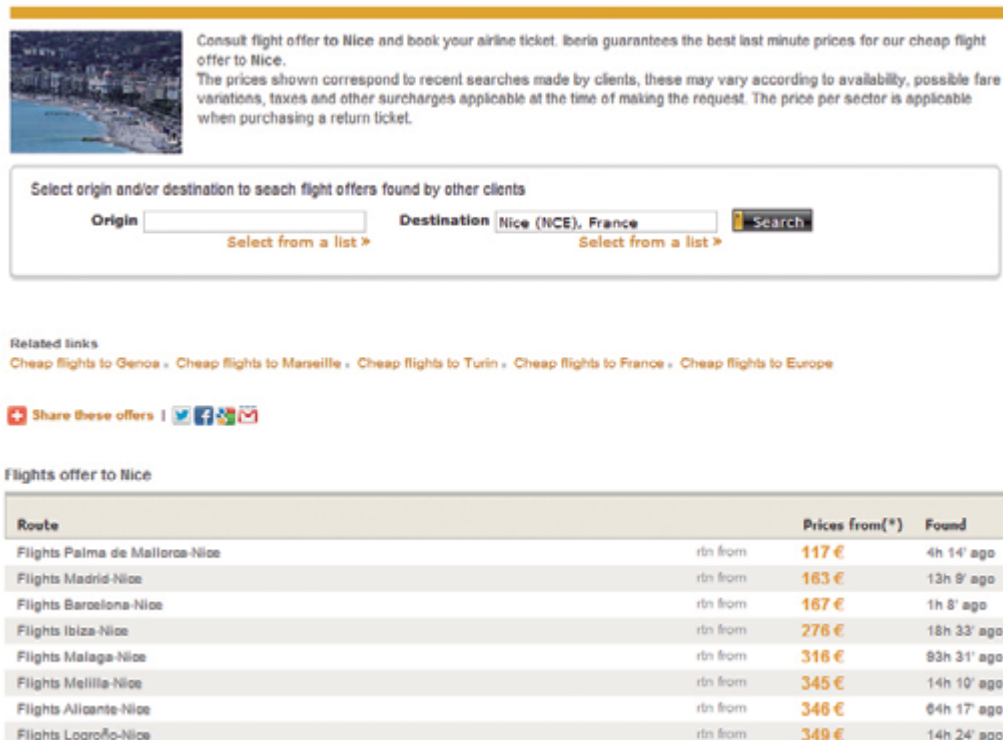
SEO PRACTICES

Increase of SEO developments in Airlines

Metatags, indexation, refreshing of content, backlinks

2.6 SEO

EXAMPLE OF TRENDS - IBERIA

Iberia is a perfect example of placement in search engines through landing pages and traditional search engine optimization. They have created landing pages for each of their destinations, which makes them always appear in the first results on search engines such as Google. In this example for Iberia we searched for "cheap flights nice"We have tried several destinations and Iberia is one of the first airlines represented in the first results in web searches. This is not only a result of optimizing generic destination keywords but also of non-brand related generic travel terms and the use of meta tags (title, keywords, description) and robots.txt

- **Landing Pages**

    - Positioning of various non-brand related keywords

- **General SEO practices**

- **Price Cache**

- **Frequently updated content**

EXAMPLE OF TRENDS - QANTAS

A different model for positioning and selling flights through landing pages has been chosen by Qantas. The company enables potential customers to search for cheapest fares from a destination or to a destination. For example if a client wants to fly from Perth but has no specific destination, the landing page automatically shows him all results for flights from Perth sorted by Price or by City Name. Additionally one can Filter the results and choose the travel class that they prefer. Additionally, when choosing a destination, a drop-down box opens which contains the booking engine and a graphical illustration of the prices, per month, for the selected route.

- **Landing Pages**
    - From specific destination or to specific destination

2.6 SEO

EXAMPLE OF TRENDS - VIVAAEROBUS

Vivaaerobus is another company which manages to position itself very well through landing pages. In the below example we searched for "vuelos baratos tijuana" and were redirected to this upon clicking on the search result. We have tried with several destinations and Iberia as well as VivaAerobus are always represented in the first results in the web search.

- **Landing Pages**

2.6 SEO

EXAMPLE OF TRENDS - EASYJET

Another example of good SEO practices is EasyJet, which manages to position itself amongst the top search results through landing pages. As can be seen with their search results, EasyJet is following the trend of creating landing pages with destination information in order to attract prospective customers to their website. Additionally it specifically positions itself in its "keyword segment" of cheap flights by the repeated used of the keyword in front of every destination offered on the landing page.

- **Landing Pages**

- **General SEO practices**

EXAMPLE OF TRENDS - FLYBE

Flybe, a low-cost regional airline based in Exter (UK), follows a different SEO model than its competitors. While they still use Landing pages to position themselves in their selected keywords, in the case of Flybe the landing pages are enveloped in what can be defined as a small destination guide with own content for each landing. Note that with the use of the guide they try to position more than one term. While the content itself is not designed to act as a guide, the layout of the landing pages permits Flybe to position more pages and different terms on online search engines. The functioning of this landing page is designed to base all navigation from the "London" tab and then expand from there on. E.g. "London + Holiday"

- **Landing Pages**

    - Destination guide for positioning

- **General SEO practices**

    - Positioning of various non-brand related keywords

2.6 SEO

THE FUTURE

For the future we predict that:

1. Voice enabled searches are gaining popularity and because of this companies will have to adapt their keywords and titles to "how" their customers speak. A perfect example of this upcoming trend is Apple's SIRI whose success has even astonished Apple themselves. In the future airlines will have to adapt to these kind of programs which will do the search for the client.

2. Clients will be increasingly doing more complex searches which at SEO level means that websites will have to adapt to a bigger complexity. Content will have to be made more transparent and categorized (hours, routes, price, flight code, etc.) and will be identified by their own website (destiny, origin, price) and reproduced in search engines.

3. Search engines will convert themselves into the first stage of the booking process.

2.0
A VIEW INTO
THE FUTURE

2.7

ANCILLARIES

2.7 ANCILLARIES

INTRODUCTION

Hotel Vip Lounge *Upgrade*
Credit Card *Transfers* Tickets
Speed boarding GIFT VOUCHEURS Extra leg
Extra Seat Onboard Shop Cars
Parking Limousine Entertainment
WIFI ACTIVITIES Extra Miles EXTRA
BAGGAGE Travel Insurance

Ancillary revenues have always been an interesting topic for companies operating in very mature markets and whose margins were decreasing and sales stagnating.

For companies outside of the airline industry we know that ancillaries are the accessories that companies sell us to accompany their main products.

However the industry that gives ancillaries revenue the most importance is the airline industry which is trying to differentiate away from just selling plane tickets and is trying to enter adjacent markets.

- **Increase of companies looking for ancillary revenues**

- **Airline industry is a leader in offering ancillaries**

- **New revenue sources are needed as a consequence of increased competition, sales stagnation and higher operating costs**

OVERALL TREND

BOOKING

Car Rental

Hotel Rental

In-Flight services

PRE-FLIGHT

Lounge Access

Speedy Boarding

Fast-Track Control

ON-FLIGHT

Entertainment devices

Video on Demand

Wi-Fi

2.7 ANCILLARIES

EXAMPLE OF TRENDS - AIR ASIA

- **Menu on-board**

- **Comfort Pack**

- **Luggage**

- **Red Carpet:**

  - Buggy Service

  - Priority Boarding

  - Priority tagging, etc.

