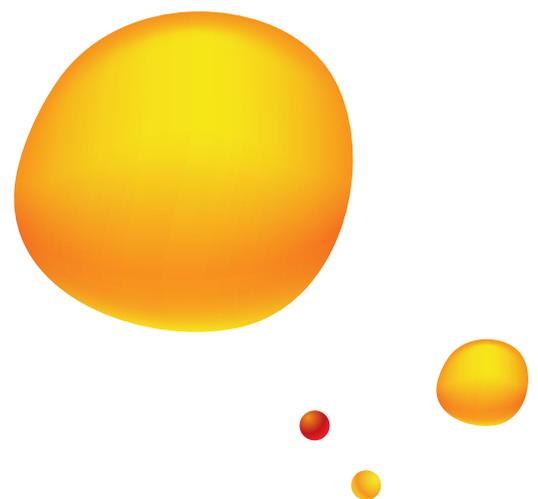




2013

AIR TRANSPORT INDUSTRY INSIGHTS

FLYING INTO THE FUTURE



SITA INSIGHT

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INTRODUCTION

Increasing numbers of people will be traveling by air in the future. Despite the ongoing and immediate global economic pressures, the outlook for air travel is positive, with the International Air Transport Association (IATA) predicting that airlines will carry some 3.6 billion passengers in 2016 – an increase of around 800 million on 2011 passenger numbers.¹ The industry consensus is that passenger numbers will expand by an average of 5.3% per annum between 2012 and 2016. This period will also see nearly 500 million new passengers traveling on domestic routes and 331 million new passengers on international routes.

Furthermore, if this rate of growth is maintained, the world can expect the number of people traveling by air to more than double by 2030.

The industry is already planning measures to address the inevitable capacity issues this growth will bring. Looking just seven years down the line to 2020, IATA has outlined its goals for improving efficiency and adding value to the passenger experience via the next generation of projects within its Simplifying the Business program.²

IATA's vision is one where it will be easy for customers to select the products and services they want, with airlines having the ability to personalize their offering through all buying channels. Passports and visas will be validated by governments in advance of any journey and the travel experience will be transformed by real-time and contextualized communication between airlines and their customers.

In IATA's concept of the 2020 airport, the experience will be swift and seamless: self-service options, from boarding pass to baggage collection, elimination of check-in processes so passengers check-out rather than check-in, fast and easy-to-use common bag drop and automated border control, will eliminate any hassle. And across the entire journey all travel partners, including the customer, will have the ability (with the customer's permission) to exchange information with each other.

These ambitions will undoubtedly have a major impact on airline and airport information technology investments in the coming years. We can get a better idea of how much of a challenge that this vision for simple, seamless travel represents by looking at the industry's more immediate plans for 2015 and how these compare with what passengers want.

Drawing on findings from SITA's four annual industry research initiatives³, it is clear that by the end of 2015, the way we buy travel products will have changed; self service will have come of age, with passengers having more control over their journey; mobile smart phones and social media will dominate passenger interactions for customer services; and higher quality business and customer intelligence will be essential to deliver these improvements.

¹ IATA Airline Industry Forecast 2012-2016, published 6 December 2012

² IATA presents the new Simplifying the Business (StB) Program, October 2012

³ Airline IT Trends Survey, released in June 2012 and Airport IT Trends Survey 2012, released in September 2012 (both in association with Airline Business); Passenger Self-Service Survey, released in October 2012 (in association with Air Transport World); and the Baggage Report, released in April 2012

BY 2015 BUYING BEHAVIOR WILL CHANGE

In 2012, three-quarters of the people interviewed for the Passenger Self-Service Survey had booked their travel online, either directly or via online travel agents. While only 3% of passengers purchased airline tickets via smart phone apps and social media, there is convincing evidence that buying via these emerging channels will increase in importance.

The smart phone has rapidly become the must-have travel accessory. Penetration among airline passengers in the self-service study soared from just 28% in 2010 to 70% in 2012. These travelers are some way ahead of the general population where, for example in the US, smart phone subscribers account for almost 52% of all mobile users.⁴

Air travelers are also more comfortable than most using social media – 62% of passengers interviewed for the self-service study are active on social media; a higher penetration rate than recorded for the general population in most regions.

The expectation among both airlines and airports is that the web will continue to be a strong sales channel in the future, but smart phone apps will be the second-most important channel for sales beyond 2015. According to the Airline IT Trends and Airport IT Trends surveys, seven out of ten airlines and over six out of ten airports ranked mobile and web as the top two most important sales channels.

It is also worth noting that social media will be one of the major sales channels for 13% of airlines and 14% of airports. Kiosks will be an important sales platform for 20% of airports, but only 6% of airlines.

