

# HOW CAN DIGITALIZATION BOOST IN-FLIGHT SALES?

Unlock your cabin crew's full potential and boost your in-flight sales

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Direct in-flight sales are out of fashion. The categories that sell in the air have been stagnating for decades. Cabin crews are not focused nor experts in retail sales, and physical stock and catalogs add to the heavy load and fuel burn. In addition, forecasting and managing inventory during a flight is challenging, and restocking is impossible. As a consequence, the potential of in-flight sales has become ignored in ancillary revenue generation. In-flight sales need to evolve and consider where the focus has shifted to, for example, seat upgrades and other services.

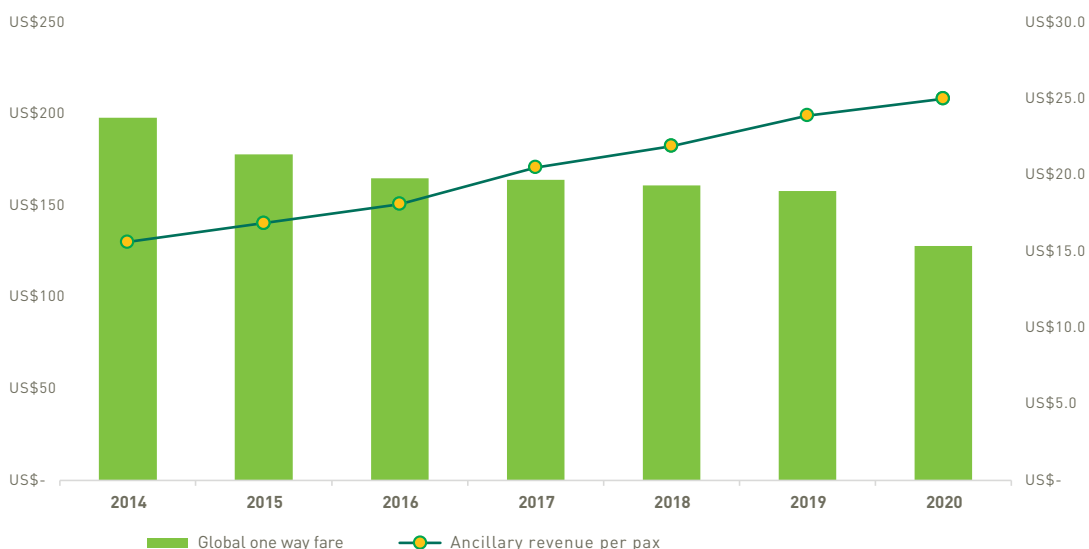
How can digitalization revitalize in-flight sales, enable real-time stock updates, and empower the cabin crew to act as your best retail promoters?

## WHY DO IN-FLIGHT SALES MATTER?

Intense competition and growing operational costs pushed airlines to seek additional revenue beyond standard flight fares. The airlines developed new network and revenue management strategies – ancillary revenue.

The low-cost carriers pioneered the new revenue stream by fundamentally unbundling flight fares and upselling individual items and services. The success of this concept created even more challenging market conditions for full-service carriers, forcing them to adopt a similar approach. Global airline revenues have shifted, with one-way fares dropping and ancillary revenue per pax growing. As a result, the airlines significantly improved their financial performance while diversifying and enhancing the passenger experience with almost limitless ancillary offers. So, what is the role of direct in-flight sales in the personalized passenger shopping experience, and why are they still relevant?

Global one-way fare vs. Ancillary revenue per pax



**Figure 1:** The average one-way fare shows a declining trend. Ancillary revenue per passenger stands contrary to this trend with annual increases, even during the pandemic of 2020. Source: IdeaWorks/ cartrawler (2020): Airline Ancillary Revenue Plummets to \$58.2 Billion in 2020, Erasing 5 Years of Annual Gains. Available at: <https://ideaworkscompany.com/wp-content/uploads/2020/11/Press-Release-150-Global-Estimate-2020.pdf>.



Direct in-flight sales might seem like a highly old-fashioned, low-yielding activity compared to the more sophisticated ways of engaging passengers, such as through the personalized shopping platform offered in IFE systems. However, direct sales provide more control than any other in-flight sales method because of the unfiltered communication between a cabin crew member and a passenger. In other words, the chances of selling in-flight are much higher when passengers are directly approached with a relevant offer rather than left to explore by themselves. Moreover, in-flight sales work because many passengers become repeat customers. Direct in-flight sales present abundant revenue opportunities, but only if executed correctly. Today, in-flight sales must be delivered digitally.