No checked bag
Regular- up to 15kg (13.11 EUR)
Medium - up to 20kg (15.74 EUR)
Large - up to 25kg (23.61 EUR)
Xtra Large - up to 30kg (26.23 EUR)

Red Carpet service includes:

- Dedicated check-in counters
- Free check-in service
- Access to the lounge
- Fast departure immigration & security clearance
- Priority boarding
- Buggy service *
- Priority tagging
- Priority arrival baggage handling

* Available at KUL only and subject to aircraft parking

COMBO SET

Asian Fried Rice Combo (3.50 AUD)	0
Assorted Sandwich Combo (2.63 AUD)	0
Briyani Rice Combo (3.50 AUD)	0
Chicken Foccacia Combo (2.63 AUD)	0
Chicken Rice Combo (3.50 AUD)	0
Chicken Satay Combo (3.50 AUD)	0
Frankster Combo (2.63 AUD)	0
Green Curry Rice Combs (3.50 AUD)	0
Lasagne Combo (3.50 AUD)	0
Nasi Lemak Combo (3.50 AUD)	0
Pancake Combo (2.63 AUD)	0
Cheesy Extravaganza Pizza Combo (2.63 AUD)	0
Roast Chicken Combo (3.50 AUD)	0
Spaghetti Bolognaise Combo (3.50 AUD)	0
Vegetarian Oriental Combo (3.50 AUD)	0
Vegetarian Rice Combo (3.50 AUD)	0

MONTHLY PROMOTION COMBO

Special Promo Meal (4.38 AUD)	0

Comfort Kit

Sit back, relax and snooze away with our specially designed Comfort Kit. Each kit contains a warm blanket, a comfortable inflatable pillow and a sleep mask to ensure sweet dreams on your AirAsia flights. Comes in a clever reusable pouch so you can use your Comfort Kit whenever you are travelling. Be sure to pre-order as quantities on board your flight are extremely limited.

In terms of on-board and pre-flight ancillaries, Air Asia offers nearly everything that one could wish for and really facilitates a customers flight and makes travelling enjoyable again.

It starts with the different luggage size selection that allows to pay different prices for different luggage weights and goes over to selling you an in-flight comfort kit which comprises of everything from coverts to neck pillows.

More interesting is the red carpet ancillary which gives you priority boarding, buggy service, priority tagging, free check-in service, dedicated counters, lounge access, fast clearance and immigration controls. An all round package. Additionally you are offered the option to order and compose your meal from 17 different dishes of which you can select two.

2.7 ANCILLARIES

EXAMPLE OF TRENDS - AER LINGUS

- **Lounge Access**
- **Online Extra Weight payment**
- **Sports equipment**
- **Seat Selection:**
  - Quick Seat
  - Exit Seats
- **SMS Reminder**
- **Upgrades**

	Low — Low fare Benefits	Plus — Plus fare Benefits	Flex — Flex fare Benefits
Time/Date Change	€40 + fare difference	€40 + fare difference	✔
Late Check in fee	Available to purchase	Available to purchase	✔
Refundability	No refund	No refund	Full refund*
Advance Seat select	Available to purchase	✔ On selected seats	✔
Assign at check-in	✔	✔	✔
Check-in	✔	✔	✔
Cabin Bag 1 < 10kg**	✔	✔	✔
Checked Bags < 20kg	from €15	✔ 1 bag	✔ 2 bags***
Lounge Access	Available to purchase	Available to purchase	✔
Gold Circle Points	On eligible fare classes	✔	✔

Aer Lingus is another champion in the ancillary revenue sector. It offers various ancillaries such as lounge access, extra weight at cheaper price than at check-in, upgrades, sports equipment, and the availability to pay for a quick seat (first rows), exit seats (close to emergency exits) and the fee for the reservation of a normal seat. These and other revenue sources put the company in the top 10.

EXAMPLE OF TRENDS - JETSTAR

Jetstar is a company which actively tries to boost their revenue from the flight booking process by offering a whole range of ancillaries before getting to the payment options screen. From lounge access and priority boarding, to extra leg room or up front seat, the company offers all travel related ancillaries that might interest customers. Additionally they offer the option to pay a small fee for freezing the tariff of a flight for 48 hours, a trend which is gaining popularity amongst airlines.

They also offer on-board iPad rental amongst other things and are one of the best in amount of ancillaries offered.

- **Lounge Access**
- **Priority Boarding**
- **Seating Selection:**
    - Extra Leg Room
    - Front Seat
- **Travel insurance**
- **Freezing of tariff**
- **On-board iPad rental**

2.7 ANCILLARIES

EXAMPLE OF TRENDS - AIR NEW ZEALAND

Travel from USA, Canada, London, Hong Kong, Honolulu, China, Japan	
USA, Canada, London, Hong Kong, Honolulu, China, Japan to New Zealand	
From Los Angeles	USD $60
From San Francisco	USD $60
From Vancouver	CAD $75
From Honolulu	USD $60
From Shanghai	CNY 400
From Beijing	CNY 400
From Hong Kong	HKD $450
From Tokyo	JPY 6000
From Osaka	JPY 6000

An interesting in-flight ancillary that Air New Zealand has introduced, is the ability to buy a second seat at check-in, for a price which is substantially lower than buying a normal ticket with the company. Rather than loosing revenue on empty seats, with this method ANZ makes up some money and additionally gives the client to benefit of more seat space.

Additionally they also introduced their Starfish Card which in return for a fixed annual fee, that gives their customers a 15% discount on flights that can be purchased for $200 and 30% discount on flights that can be purchased for $800.

- **Membership card:**

  - Pay a fixed annual fee for 15% on flights up to $200 and 30% on flights up to $800

- **Twin Seat:**

  - Buy an extra seat at a discounted rate upon availability

2.7 ANCILLARIES

EXAMPLE OF TRENDS - AUSTRIAN AIRWAYS

Austrian Airways is amongst the first European Airlines to introduce their very own cab service which is only available to passengers of the airline. The cabs transport passengers between Vienna and its surroundings and Vienna Airport and are offered a free daily newspaper as well as refreshments ? The service can only be booked online and up to 24 hours before departure and costs 29 Euro for the cab and 40 Euro for a minibus. The service is provided on the website and as a reminder in the booking confirmation e-mail.

Additionally, Austrian offers various different ancillaries such as lounge access for 35 euro, extra legroom by paying 70 euro prior to departure and get an emergency row seat or purchase an extra bag allowance slot prior to departure, before having to pay more for it at the airport.