Admittedly, ticket sales via these emerging channels are modest – mobile represents just 2% of overall airline sales today, but it looks set to increase to 7% by the end of 2015, by which time airlines expect to be selling 12% of their tickets through a combination of mobile, social media and kiosks. This forward look from airlines is cautious. Elsewhere in the industry, analysts have been much more upbeat, suggesting that by 2017, 50% of online direct bookings will be made on mobile devices, with even more ancillary purchases made through mobile, given the devices' portability and ease of use.⁵



71%

OF AIRPORTS PLAN TO SELL SERVICES TO PASSENGERS VIA MOBILE APPS BY 2015.

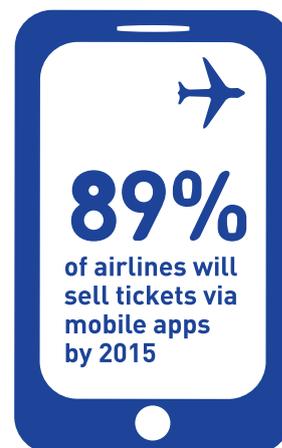
There is a strong desire among both airlines and airports to enable revenue generation via smart phone apps, according to the IT trends research. Already 44% of airlines enable ticket sales via apps and many more are gearing up, with 89% expecting to offer mobile booking by the end of 2015. Airports have been much slower off the mark, but 71% plan to be selling services direct to passengers via apps three years down the line.



Iberia was one of those airlines launching an e-commerce app in 2012 and in the first month, 1,000 customers used it to buy flight tickets. "Mobile devices have become indispensable tools for travelers, particularly business travelers, and Iberia has been very aware of this," observes Víctor Moneo, the airline's sales manager for Spain. "The response in the first month has shown that you never lose by considering the interests of the customer."

For today's travelers, functionality that takes the stress out of their journey, such as flight status updates, is their highest priority for mobile services, according to the Passenger Self-Service Survey. While there is interest in mobile promotions and retail offers, only 57% are currently open to receiving mobile advertising from their travel suppliers. However, that acceptance could reach 85%, if the advertising is relevant to customers' needs

Among those respondents saying no to mobile advertising, 61% would change their mind if they had more control: 39% would say yes if they could pull content when they wanted; another 15% would be happy if they could regulate the frequency; and 7% would want advertising tailored to their preferences.



⁴ Comscore MobiLens Service, average for the three months ending October 2012, published 30 November 2012

⁵ The Future of Airline Distribution – A Look Ahead to 2017, commissioned by IATA and written by Henry H. Harteveldt, co-founder of Atmosphere Research Group

MAKING THE BUYING EXPERIENCE MORE PERSONAL

Personalization of offers and providing context-relevant services on mobile apps has the potential to be a winning strategy for both airlines and their customers. The features in JetBlue Airlines' iPhone app, launched in February 2012, are based on feedback from its customers that they would be interested in a smart site that is aware of their active travel plans, provides relevant updates accordingly, and interested in fares and offers based on their location.

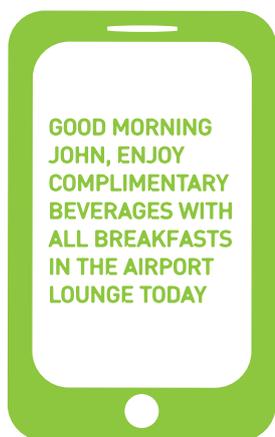
Alaska Airlines has also started down the personalization route with its "Deals and Destinations" travel app that alerts fliers to airfare deals from their hometown and to cities where their friends live. Launched at the end of 2012, the app runs on any Windows 8 device.

"Alaska Airlines is laser-focused on adapting technology to fit how our customers live, work and travel. Our newest app does that and it's fun to use," says Curtis Kopf, Alaska Airlines' managing director of customer innovation and alaskaair.com. "Deals and Destinations delivers personalized fares to travelers and allows them to share those fares with their friends by email or through their social networks, making it easier to connect with friends and family."

With both social media and smart phone apps offering opportunities for a more personalized buying experience, so the distinctions between these two channels may well start to blur in the future. In fact, with the deep native integration of social media on smart phones such as the iPhone, those lines are already blurring.

"DEALS AND DESTINATIONS DELIVERS PERSONALIZED FARES TO TRAVELERS AND ALLOWS THEM TO SHARE THOSE FARES WITH THEIR FRIENDS BY EMAIL OR THROUGH THEIR SOCIAL NETWORKS, MAKING IT EASIER TO CONNECT WITH FRIENDS AND FAMILY."

CURTIS KOPF, ALASKA AIRLINES' MANAGING DIRECTOR



61%
of passengers want more 'personalization' before engaging more with mobile commerce



100%

INCREASE YEAR-OVER-YEAR IN BOOKING FLIGHTS VIA MOBILE APP AT AMERICAN AIRLINES

There are some challenges for the industry to address over the next three years. Airlines and airports will need to establish carefully considered personal communication strategies for their customers. And as those customers take greater control over the information they receive, the industry will need to foster greater collaboration between all stakeholders.