On-board stockpiling, low visibility of goods, endless paperwork, and lack of real-time feedback are outdated and greatly hinder in-flight revenue generation. Digital in-flight sales, on the other hand, significantly increase revenue and customer satisfaction and reduce costs.

## UNDERSTANDING THE TRANSFORMATION

Now that we understand the benefits of digital in-flight sales, let's explore the steps towards transformation.

### Step 1 – Understand the areas of transformation

First, you need to understand what parts of the organization will be affected and the expected changes. The table below shows the affected areas, associated changes, considerations, and targeted benefits.

Affected areas	Associated changes	Considerations	Benefits
Airline strategy	The digitalization of in-flight sales must continuously evolve and follow a structured development plan in alignment with an airline's overall digital transformation strategy. The market is exceptionally dynamic, and once the digital in-flight sales process is activated, it will be an ongoing project.	<ul style="list-style-type: none"> <li>Speed of evolution</li> <li>Future development plan</li> <li>Frequency of revision</li> <li>Performance metrics</li> </ul>	The right partner will offer you a staged development plan and will be open to work on your specific business challenges towards your strategic goals.
In-flight sales management	Going from paper to all-digital will require team restructuring and adaptation, affecting you and your vendors.	<ul style="list-style-type: none"> <li>Team size</li> <li>Skills and ability to gain and develop digital skills</li> <li>Internal and external readiness</li> <li>Access to critical information for empowered decision-making</li> </ul>	The right solution will achieve large-scale improvements across your in-flight sales process, highlighting the gaps and identifying poor-performing areas almost immediately after implementation.
Cabin crew management	Digital in-flight sales will significantly increase the visibility of the on-board activities, delivering a real-time performance rundown of every crew member. This visibility will change the dynamic between the manager and cabin crew.	<ul style="list-style-type: none"> <li>Cabin crew readiness to accept changes</li> <li>Skills and ability to gain and develop digital skills</li> <li>Securing trust and maintaining communication</li> </ul>	The right solution will dramatically increase the cabin crew's performance with digital tools that facilitate empowerment and create a positive work environment.

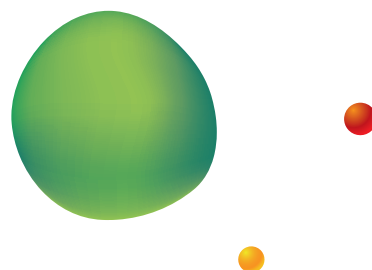
Cabin crew	The cabin crew will transition to the digital workflow process.	<ul style="list-style-type: none"> <li>• Workflow restructuring and workload reduction due to process automation</li> <li>• Digital activities must naturally blend with the rest of the processes</li> <li>• Continuous cabin crew feedback for improvement</li> <li>• Access to critical information for empowered decision-making</li> </ul>	The right solution will easily go together with the other cabin crew activities, making the transition between activities seamless and delivering crucial information for successful sales.
General flight administration	The general flight administration will transition to digital document management.	<ul style="list-style-type: none"> <li>• Workflow restructuring and workload reduction due to process automation</li> </ul>	The right solution will deliver critical information to the key stakeholders, seamlessly adapting to the organizational processes.

It is crucial to set up a good communication process for the time of transition. The main goal is to keep everyone informed of the changes and how individuals will be affected. The key message is that the workload for the various stakeholders will be reduced.

### Step 2 – Understand resource needs

Now that we understand the change digital in-flight sales bring to your organization, let's see what resources you need to execute the transformation.

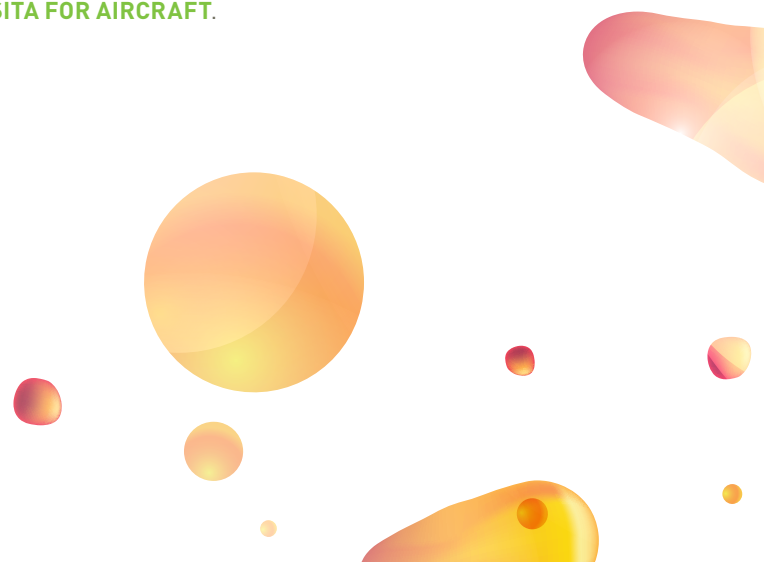
Resource types	Details	Purpose	Considerations
In-flight sales management software	The in-flight management software consists of two significant components: the application for cabin crew use and the administration portal for the sales management team.	<p>The primary purpose of the in-flight sales application for the cabin crew is to enable optimized and efficient sales execution on board. The app will contain essential and relevant information about goods and services for sale and necessary passenger details. The cabin crew will use this information to secure more deals and increase passenger satisfaction.</p> <p>The primary purpose of the administration portal is to effectively manage the application's content, vendors, general stock, reporting and dashboards, currencies, and flight.</p>	<p>Application functionalities and capabilities – to make the most of in-flight sales digitalization, consider what you can achieve with complete cabin crew digitalization and transformation.</p> <p>To secure flexibility for your workforce to work from home, consider a solution with a web portal.</p>