- **Cab service:**

    - Taxi or minibus

    - Free daily newspaper

    - Refreshments

    - Booking 24h before flight

- **Lounge Access**

- **Extra Leg Room**

- **Online Extra Bag allowance**

2.7 ANCILLARIES

EXAMPLE OF TRENDS - JET2

For Jet2, an English low-cost, ancillary revenue is an important part of their business with more than 20% of their revenue come from the sale of ancillaries. In fact, Jet2 offers a lot of flight extras which make the flight more comfortable for its clients. Apart from the standard Seat Selection, Extra Legroom, Baggage and in-flight meals, Jet2 offers something which is gaining momentum in quite a few low-cost carriers, the implementation of an in-flight entertainment ancillary. For approximately 10 Euros, a client can opt to rent a media player with pre-charged TV shows, movies and music. The offering of in-flight entertainment at an extra cost, is a trend that more and more low-cost airline are slowly but surely integrating in their business.

- **In-flight entertainment**

- **All kind of Travel Extras**

- **High importance of ancillaries for overall revenue**

2.7 ANCILLARIES

EXAMPLE OF TRENDS - WIZZ AIR

Wizz Air, a Hungarian airline, has been one of the first to airlines in Europe to introduce a membership card which enables customers to book flights at a discount later on. With an annual fee of 29.99 euro members of Wizz Xclusive Club will get access to a pool of tickets that are cheaper by up to 10 euro per one-way flight than regular prices. It allows up to 9 passengers to benefit from this card in the same reservation .

Granted that this card can be used as many times as possible for a year, it is a great investment for customers and an interesting ancillary which is slowly starting to gain traction in the airline industry.

- **Membership card:**

    - Pay 29.99 a year for up to 10 euro discounts on various flights

2.7 ANCILLARIES

EXAMPLE OF TRENDS - AIR FRANCE

Air France has recently introduced a system that allows the customer to block fares for 7 days, at 5 euro, on flights around Europe and between Europe and North America and Israel, or for 15 euros on any other flight. This trend has been followed recently with the deployment of a similar ancillary service by Vueling and Continental. This service goes alongside the standard policy of fallowed light cancellation 24 hours after having booked the ticket.

Although heavily discussed amongst experts whether or not this is a worthwhile extra service, it has become a widely implemented trend among airlines.

- **Fare freezing:**

  - 5 to 15 Euros for freezing fee for 7 days

2.7 ANCILLARIES

EXAMPLE OF TRENDS - OPTIONTOWN

In the search of new ancillary revenue a few airlines have teamed up with Optiontown, an online based company which offers upgrade possibilities at a pre defined nominal fee. Clients of airBaltic, SAS, Air Asia, Aeromexico, Blue1 and Arik can buy the opportunity to upgrade, if possible, for a pre determined fee and would have to pay about $3 to Optiontown for the transaction. An answer as to whether or not the flight could be upgraded or not will be given to the customer at a maximum of four hours remaining prior to the flight and if not possible , the cost will be fully refunded.

- **Upgrading:**
    - Pay an annual fee to Optiontown and receive discounted upgrades upon availability

2.7 ANCILLARIES

EXAMPLE OF TRENDS - RYANAIR

While the Ryanair website is not a perfect example for usability or design, the company remains unbeaten champion of ancillary services. No matter where on the web page a client is currently navigating, one is always confronted with the high amount of ancillaries that Ryanair offers. Be it on the right column, on the left column under travel extras or as little flash boxes advertising a special product. Ancillaries that can be especially seen as a trend in Low Cost airlines and some legacy carriers are Transfers, Airport Parking and Trains & Public transport offers.

• **All type of ancillaries**

  • From Hotel, to transport, to credit cards

2.7 ANCILLARIES

EXAMPLE OF TRENDS - BRITISH AIRWAYS

- **Selling of Experiences**

- **Integration of Ratings of Locations sale ancillary in landing pages**

- **Ratings of Hotels at specific cities flown by British Airways:**

  - Partnership with TripAdvisor

Although booking Hotels on an airline website is not anything new, the way that British Airways approaches the sale of this ancillary is quite new and we can see that recently some other airlines have followed suit. British Airways not only includes booking hotels in their booking process but also gives a client to book a hotel without having to book a flight at the same time. Additionally it integrated TripAdvisor reviews in its destination landing pages.

Additionally something of a newer ancillary and one which is starting to gain more attention is the offering of "Experience" packages to clients such as tickets to attractions or to special locations. All in all a good implementation of a company which has long struggled to implement ancillaries into its premium offering.

2.7 ANCILLARIES

THE FUTURE

For the future we predict that:

1. Fast check-in, quick boarding, fast line at luggage control, priority bag handling, etc. will gain more and more popularity amongst airlines, to benefit from **facilitating customers life at airports.**

2. Ancillaries offering **specific food** related to the country of the airline, which is available to order for the flights, will increase.

3. Airlines will start offering more **complex ancillaries** dedicated to facilitating transit to and from the airport as well as assistance at destination.

4. External revenue sources to raise loyalty and income will become more popular and airlines will start **expanding away from traditional airline services**.

5. Internet Wi-Fi access will keep increasing. While many companies in the United States and Asia and slowly Europe already offer the possibility of onboard **Wi-Fi**, it has not gained much use and ROI for airlines so far. We expect a **new business model** to emerge in the future.

6. We expect to see an **increase in video and game on-demand flight systems** such as the iPad, which are going to be offered to the client for a charge and will have internet access as well as pre-installed software.