GROWING TRAVEL SALES VIA SMARTPHONE APPS

"Without disclosing revenue numbers, we are seeing more than a 100 percent increase year-over-year in booking flights and ancillary revenue purchases via our mobile app.

"Currently our most popular app functionalities are flight check-in, mobile boarding, flight status and loyalty status. Our app provides excellent day-of-travel information. We will build on this base by fully integrating our loyalty program and adding a 'gamification' component. Already, we are the first airline to push a loyalty card to Apple Passbook.

"The challenges around selling tickets or promoting special offers in apps are understanding the customer's intent, then bubbling up what they want, when they want it. However, the benefit of providing greater sales functionality in the app is that by knowing where our customers are in their journey, we can provide tailored services at the most convenient time. Using location, history and future travel information, we can personalize the in-app sales process and anticipate services that our customer will want."

PHIL EASTER,
DIRECTOR OF MOBILE APPS, AMERICAN AIRLINES

BY 2015 SELF-SERVICE WILL COME OF AGE

Today's travelers are very comfortable with self-service check-in and multi-channel interaction is commonplace – over three quarters of respondents in the passenger self-service survey are regular or occasional users of both airport kiosks and online check-in.

However smart phones are rapidly gaining ground, with about a third of passenger now using this channel for check-in and airlines are forecasting that smart phones and websites will be the two most important channels driving passenger processing beyond 2015.

This prediction is underscored by the speed with which passengers have taken to smart-phones, tablets and other connected mobile devices. Travelers' enthusiasm for smart phones currently outstrips the availability of airline apps.⁶ Nevertheless airlines are working hard to close the gap – some 50% provide mobile check-in right now, but 90% are committed to providing these apps by the end of 2015.



70% of passengers carry a smartphone now

Recent technology initiatives, such as the Passbook on Apple's iOS6 operating system for the iPhone (launched in autumn 2012), flag up some of the opportunities ahead for smart phones to be used to self-process journeys. Passbook, which stores boarding passes and displays them on the iPhone lock screen when users get to the airport, is already supported by a limited number of airlines, and that support is growing.

Another technology on the horizon is using near-field communication (NFC) chips embedded in smart phones to enable passengers to simply tap and check-in or tap and board their flight. As NFC is short range and supports encryption, it will allow secure, contactless transactions that will work even when the device is powered off. It is not affected by reading problems caused by dirty screens, so a passenger using an NFC-enabled device could be processed faster than any of the current boarding processes available today.

“WITH NFC TECHNOLOGY, THE MOBILE PHONE SIMPLIFIES THE PASSAGE OF THE FLYER THROUGH THE AIRPORT. THE MOBILE PHONE NOW BECOMES A PERSONALIZED TOOL, DISPLAYING THE REQUIRED INFORMATION AT THE RIGHT MOMENT; IT ALSO ENABLES THE FLYER TO BETTER MANAGE HIS TIME, OPTIMIZING HIS CHOICES.”

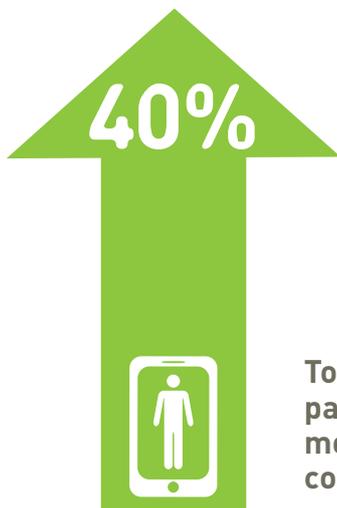
JEAN-MICHEL VERNHES
TOULOUSE-BLAGNAC AIRPORT CEO

France's Toulouse-Blagnac Airport became the world's first to trial SIM-based NFC in a joint effort with SITA, Orange and Blackberry during 2012. Selected passengers used the service on BlackBerry smart phones to access car parking, the boarding area, a premium passenger lounge and received immediate updates on changes to flight times, departure hall or boarding gate.

Japanese telecom provider KDDI launched the country's first commercial NFC service supporting mobile payments and tickets in January 2012. The first airline application lined up for the service is a Touch & Go Android app for Japan Airlines, which will allow passengers to tap to pass through boarding gates at domestic airports equipped with NFC readers.⁷

Both Passbook and the NFC initiatives indicate the potential smart phones offer for a simpler and more seamless journey in the not-so-distant future and add weight to the case for mobile self-service rapidly going mainstream.