3.0
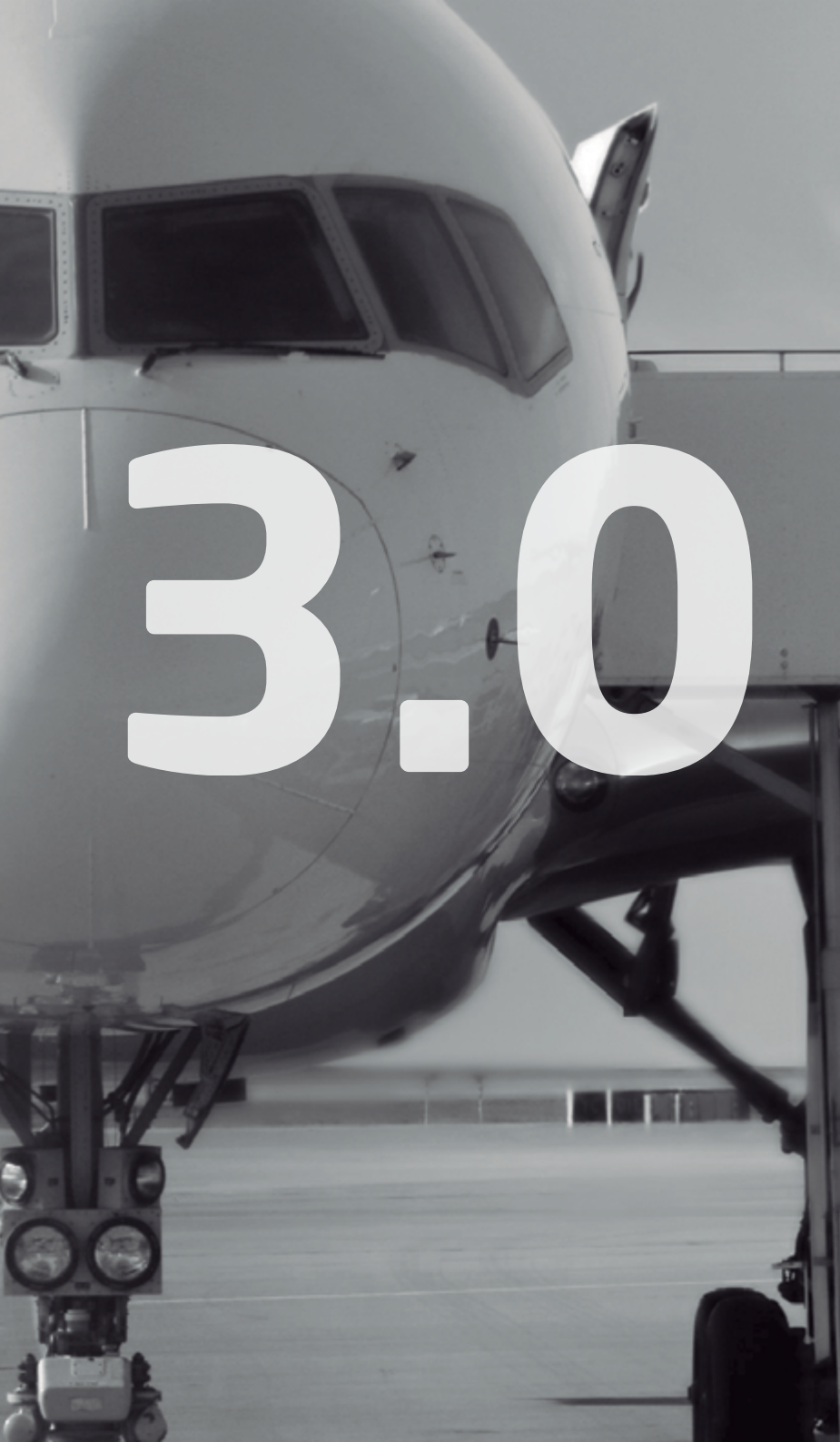
EXPERT INSIGHTS

METHODOLOGY

In this section you will find interviews we have conducted with leading experts in e-commerce who work for major airlines which in total have transported more than 85 million passengers in 2011 and operate in regions such as Latin America with one of the largest growing markets in terms of internet penetration. We have specifically lied the focus of our interviews on how these experts see the future of e-commerce and what they believe the future challenges for airlines to be.

List of questions asked to experts:

1. What have been the three most important innovations (in order of relevance) in airline e-commerce in the past years ?

2. Which innovation or area do you expect to develop most significantly in the coming years?

3. How do you think that social networks will develop and integrate in the airline business model?

4. What is your view on what the loyalty program of the future will look like?

5. How do you think airlines will develop their booking processes in order to satisfy the ever increasing demand by clients for more complex searches?

6. How will airline web presence change over the coming years?

7. With Google entering the travel market, what impact do you believe metasearch engines will have on the airline online sales channel?

8. With the trend of increasing mobility gaining more and more momentum, how do you believe airlines will respond to satisfy new demands through different channels?

9. How do you believe the ancillary market to develop (legacy vs. Low cost) and in which ancillary service do you see the biggest potential for airlines?

JULIÁN DIAGO

IBERIA

Iberia.com, mobile innovation and development Manager

Julián Diago joined Iberia in 1995 and was promoted to Iberia.com Marketing and Customer Manager in 2002. He is currently the Iberia.com, mobile innovation and development Manager. Julian has a university degree in IT from the University of Alcalá and an Executive MBA in Tourism Companies from IE (Instituto de Empresa).

1. Top three airline e-commerce innovations

1º Google's entry into the market for real-time availability-pricing solutions, thanks to their acquisition of ITA Software, is, without doubt, one innovation that will mark a turning point in terms of the concepts associated with airline distribution.

2º The mass introduction of ancillaries for online sale, focusing primarily on distribution via the airline's web channel, started just three years ago and it is still a field in which there is a lot of scope for development, both in terms of the type of ancillary and the after-sales services related to them.

3º The introduction of flight search concepts other than just the traditional options of origin-destination, etc., in the same way as concepts of search by client profile, searches based on budget and searches on a map of destinations have enabled companies to cut costs at the same time as adding value for the end client.

2. E-commerce evolution trends

Without doubt, the main innovations will be in the field of combining mobility with social network concepts. Perhaps in the medium term and depending on the market, revenue from these channels will not replace the traditional web channel, but from the perspective of innovation and getting closer to the client, these will be the areas in which we can expect the most significant developments. Present and future clients are already on the social networks. The battle for control of content and the concentration of macro-content distributors will play a large role in these fields of mobility and social networks.

JULIÁN DIAGO

3. Social Network integration in airlines

We are not talking about the future. It is already taking place. Airlines have already begun to introduce social networks into their value chain, but not only social networks. The entire concept of online reputation and presence already forms a key part of the operations of airlines. Perhaps, in these early stages, it is the Customer Service departments in particular that are starting to adapt but the industry as a whole must search for ways to conduct business in the 2.0 world. Many processes will be redesigned to adapt and take advantage of the opportunities of a 2.0 relationship with their clients. Certainly, all of the departments will operate in a way that integrates these 2.0 concepts. It is not something that can be isolated and managed in a different way. There will be a shift from the concept of a Community Manager to a concept of B2C Social Contribution.

4. The Loyalty program of the future

Loyalty programs have been a very important weapon in the air transport industry. Even some low-cost carriers that started off without such schemes have started to introduce them. However, we should ask ourselves, in a situation in which the client is becoming increasingly demanding and less loyal, what the future holds for loyalty programs. The idea seems clear enough - the client repeats when they are satisfied with a service. But, nowadays, it is no longer necessary to try a service to know what it is like. Recommendations, the online reputation and social networks now make it possible to assess whether a certain company's service will satisfy us as a client or not. Loyalty programs will have to focus on developing value for the premium client, the frequent user, the one who generates most revenue. At the same time, they will have to reinvent themselves for those clients that are not loyal, which due to their large numbers, generate significant revenue and who are very attentive to what comments are being made online about a particular company. The idea of preventing negative comments will be fundamental and, as such, efforts must be made that focus within the company, working towards excellence in the service from inside the company in order for the community to value the company highly.

5. Booking process evolution

We are sure to see purchasing processes that are apparently more simple but, at the same time, denser in terms of the ways of doing business. They will be much more intelligent processes that will focus more on the client, their previous purchases, their real-time behaviour on the website itself, the context variables in which the client operates, the access route by which they have arrived at the website, in order to segment the client more effectively in real time to give them the service that they expect at all times..

6. Future of airline online presence

With respect to being able to build a smart website, without doubt, powerful real-time personalization tools will be necessary that determine many more variables for the delivery of relevant content within the website itself. Certainly, the websites will be far more personalized in terms of the device that is being used to browse, the client's geolocation, etc.

7. Google & Metasearches

Everything will depend on Google's penetration in each market, but those in which Google has a large market share, without doubt, metasearch engines are set to disappear. Google will not restrict itself to just presenting results. After a short transition period and when its travel service matures, it will ask airlines to pay for their presence in the travel solution and, later, thanks to ITA, Google will become one of the main global reservation systems, causing many metasearch engines and online travel agencies to disappear, as well as commoditizing some airlines that cannot provide differential value for their clients.

JULIÁN DIAGO

" Booking processes will be much more intelligent and focus more on the client, their previous purchases, their real-time behavior on the website itself, the context variables in which the client operates, the access route by which they have arrived at the website, in order to segment the client more effectively in real time to give them the service that they expect at all times. **"**

8. Mobility in Airlines

Here there are certainly two great challenges. The first is purely related to business, understanding that the client operates in a multichannel way, not only on their mobile or PC, but also on platforms such as smart TV and online games, which will be important for conducting business. Each client has a preferred interaction channel and knowing how to segment business for each client and channel will be a key challenge. The other challenge is technological. In this respect, it will be necessary to have a clear service orientation if the company wants to avoid wasting money on investments or inadequate time to market (TTM). Service oriented architecture (SOA) will finally have a clear justification for its widespread implementation across Europe.

9. Development of ancillaries

Ancillaries will be one of the springboards from which legacy carriers will be able to revive the concepts of direct sales, without intermediaries, in order to reduce their dependence on global distribution systems (GDS) even further, as well as giving them a stronger stance, in the near future, in the great battle for content for which Google, Microsoft and Apple are setting the stage. If you do not provide value as a company or if you are highly dependent on distribution through intermediaries, your days are surely counted or you will simply become a carrier completely reliant on a content manager.

HECTOR MADRONA

INDRA

Senior Manager

Hector Madrona is a Senior Manager working for Indra since 2003. He has been working in the Banking and Telecom markets for more than 15 years mainly in the CRM area for customers in around the world. He has worked for large operators such as Orange and Vodafone. He is currently managing the Telecom Business Development Unit.

1. Top three airline e-commerce innovations

1º The paradigm shift experienced in the on-line booking process from plane ticket reservation to full trip experience. Airlines have got closer to their customers' needs, widening the options and services offered from their online storefront:

- More sophisticated trip search to facilitate the reservation process allowing for the exploration of possible options combining trip dates and prices.

- More flexibility in the check-in process which includes choosing your seat location for a better in-flight experience.

- Booking of complementary services (ancillaries) beyond the scope of the airline services, becoming a one-stop shop for the traveller, thus enriching the perceived service level provided by the airline.

2º The empowerment of loyalty programs through self-care portals. The customer has gained full control of his/her loyalty program: points statements, redemptions, etc. Airlines also provide a wide range of options so frequent travellers can benefit from thorough services from the airline or a third party.

3º The embracing of social networks. Airlines are exploring the possibilities of the social component for their customers. These possibilities permeate the new ways in which the airlines can reach their customers and vice versa. Social networks are becoming a tool for marketing, a customer care and an incipient sales channel.

2. E-commerce evolution trends

Social networks represent the area where most changes are to come. So far, enterprises have used social networks as a conduit to guide their members to the corporate website for any transactional interaction. The social network is a communications space for marketing but the core e-commerce activity happens outside. The maturity of this channel will facilitate the full integration of the social behaviours into the e-commerce processes.

HECTOR MADRONA

3. Social Network integration in airlines

The integration of social networks into the core processes of airlines or any other business will happen gradually. When society accepts social networks as a space for business, they will become part of the global corporate strategy, following the same process that the Internet itself has gone through. Companies will define customer care processes involving social networks; the sales processes will automatically take the social dimension into account, etc. All this will represent a deep change in the way both customers and companies relate to each other.

4. The Loyalty program of the future

Loyalty programs will also embrace social networks in order to drive loyalty more effectively. Frequent flyers serve as guides for others by creating opinion on the social networks. Airlines will have to leverage this opportunity to address those loyalty members who do not fly so frequently and get almost no rewards from the loyalty program.

5. Booking process evolution

Airlines will provide more powerful search tools where complex conditions can be expressed. The impact of visual tools is getting more and more important, where various destination/price/date scenarios can be compared in the search of the lowest price. Point and click graphic tools (world maps, pricing charts, etc.) will gain popularity over traditional form-based search forms.

6. Future of airline online presence

Web presence will become social, that is to say, web presence and social network presence will be one and the same thing. Marketing campaigns will consider social media as an intrinsic element. Web sales and customer care channels will consider the social dimension as a cornerstone. There will be a social symbiotic relationship between the airlines and their customers: social media channelling corporate messages, customer care through social networks as with any other channel, social recommendations embedded in the sales process, corporate business intelligence processes integrating information from social sources.

7. Google & Metasearches

So far, Google Flights only covers flights from US airports. The engine works quite well but needs to address this shortcoming to become a global search engine. This is currently more than a pure technical limitation, and coping with ancillaries is another issue. I foresee no global impact until Google provides worldwide coverage and can provide at least the same ancillaries. Nowadays, both OTAs (Online Travel Agencies) and metasearch engines provide for this niche while coexisting with airline sales channels. When Google is ready, its ubiquity would only help redefine the landscape balance and even fuel the creation of an ecosystem of start-ups relying on the APIs Google may publish, but airlines will still be a key element in the value chain and the sales process.

8. Mobility in Airlines

Mobility will be considered as another key factor in the years to come. Smartphones and tablets will be an increasingly important tool for any traveller on the move. Airlines will follow suit and increase their investments on these novel channels to provide full access to all customer care features, no matter what the channel of choice is.

9. Development of ancillaries

Legacy carriers will follow the initiative of low-cost airlines to generate new streams of revenue through ancillaries. These new sources of income will help alleviate the pressure on prices and the increase of fuel cost. Additional charges for check-in luggage, preferential seats, in-flight meal options, etc., will become commonplace.

One ancillary service with a large potential yet to be developed is in-flight telecommunications. Some airlines offer in-flight telephony or texting, but full internet access (via WiFi or other means) is a new revenue stream to consider. In-flight personal entertainment systems are another one, be it through individual touch screens or portable consoles.

ELÓI ASSIS

TAM

Head of IT for E-Commerce and TAM Viagens

Elói is the executive responsible for E-Commerce portfolio of project for IT and Processes at TAM S/A, the biggest Brazilian conglomerate of travel-related companies. Also, he serves as the Head of IT and Processes for TAM Viagens, the travel agency subsidiary of TAM S/A.

After working five years for UOL, the biggest Brazilian portal, experiencing an award-winning career designing and implementing portal and e-commerce solutions, he moved to AB-InBev, in the beverages industry, where he worked for eight years handling complex project management (more than USD 30 million and more than 100 people

teams), IT management and shared services implementation across the globe in places like USA, Canada, Belgium, Netherlands, Czech Republic, Hungary, Germany, UK and France.

In 2009 he moved to the airline industry to lead the implementation of a new platform for inventory, reservations and booking (Amadeus). The project was completed under one year time, under budget and within scope, regarded as a case study for the industry.

He's married with three kids aged 9, 5 and 3 and lives in Sao Paulo, Brazil.

1. Top three airline e-commerce innovations

1º Customer Experience Management

2º Affinity Shopping

3º Ancillary Services

2. E-commerce evolution trends

In the future we will truly embrace the opportunities presented to us by the mobile evolution. The natural next step is to penetrate this channel with full service offering, going beyond half-baked solutions created just to have a mobile presence. Users are aggressively moving to this channel, via smartphones and tablets, and the companies will have to keep this at the heart of its planning, incorporating it in the entire lifecycle of the product and the customer.