While self-service is not yet seamlessly end-to-end, over the next three years it will come of age as passengers take more control and self-process several aspects of their journey. Opportunities to self-board and process transfers at a kiosk are already rated highly by travelers⁸ and with self-service check-in already common-place, airline and airport self-service initiatives are focusing on baggage and gates.



Today, 40% more passengers are using mobile boarding compared to 2010



By 2015, 90% of airlines will offer mobile check-in

⁶ Passenger Self-Service Survey 2012: Smart phone penetration jumped from 28% in 2010 to 54% in 2011 to 70% in 2012. Airline IT Trends 2010 - 2012: Airlines providing mobile apps for check-in rose from 28% in 2010 to 41% in 2011 to 50% in 2012.

⁷ KDDI launches NFC in Japan by Sarah Clark, 16 January 2012, <http://www.nfcworld.com/2012/01/16/312442/kddi-launches-nfc-in-japan>
Japan Airlines set to launch first NFC boarding passes in October by Dan Balaban, 27 September 2012, <http://nfctimes.com/news/japan-airlines-set-launch-first-nfc-boarding-passes-october>

⁸ Passenger Self-Service Survey 2012: Self-boarding and transfer kiosks were welcomed respectively by 89% and 87% of respondents.

FOCUS ON BAGGAGE AND SELF-BOARDING

The industry has been working hard to deliver improvements to the baggage process, with a long-term decline in the number of lost and mishandled bags in recent years. According to the 2012 Baggage Report, over 99% of bags were delivered on time to passengers in 2011 and the total number of mishandled bags decreased some 20% globally.

This has led to the best ever annual baggage handling performance and achieving an improvement of some 52% in costs per passenger carried over the previous five years.

Baggage is often identified as the biggest barrier to achieving full self-service check-in, with many of the passenger self-service respondents still not using self-service check-in because they needed to check-in a bag at a counter.

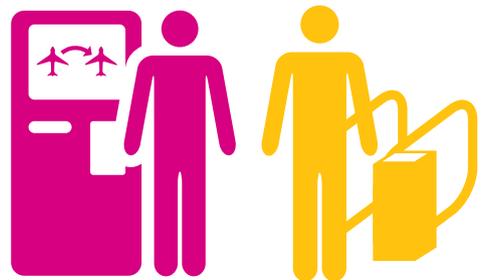
However self-service baggage processing gained momentum across the industry in 2012 – the year even saw Denmark’s Billund Airport implement the world’s first home-printed bag tag solution, allowing international travelers to avoid queues and simply present their boarding passes and drop off their pre-tagged bags.

The industry is starting to make some inroads towards the self-bag drop milestone. For example Lufthansa provided 19 bag drop machines for its customers at Germany’s Munich Airport in 2012 and is planning to have 16 machines in operation at the country’s busiest airport, Frankfurt, by mid 2013. A trial with Qantas at London’s Heathrow Airport allows their passengers to check-in at a kiosk, generate and attach their own bag tags before placing their luggage onto the automated bag drop facility.



9 out of 10 passengers want flight status info on mobiles, self-boarding and transfer kiosks

+50%



Over 50% of airports/airlines have plans to implement transfer and self-boarding kiosks



Introducing self-service into the boarding and flight transfer processes are two other areas that have been targeted by the industry to help reduce queues. Interest in automated boarding gates is picking up fast and the IT trends studies reveal just over half of both airlines and airports are including them in their investment plans for the next three years. A similar level of airlines and airports also have plans for transfer kiosks within that time frame.

With transfer bags accounting for over half of all mishandled bags⁹, any initiatives to improve transfer processing will help focus industry attention even more closely on the transfer bag issue. But the challenge will be for greater collaboration and improved data sharing between all the stakeholders.

SELF-BOARDING INITIATIVES AT ABU DHABI INTERNATIONAL

“Based on IATA’s Fast Travel initiative, we are deploying self-boarding gates, starting with one pilot project. Our plan is to roll out four additional self-boarding gates, two at each gate within Terminal 3 at Abu Dhabi International Airport.

“Passengers approach the gate with either a paper-based boarding pass or a mobile digital barcode that is read by a scanner. The integrated barcode reader collects data and a screen provides the status whether it is good to go or not. The gate is supervised by an agent who can process passengers through the normal check-in counters if there are any process exceptions.

“The challenges we have faced have been passengers adapting to the system; changes in operational procedures, awareness and adherence to changes; plus promoting self-service to different categories of passengers. Passport verification before boarding is required for some countries so there have also been security concerns from a few destinations.

“The benefits have been fewer queues before boarding; the system is cost effective and helps our airport stakeholders increase resource efficiency; and gate agents have more time to give individual attention to passengers.

“We have received a great amount of positive feedback from stakeholders thanks to the easy flow of passengers through the gate. Similarly, it was noticed from the passengers that they are interacting less with the agents and having more freedom of movement until they board the flight.