3. Social Network integration in airlines

Social integration is already happening. A lot of customer support is already being given via social networks by TAM and other major carriers, and a lot of customer relationship management is already being driven by those channels. The departments responsible for customer care are evolving to cope with this new development.

4. The Loyalty program of the future

- Allows you to use your points with partner merchants to redeem for non-travel related products

- Allows redemption up to the last available seat, even if at a premium

- Allows combination of points and cash to redeem tickets, and to use points to pay any airline related service, like ancillaries or taxes

- It will know the customer so well that it can recommend similar purchases from the past and offer added services and upgrades during or after the purchase that have a likely high uptake rate, given the fit to the customer profile.

ELÓI ASSIS

5. Booking process evolution

The tricky part isn't to allow more complex searches, but to deliver the results in a comprehensive way, so the customer can actually make sense of your product offering and, effectively, convert at the end. I believe a free text search, like Google, is a natural evolution, combined with Affinity Shopping and Calendar Shopping should satisfy the need for more open, complex but manageable searches.

6. Future of airline online presence

It's incredibly hard to make accurate predictions in such a dynamic market, but some fairly safe guesses indicate that the online presence will have to be both social and mobile in its core, meaning going beyond making it just because everybody does it, but instead, finding out the true business benefits that can be harvested from those new use cases and exploring them. The companies that unlock the full potential of those two trends will secure a place as market front runners.

7. Google & Metasearches

Metasearch engines, as Google and others, have the potential to increase even more the number of customers driven to the online channel. This of course will only take place provided that the company puts the proper efforts to provide relevant content, in order to support adequate indexing by those tools, and deep linking abilities, to ensure that a customer that comes from them can actually pick up the purchase process from where the search left off. It's a natural evolution of the model, and should signify a great influx of traffic for those that work to capture the opportunity.

8. Mobility in Airlines

Mobility is a word in fast evolution, and more and more often it is signifying the ability of customers to do whatever they need, wherever they are. That means that airlines will have to treat mobile channels, like smartphones and tablets, as an integral part of their online strategies, and not just as another novelty. All products will have to be born, from now on, thinking about how mobile platforms affect how those products are offered, purchased, consumed and serviced.

9. Development of ancillaries

Ancillary can mean a lot of different things, depending on the company and its market. Only the companies that manage to address the challenge of balancing its brand positioning versus its customer and market demands will emerge as victors. What works for a low cost won't work for legacies, and it may mean the legacies demise in the process of implementing them, as ancillaries are a great thing that, if not properly planned and selected, can erode the brand fairly quickly. There's no "one-fits-all" answer.

> // I believe a free text search, like Google, as a natural evolution, combined with Affinity Shopping and Calendar Shopping, should satisfy the need for more open, complex but manageable searches. //

ANA MACHADO

TAP

Head of E-Commerce

Ana Machado works in the airline industry since 1991 and in TAP Portugal e-Commerce since 2000. She has background experience in Marketing, Sales and IT and has a post-degree in e-Business Management and Advanced Project Management.

1. Top three airline e-commerce innovations

1º Self-service tools

2º Moving from web to mobile devices

3º Building airline presence on social networks

2. E-commerce evolution trends

We expect developments in mobile e-commerce and an increase in consumer self-service tools, allowing passengers to connect whenever they wish and to be able to deal with all of the pre-flight steps themselves, such as searching for destinations and prices, booking tickets, paying extra baggage, checking-in and managing their bookings: everything on the move, as mobility will be the key factor in years to come.

3. Social Network integration in airlines

Social networks are all about spreading ideas, experiences and emotions, and it is up to the airlines to make them memorable for their customers.

They mirror what they receive: if their experience was good they will return and even defend the airline. If their experience was bad, they will join other voices so that they end up being heard (and will probably choose another airline). Therefore airlines must follow what is being said about them on social networks attentively and proactively answer customers in a timely manner.

// The ground pre-flight experience is the one that offers most opportunities for legacy carriers to develop ancillary services that can differentiate from metasearch engines or OTAs. //

ANA MACHADO

4. The Loyalty program of the future

The loyalty program of the future will add customer knowledge and flexibility and will shift from tier levels to customer level and from fixed awards and availabilities to customers' real needs. Airlines must understand what makes a customer loyal and redesign the frequent flyer program. Why should I accumulate miles if the time I want to travel is restrictive? Why be loyal if in return I do not get basic needs fulfilled, such as travelling on the date required? There are many loyal customer questions and needs to which airlines are not currently in a position to respond and these are real opportunities for future development.

5. Booking process evolution

Booking processes can be developed not only in terms of diversity but also in terms of complexity. The problem is that diversity and complexity generally imply increasing costs and that is something that airlines are making efforts to avoid.

Therefore airlines need to be creative and accommodate as much complexity and diversity as possible without losing track of customer needs, but also to keep within budget.

Some airlines are already starting to reinforce their core business and selling not only other products and services heavily, but also other airline (interline) services in order to be more competitive online.

The more diversity and the wider and more consistent service an airline can offer, the higher customer engagement will be.

6. Future of airline online presence

Airline web presence will become more scattered as there will be more websites that sell airline tickets, such as metasearch engines, OTAs, affiliate websites, travel aggregators, etc. It is important that the airline keeps its own booking channel and own website, as some customers are afraid of less known websites, but it is definitely important to invest in these social and professional networks in order to boost brand awareness and engage the customer with the airline. Going from global to local, business intelligence is key to defining flexible strategies that can easily adapt the airline's response to the changing environment.

7. Google & Metasearches

Metasearch engines are helpful for generating airline brand awareness and can clearly show if an airline is competitive online.

Google will bring more customers to this equation and, to start with, they will forward the customer to the airline website for fulfilment. At a later stage, their plans are not yet known, but they will surely impact the airline online sales channel and probably some other important metasearch engines and OTAs as well.

8. Mobility in Airlines

Diversity and consistency must drive this change. To be able to access from multiple devices and still get the same level of complexity and satisfy the same demands throughout all channels. This implies a common vision and a consistent strategy when adding more channels to the existing ones.

9. Development of ancillaries

Low cost carriers will continue to create and develop new ancillaries and legacy carriers will most certainly start to offer at least some 'a la carte' services, distinctive products that are not offered today or that are a privilege of a few as a (paid) complement of its core service. As an example, some airlines are storing customer coats and winter garments at the departure airport when they are travelling to warmer destinations.

The ground pre-flight experience is the one that offers most opportunities for legacy carriers to develop ancillary services and is also the only place when airlines can clearly differentiate themselves, as those services cannot be offered by metasearch engines or OTAs.

CLÁUDIO ALBEJANTE

TRIP

CRM & Distribution Manager

Cláudio Albejante Santos has a Degree in Tourism from the Pontifical Catholic University and a graduate degree in Business Administration / Marketing from USP.

He has joined TRIP Linhas Aéreas since the company was founded in 1998, having served in administrative areas, airports, sales and marketing. Since 2007 he is the head of e-commerce. Additionally he has also worked in various logistics companies.

1. Top three airline e-commerce innovations

1° Cloud services (availability in Brazil).

2° Popularization and sponsorship of the Web Service in tourism/travel (e.g. OpenAxis).

3° Collective purchasing and 'social commerce' (e.g. Groupon, f-commerce, etc.).

2. E-commerce evolution trends

In Brazil we will experience improved and more widely popularized payment methods with greater security. Additionally we will see an expansion of current cellular networks and better 3G and 4G services which will allow the popularization of mobile apps.

3. Social Network integration in airlines

Consumers will be more critical and better informed about what they need. Notice that it is not in terms of what they want, but about what they need.

4. The Loyalty program of the future

I think that the difference will increasingly be based on service and not on price. If the company understands client needs and behaviour, and offers services the client wants, it will have loyal clients. Another important aspect of loyalty programs is their integration with Social Networks, in the awareness of the power possessed by today's clients, the power to influence people they know, and people that their friends and acquaintances know. Loyalty programs need to consider this type of commitment and deal principally with the problem of affiliates.

CLÁUDIO ALBEJANTE

5. Booking process evolution

I think that the popularization of computing means that we are going to have increasingly large numbers of skilled users on the Internet, while at the same time also having a larger numbers of users in older age groups who are less skilled. There is a growing social class in Brazil which is currently acquiring more purchasing power (class C) but who do not know very much about the Internet yet. If we teach them how to shop more efficiently and provide them with tools with an average level of complexity, I think we will see a differential. This, for example, includes more specialized searches such as budget shopping, Weekend Calendar, etc.

6. Future of airline online presence

Interoperability is a fundamental issue. The airlines need freedom in their e-commerce and web services. I am a big believer in the CaaS concept (Component as a Service) because it makes companies more flexible. Additionally, intelligent integration with the metasearch engines – Google Flights, Kayak, Mundi, etc. – will also be of fundamental importance.

7. Google & Metasearches

We are going to have more "price wars". The companies are going to need to achieve a clear separation between their fare costs and ancillary revenues if they want to be well positioned in the metasearch engines. At any time, small airlines will be appearing right next to big ones. At this point, Google and other metasearch engines will have to think about differentiation based, not just on pricing, but rather, for example, on the quality/satisfaction index.

8. Mobility in Airlines

Without a well-defined interoperability process, the companies will have a hard time delivering attractive or relevant applications. These channels are going to require a department with a great number of highly-trained people, with a broad understanding of the company business. A general understanding from top management that this process is a priority, as well as an understanding of the way in which it is changing how people travel, will also be fundamental.

9. Development of ancillaries

Yes, I believe that ancillary revenue will be fundamental to airline profitability. Baggage still generates the most income, but we need to find other revenues as well, and this will only be possible with a well-designed CRM architecture.

> *Google and other metasearch engines will have to think about differentiation based not just on pricing, but rather, for example, on the quality / satisfaction index.*

ORIOL HUESA

VOLOTEA

Online Marketing Manager

Oriol Huesa is the Online Marketing Manager at Volotea, an airline formed in early 2012. Before working for Volotea, Oriol was Online Media Manager at Spanair after having passed through various steps in Marketing.

Oriol counts with a Diploma in Business Management from Universitat Pompeu Fabra, a degree in Marketing & Communication from Singapore Management University and a degree in Market Research from ESCI – International Trade Business School.

1. Top three airline e-commerce innovations

1º Mobile integration will play a key role in the future. Convenience and flexibility, geolocation, personalization, good use of dead time, are just a few of the emergence of so many new ways of increasing your business and so many areas for improving your customer service

2º Engagement with the user will be another innovation factor to keep an eye out for. Co-creation and social media convert visitors into brand lovers, loyal customers and even company decision-makers..

3º Customization of web content. From retargeting, personalized offers to customized booking funnels. This means getting a higher income from the same traffic, optimizing your budget..

2. E-commerce evolution trends

We will definitely experience developments in the 100% online service area. Companies should attend the users throughout their whole travel experience, from information to post-service. So many travel companies are currently not offering a full online customer service, setting some functionalities out of the digital side (such as Customer Care or boarding cards) and increasing costs that way. Other companies are just being too narrow-minded by only offering the booking part or only their main service, when full-experience service generates not only additional revenue, but also an opportunity of added value.

ORIOL HUESA

3. Social Network integration in airlines

Social networks, especially from mobile devices, will become the main contact point between users and travel companies. Customer Care departments should be integrated into social community management, for a quicker and better response, as well as reducing the traditional service workload. In addition, Marketing and Operations can convert users into decision-makers by listening to the channel on all topics regarding travel issues and improvements.

4. The Loyalty program of the future

It will be a loyalty program where the traveller really feels like a loyal customer, not just a travel points earner and email receiving prospect. The loyalty program should be able to offer them the best possible personalized service and offers, with all the necessary information via their mobiles (no need for plastic cards or past emails).

5. Booking process evolution

Web analytics are the key to understanding customer searches, priorities and patterns, and it must become the guide by which to constantly redesign the booking process in order to have a better approach to complex searches, and by clustering different search patterns and turning them into different personalized booking processes.

6. Future of airline online presence

Web presence will become more and more experiential, focusing on user needs and expectations. For years, all web projects have followed a basic approach of 'translating' the company service or products from offline to online, while they need to become a whole new experience itself.

7. Google & Metasearches

The market share of metasearch engines will probably decrease, as Google already has the biggest share in flight search, being the main entry door for all players: airlines, OTAs and metasearch engines. This means that the different market players will have to find niches, by searching for new ways of integration or affiliation that avoid the Google 'filter'.

8. Mobility in Airlines

The key will be to have a continuous user experience update process, adding new functionalities that are not even expected by the user and improving the basic mobile service, the systems performance, and so on. The user is on the go, even more every day and therefore systems need to be fast (as user will not be as patient as when they are using a desktop). Functionalities need to be complete (check-in, boarding without connection required, etc.).

9. Development of ancillaries

Ancillary services are the way to survive for most airlines. At a moment when, for most travellers, flying is only a form of transport, price becomes the key, and any other services must be presented as an additional option (a real option, not a forced one). In that way, any service related with seat selection, baggage and insurance will always be the main revenue generator.

> // Social networks, especially their usage through mobile devices, will become the main contact point between users and travel companies. //

LLUÍS PONS

VUELING

Marketing Director and an Executive Committee member

Lluís Pons (Barcelona, 1973) is the Marketing Director and an Executive Committee member at Vueling Airlines, a company that he joined in 2006. Pons was given the direction of marketing (which includes on and off-line marketing, Direct Sales, CRM and all customer services area) after having been, in this same area, Clients Director and Online Marketing Director.

Prior to joining the airline, Pons developed his career within telecommunications, with operators such as Retevisión, Auna, and Ono.

Pons is a Telecommunications Engineer, graduated at the Polytechnic University of Catalonia (1996) and has a MBA from ESADE (2002).

1. Top three airline e-commerce innovations

1º There has been a general trend in the sector towards improving the usability of company websites, which has resulted in a higher conversion rate.

2º New purchasing channels have opened for clients, mainly through mobile and tablet applications, which enable clients to be reached in different contexts.

3º New channels for managing client relationships directly have emerged, mainly via social networks. This has set the stage for the commercialization of new products through the networks themselves or via the website.

2. E-commerce evolution trends

We believe that the personalization of content in the purchasing process will play a key role in facilitating our clients' purchasing experience even further.