“Additionally, through a number of initiatives to promote self-service at Abu Dhabi International, the level of adoption and usage is tangibly increasing. Airlines are becoming more cost efficient, as they do not require extra support staff for the self-boarding gates. Passengers are increasingly enjoying these services as it limits their interaction with ground staff and eliminates queuing at gates. We have increased our rating from our customer service survey.

“The next step will be to start deploying the self-boarding gates permanently in Terminal 3 starting with a few specific gates and gradually apply it throughout the whole terminal. This will also be deployed in the new Midfield Terminal Building.”

HAMED AL HASHEMI,
VICE PRESIDENT INFORMATION TECHNOLOGY,
ABU DHABI AIRPORTS COMPANY

⁹ Baggage Report 2012: Transfer bags were responsible for 53% of all delayed bags in 2011

BY 2015 CUSTOMER SERVICES WILL BE BOTH MOBILE AND SOCIAL

A major cause of stress for passengers when traveling is unexpected changes or not having the correct information available at the right time and place.¹⁰ Today, 60% use websites to check on flight updates, but SMS/text messaging and dedicated apps are not far behind. The vast majority reveal an appetite to use all these channels, showing no significant preference – what matters is to have the right information at the right time.¹¹

Beyond 2015, as with other types of interaction, the industry expectation is that smart phone apps and website services will be the top two customer service channels. However there are some differences of nuance between airlines and airports. The IT Trends Surveys reveal that among airlines, the smart phone will be the most dominant channel of the future, with 91% saying it will be a major channel for customer service communications and only 60% saying it will be websites. In addition, 31% consider that social media will be a significant service channel. In contrast, airports are balanced about the top two channels, with 71% each saying smart phone apps and web, but only 13% believe social media will be an important service channel. And 39% of airports say kiosks will be a significant channel.

These forecasts are underpinned by ambitious investment plans to transform customer service communications by the end of 2015, although right now there is currently a mismatch between customer desire and deployment by the industry. Eighty five percent of passengers in the self-service study expressed an appetite to use smart phone apps for flight status notifications, but just 43% of airlines and 42% of airports offer these apps today. The next three years will see the gap close, by which time 90% of airlines and 91% of airports will have rolled out apps.

There is also an aspiration to drive smart phone app functionality further. By 2015, almost 75% of airlines and airports plan to enable passengers to tell them if they had a bad travel experience, and nearly 80% of airports will have implemented airport status updates and about the same number of airlines will have deployed missing baggage status information.



of airlines believe that mobile apps and social media will become a dominate customer service channel

¹⁰ Passenger Self-Service Survey 2012: The main causes of stress when travelling are loss of time (44%), unexpected changes (11%), lack of control (8%) and lack of information (7%).

¹¹ Passenger Self-Service Survey 2012: 91% would use websites for flight status updates; 90% would use SMS/text messaging and 85% would use a dedicated app

Among the minority of airports that have already deployed smart phone apps, Scotland's Edinburgh Airport provides a few innovative services. To maximize passenger experience and reduce travelers' stress there are features for journey planning to and from the airport, flight tracking and terminal maps. It has also included a parking widget that helps eliminate the last-minute stress of finding a space. Travelers can reserve a space straight from their phone and tag the exact location of their vehicle, with the option to include a photo reminder just in case their memory fails them when they return from their trip.

United Airlines (UAL) has taken a similarly innovative approach to improving customer service using its smart phone app. The airline launched an initial four-month sweepstake in June 2012 that allowed its MileagePlus customers to use the app to nominate eligible employees for good service at the airport, on the phone, on a flight, or at any other point in their experience with United and United Express. The company then selected 16 winning employees randomly from the pool of customer nominations to receive cash prizes. Customers had a chance to benefit too – with prizes of flight vouchers and frequent flyer points for those whose nominees were drawn as prizewinners.

The other side to this customer service story is that the industry is also embracing apps on smart mobile devices to enable their staff to provide better service, for example, British Airways recently rolled out iPads to its pilots, following on from provision to cabin crew and the ground operations teams. As well as delivering operational efficiencies, the move allows pilots to use historic and current data supplied by the customer to provide an even more personalized service during the flight. On the airport side, at Japan's Narita Airport roaming service employees have iPads to provide relevant airport, flight and hotel information to passengers. The devices help staff offer a more personal service via a multi-lingual translation app that enables assistance to customers from China and Korea in their own language.



SOCIAL MEDIA – THE NEXT CUSTOMER SERVICE FRONTIER

Looking beyond smart phone apps, social media is already a meaningful platform for services for travelers, with 62% interviewees in the Passenger Self-Service Survey saying they are active on social media. Engagement is even higher among future generations of flyers, with 80% of 18-24-year-olds on social media.