To this end, it will be vital to have a unique and detailed knowledge of the client, who now operates in a multichannel environment (purchasing online and via mobile for leisure, through travel agencies for business, etc.). We must be able to understand the client's behaviour with respect to the purpose of the trip that they are planning to take

3. Social Network integration in airlines

It will depend on the business objective of each company but, without doubt, the social networks play and will continue to play an increasingly important role in companies' relationships with their clients, equally in terms of building a stronger links to their clients, innovating, brand management and reputation, and , of course, selling.

4. The Loyalty program of the future

Loyalty programs will have to evolve and shift from being simple point schemes to become real loyalty models that add value for the client, before, during and after the flight. The social networks could act as the catalyst for this change and drive forward new integrated programs.

LLUÍS PONS

5. Booking process evolution

Without doubt, flight search engines will continue to evolve and improve, but we should be wary not to fall into the trap of making the process too complex in order just add value to 5% of clients when the other 95% have enough and they place more value on a simpler, more effective reservation system.

Geolocation, cloud services and mobile devices are going to enable development towards a faster, more precise experience with respect to search engines.

6. Future of airline online presence

Social log-ins, social apps, mobile presence, mobile payment, virtual assistants, voice control and live chats will improve the search and consulting experience. Airline websites will respond to clients' needs more effectively, giving them a competitive advantage with respect to integrators.

7. Google & Metasearches

Google could really be a competitor for metasearch engines but, in the end, it will be a question of how the metasearch engines integrate and add value to the applications and services.

8. Mobility in Airlines

Airlines will have to ensure that we offer clients the relevant services and products via each device with respect to the time and way in which the use each device.

In addition and given the growth in clients multichannel interaction with airlines, a global and unique vision will be needed for each client, independent of their access channel (a sole information repository for client vision, not just reservation or sales channel vision).

9. Development of ancillaries

Little by little, some legacy carriers are already incorporating ancillaries into their more basic pricing structures in order to increase revenue in this client segment. Given the context that we currently face, this trend will grow steadily.

With respect to the ancillaries that offer the greatest potential, we foresee that on-board connectivity services are those that will evolve more significantly and faster in the years ahead.

" It will be vital to have a unique and detailed knowledge of the client, who now operates in a multichannel environment. "
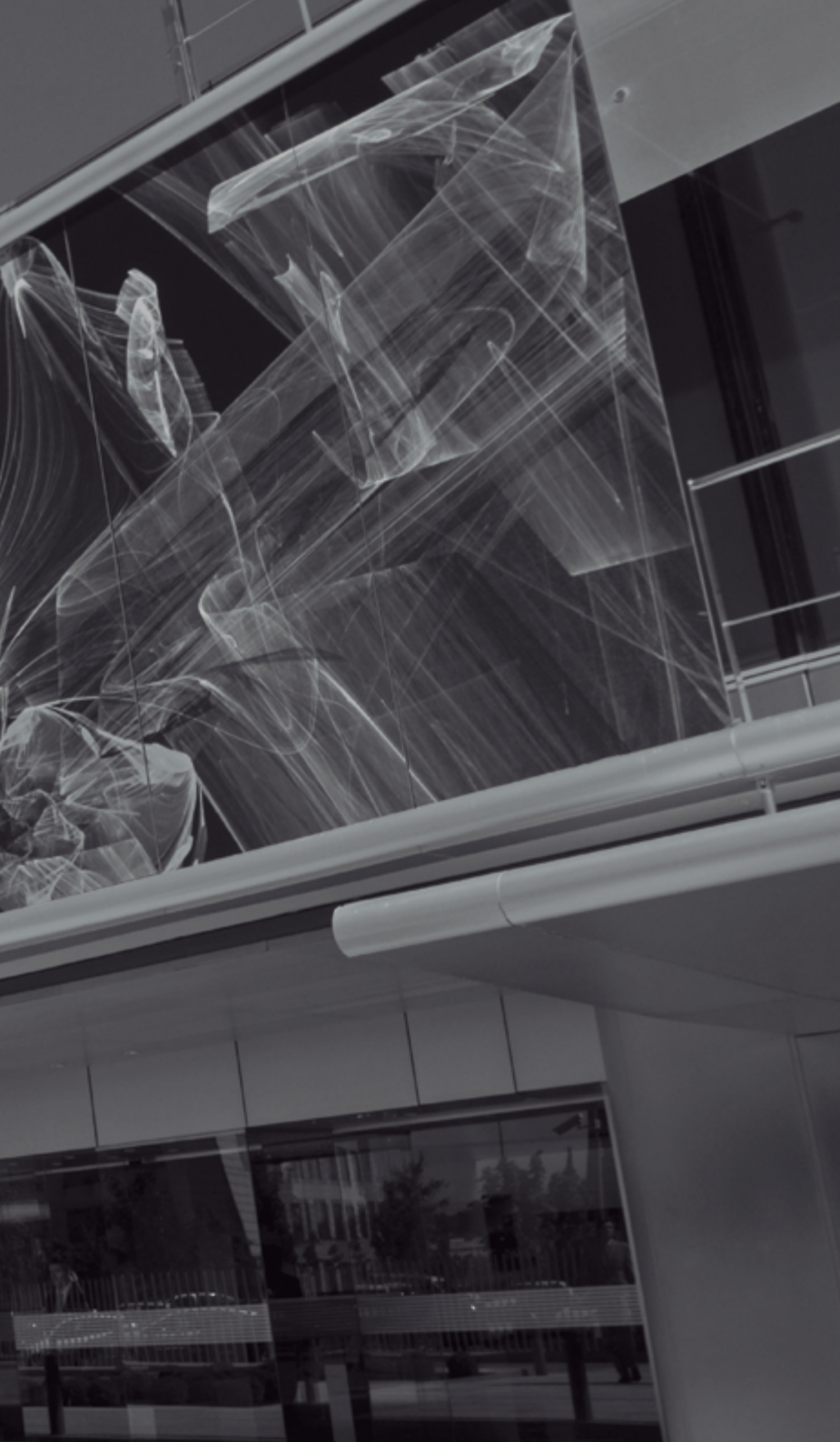
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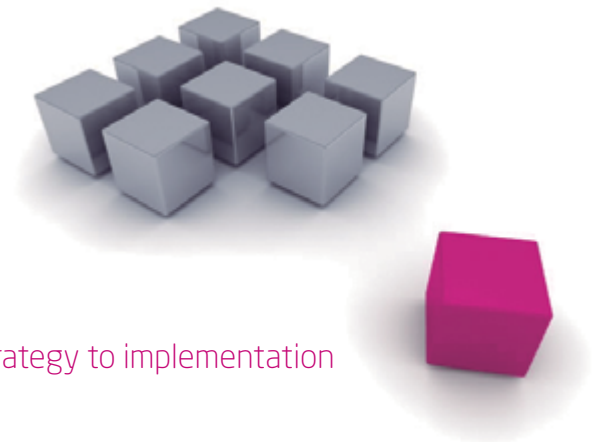
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The data that has served as the base of this present document, reflects the e-commerce trends corresponding to the first half of 2012.

The continual updating of online contents and the constant evolution of the functionalities offered by e-commerce portals means that some of the functionalities, data, images and contents that have served as a base to this study, could have been updated.

Development Team