62%

OF PASSENGERS ARE ACTIVE ON SOCIAL MEDIA TODAY



At the moment passenger interest in using social media for travel-related activities is generally much lower than the same functionality on a mobile phone. While 65% of passengers would use social media for flight status updates, this is some way behind the 89% who would use their smart phones to get this information.

Nevertheless, social media offers a significant opportunity for travel providers and their customers to communicate in new ways at different stages of the journey. Industry initiatives may be fairly modest currently,¹² but 70% of airlines and 58% of airports expect to be using social media for real-time flight updates over the coming three years. In the same time frame, 87% of airlines and 59% of airports expect to use the channel for promotions and 63% and 50%, respectively, for sales.

The key focus for airlines is the commercial aspects of social media, while airports' interest is more equally spread across information and promotions.



If the current round of social media initiatives is anything to go by, we can expect that engagement to be both entertaining and practical. For example, in summer 2012, London's Gatwick Airport took some of the stress out of flying with young children by becoming the first European airport to use audio social network Soundcloud to release a series of audio-book stories to keep young flyers amused.

KLM has built on its "Meet and Seat" social seating service by launching KLM Trip Planner to make booking a trip with friends fun and simple. The airline even helps with destination suggestions based on the group members and their interests.

Further down the line the distinction between mobile and social is likely to be increasingly blurred. Communications between airlines, airports and their customers will be more immediate, enabling passengers to interact with their airline instantly on every aspect of their journey.

DEVELOPING SOCIAL MEDIA SERVICES THE KLM WAY

"We started small about two years ago and increased very rapidly to about 63 service agents responding around the clock in seven languages. In 2013 we have plans to add four or five more languages. The key driver has been that we are always there for our customers. If you want to grow the success you need to be there for their daily questions.

"From a quality perspective, we want to give a first response to our customers within the hour and we are thinking about reducing our response time in 2013. If something is to be resolved we want to offer a resolution within 24 hours.

"In the beginning you could still answer a passenger with an answer that's partly giving context or partly redirecting the passenger to a website or a Q&A database for information. More and more, customers expect the first answer to be a quality answer that provides all the information that they are looking for.

"We have changed the main customer contact page on our website and put our Twitter and Facebook pages on there,

plus the phone lines. We have seen an increase in calls via social media and a decrease in the telephone lines.

"For customers, social media is becoming part of their lives. Many people find it more natural to communicate via social media and they are even less eager to pick up the phone and call a company. Twitter, Facebook or whatever social media channel becomes big, will take vast numbers of customer contacts. They won't take the majority, but I think you should offer your customer choice.

"We are moving to a situation where we want to be where the customer wants to be. You definitely need to be on the platforms where your customers are. They are on Facebook and Twitter at the moment, but there are other platforms, such as Sina Weibo in China, Mixi in Japan, others like Google Plus and Pinterest. It is important to make your company flexible enough to be where your customers are. That's one of the key success factors for the coming two years."

GERT WIM TER HAAR,
SOCIAL MEDIA HUB MANAGER, KLM

¹² Airline IT Trends Survey 2012: 13% of airlines have deployed social media for real-time flight updates, 39% for promotions and 16% for sales. Airport IT Trends Survey 2012: 24% of airports have deployed social media for real-time flight updates, 13% for retail promotions and 6% for sales of airport services.

BY 2015 BETTER BUSINESS INTELLIGENCE WILL BE ESSENTIAL

The overall drive to online channels, including smart mobile devices and social media, is fuelling the growth in apps and these apps, in turn, require meaningful data in order to deliver real value.

A meticulous approach to both data quality and in sharing and delivering data, where and when needed, will be vital to avoid customer dissatisfaction and any customer service backlash. Therefore better business and customer intelligence will be the underlying enabler for airlines and airports to achieve their ambition to have the online channels as the dominant conduit for sales, passenger self-processing and service activities beyond 2015.

The industry already recognizes the value of strong business intelligence (BI), with eight out of ten airlines and airports committed to investing in some sort of BI solution over the next three years. Airlines and airports are also in broad agreement that the main focus of those investments is on customer service and satisfaction.¹³

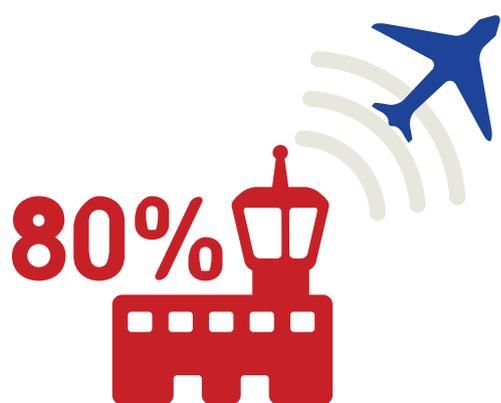
There are challenges along the route to implementing and improving BI solutions. Some technical issues, such as lack of integration among different systems and lack of data compatibility, head up the challenges faced by airports.

However there are also cultural challenges, for example, unwillingness to share data with third party stakeholders, mentioned by 44% of airports in the IT trends study.

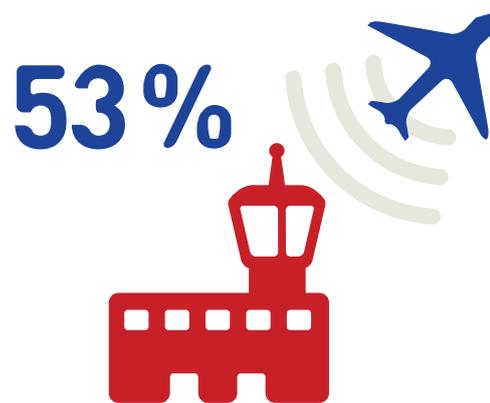
In many respects, this lack of willingness to share data is the most important challenge, because sharing data among stakeholders instantly increases data quality and data richness.

Already, there are indications that the industry is moving in the right direction. Both airlines and airports recognize the need for greater collaboration with each other. By the end of 2015, according to the IT trends studies, those airports sharing data with airline partners will have more than doubled to 80%. Airlines are a little more protective of their data, but those sharing information with airport partners will have more than doubled to 53%.

Key industry stakeholders led by the Airport Council International (ACI) are working on a framework of information services – Aviation Community Recommended Information Services – to enable information sharing to improve customer experience via increased efficiencies in passenger and bag processing.



80%
of airports will be sharing data with airlines by 2015



53%
of airlines will be sharing data with airports by 2015



CREATING A FRAMEWORK FOR INFORMATION SHARING

“The Airports Council International founded the ACI Aviation Community Recommended Information Services (ACRIS) initiative in 2010 to develop a harmonized framework of recommended information services to facilitate the sharing of information among aviation community stakeholders.

“ACRIS can provide the web-services necessary to improve information exchanges in passenger and baggage end-to-end processes. This includes transportation to and from the airport; baggage check-in, drop-off and processing; access to the security checkpoint and border control; services and information to passengers on departure and arrival; boarding processes; aircraft turnaround; airport status, maintenance and asset management.

“By making these processes more efficient, aviation stakeholders will be able to offer a better customer experience. The focus has been on the information exchange needed for airport collaborative decision making (A-CDM) procedures and baggage drop-off systems. In coordination with ICAO, CANSO, IATA and others, two core-groups are working to generate web-service definitions and implementation specifications.

“In 2012 a successful demo and proof of concept, which took less than four months, enabled basic flight information exchange and common situational awareness in the A-CDM

framework. The results highlighted the main drivers of the ACRIS initiative: interoperability of web-service standardized technical interfaces; flexibility and adaptability to business requirements; fast time to market and reduced costs.

“The main milestones for 2013 are the approval of the first web-service definitions in the ACRIS Catalog, together with the publication of the ACRIS Semantic Model and the update of the ACI ACRIS Recommended Practice 502A10.

“Interest in ACRIS opportunities is growing worldwide and new opportunities are arising, such as asset management and car parking operations. In parallel, there is strong interest in developing further the ACRIS Semantic Model, which is the standardized vocabulary used to generate the ACRIS web-services definitions.

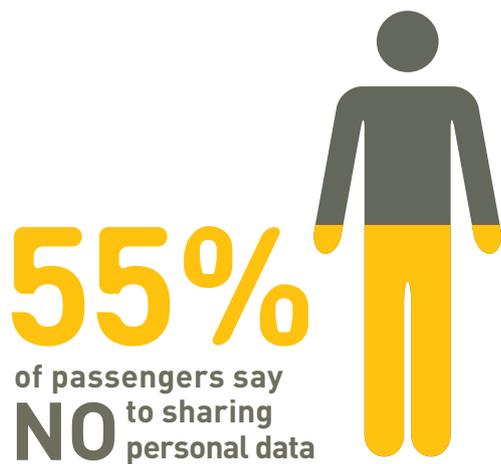
“ACRIS web-services provide a framework to integrate systems and connect different IT entities and databases efficiently. The implementation of ACRIS web-services will then increase exponentially the opportunities to use data to analyze historical data in the past, manage real-time operations in the present, and simulate future scenarios according to predictions based on the data exchanged and stored.”

ARTURO GARCÍA-ALONSO, ASSISTANT DIRECTOR,
FACILITATION AND AIRPORT IT, ACI WORLD

¹³ Airline IT Trends Survey 2012: 39% of airlines say customer service/customer relationship management is the key driver for their BI investments. Airport IT Trends Survey 2012: 57% of airports say collaboration with their partners is the biggest driver. Collaboration ensures the smooth running of the airport and therefore has a considerable impact on customer satisfaction.

In Europe, ACI Europe and EUROCONTROL, the European Organization for the Safety of Air Navigation, are leading an airport collaborative decision making (A-CDM) initiative to increase operational efficiencies. At the end of 2012 Helsinki-Vantaa became the latest airport to implement A-CDM. A-CDM has also been fully implemented at Munich, Frankfurt, Paris Charles de Gaulle and Brussels, with a further 25 airports in the process of implementation .

At Helsinki, A-CDM is expected to have a positive impact on the operations of air carriers, the airport in general, air traffic control, ground handling companies and parking planning. "Increased predictability allows various operators to plan their operations better, which improves efficiency and brings savings. The combined effort of numerous players is needed to ensure smooth and efficient transit through the airport. The better the coordination between the operators, the higher the quality and efficiency of the service at the airport," says Timo Suorto CDM project manager for airport operator Finavia.



Another key stake holder group to consider in the data sharing process is the customer. Better information about travelers will allow airlines to create services that are bespoke to their needs. This has the potential for a winning outcome all round – more business for airlines and services for customers. But today's travelers are resistant – globally 55% say no to sharing personal data, according to the Passenger Self-Service Survey, although opinions differ significantly from region to region, reflecting the varying cultural attitudes towards data privacy in different countries.

Nevertheless, airlines are increasingly keen to tailor the sales experience more precisely to the requirements and preferences of their customers. According to the airline IT Trends research, 78% plan to plan to personalize the content they provide via their direct distribution channels by the end of 2015.



Over a third of airlines are already making progress on personalization. Among these front runners is European airline, Vueling, which is looking to better understand its customers and improve interaction with them by tapping into information on social networks. It is investigating ways to incorporate social data feeds into its BI marketing solutions, focused on driving loyalty and making personalized offers to customers.

The outlook for collaboration and data sharing over the next three years is positive. The industry recognizes the impact that good BI will have on customer satisfaction and is committed to making continuous improvements. The challenge for airlines and airports is to break down the barriers to sharing and collaboration. Furthermore, to access better information about their customers they will need to work harder to convince them of the benefits.

INCORPORATING A SOCIAL DATA FEED INTO MARKETING BI

“People are becoming increasingly more used to interacting on social networks, which demonstrates their preferences and aspirations. This kind of behaviour has made it easier for us to learn about our customers more deeply than through other ways. This knowledge allows us to offer a tailor-made product that meets our customer expectations. We plan to start work on a project to incorporate a social data feed into our marketing BI in 2013.

“The big challenge will be to achieve a return on investment. We need to apply the information in such a way that we tailor offers and products to the preferences of potential customers, thereby obtaining more revenue.

Currently we are working with information from our “fans”, but another challenge will be to get information from all over the market.

“The social data feed will give us the opportunity to find out exactly what our customers need, depending on their travel activities and hobbies; as well as what they feel about our brand so we can focus on what we must improve. Finally, with social data help, we will know where we can find our customers, indicating which channel should be an investment priority.

As a customer-focused company this kind of information is relatively reliable to define and can ensure our strategy becomes successful.”

LLUÍS PONS,
MARKETING DIRECTOR, VUELING

ABOUT THIS REPORT

This report draws on the findings of SITA’s technology trends research. Every Year SITA publishes the results of four annual industry research initiatives tracking technology trends in the air transport industry. These initiatives do not only monitor the opinions of senior airline and airport executives but also the most important stakeholder of them all: the passenger.

This provides SITA with the unique opportunity to look across all the results combining the airline, airport and passenger view and identify areas of alignment, misalignment, potential for acceleration.

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SITA AT A GLANCE

The air transport industry is the most dynamic and exciting community on earth – and SITA is its heart.

Our vision is to be the chosen technology partner of the industry, a position we will attain through flawless customer service and a unique portfolio of IT and communications solutions that covers the industry's every need 24/7.

We are the innovators of the industry. Our experts and developers keep it fuelled with a constant stream of ground-breaking products and solutions. We are the ones who see the potential in the latest technology and put it to work.

Our customers include airlines, airports, GDSs and governments. We work with around 450 air transport industry members and 2,800 customers in over 200 countries and territories.

We are open, energetic and committed. We work in collaboration with our partners and customers to ensure we are always delivering the most effective, most efficient solutions.

We own and operate the world's most extensive communications network. It's the vital asset that keeps the global air transport industry connected.

We are 100% owned by the air transport industry – a unique status that enables us to understand and respond to its needs better than anyone.

Our annual IT surveys for airlines, airports and passenger self-service are industry-renowned and the only ones of their kind.

We sponsor .aero, the top-level internet domain reserved exclusively for aviation.

In 2011, we had consolidated revenues of US\$1.517 billion (€1.09 billion).

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