Other relevant systems	<p>The following software can be easily integrated with the in-flight sales management system:</p> <ul style="list-style-type: none"> <li>- Departure control systems (DCS)</li> <li>- Passenger loyalty systems</li> <li>- Crew rostering systems</li> </ul>	<p>The primary purpose of DCS is to deliver flight and passenger information.</p> <p>The primary purpose of the passenger loyalty systems is to deliver and collect contextualized passenger information in the in-flight sales app to enable personalized service by the cabin crew.</p> <p>The primary purpose of the crew rostering systems is to manage crews for in-flight sales.</p>	Some systems are a prerequisite to deliver in-flight sales – you need to connect flight and passenger details and have easy access to the crew information.
Hardware	<p>Hardware for the cabin crew application: tablet or smartphone</p> <p>Hardware for the administration portal: PC or laptop</p>	<p>The primary purpose of the portable device for cabin crew is to provide access to the application, enabling maximum flexibility.</p> <p>The primary purpose of the PC or laptop is to access the administration portal.</p>	<p>Choose hardware that you can trust and is fail-safe.</p> <p>Size of the portable device – the in-flight sales application contains lots of information that is easier to access on a bigger screen.</p>
Human resources	<p>IT Department</p> <p>Trainer</p> <p>Administrator</p>	<p>Most likely, you already have all the human resources you will need to support digital in-flight sales operations. Their skills and expertise will be enough to support this project. However, it is essential to keep in mind that their responsibilities will extend to cover additional software.</p>	Additional workload

As you can see, you need to consider many resources and how they will impact your people. The key to success is trying to repurpose what you already have, maximizing the potential of existing resources. Nevertheless, there will be areas

where you will need to invest and calculate your return on investment (see below for an example). If you have questions about ROI for your airline, please feel free to reach out to **SITA FOR AIRCRAFT**.



ROI considerations	
Increase repeated business and gain more loyalty members	Digital in-flight sales give you a unique opportunity to deliver a highly personalized passenger experience. The combination of cabin crew service and offered goods and services that matter to a specific passenger based on the data will increase passenger retention.
Easy handling of IROP (irregular operation) flights	Increase revenue by easily managing last-minute flight changes without compromising the goods and their guaranteed delivery to the customers.
Tackle shrinkage and manage stock smartly	Real-time stock visibility will boost your revenue and help sell everything you have.
Targeted promotions	The collected data will help you build promotions that matter to your passengers, making the most of your stock.
Enhanced vendor management	Cut order costs with maximum visibility of intelligent vendor management.
Reduce admin workload	Reduce the time needed to manage in-flight sales with automated processes.
Positive environmental impact	Replace paper-based operations with the more environmentally friendly digital solution. Reduce fuel consumption with a lighter aircraft – digital in-flight sales will help you minimize inventory on board to only carry what you will sell.

### Step 3 – Understand the delivery

After figuring out the areas of transformation, the impact, and the resources required, it is now time to transition from paper-based, manual to digital, automated processes. The transition will be a multi-layered process and involve many stakeholders.

#### Solution implementation

Implementing the solution is a complicated process that requires clear communication between an airline and partner on top of the well-structured project delivery plan. This stage is highly technical and requires an excellent understanding of an airline's systems and configurations. The key is to choose an experienced partner who will define a project delivery plan that suits your needs and capabilities.

During the implementation, you must ensure that you are ready to run the solution as soon as it is set. Therefore, the following stages must run in parallel to the implementation stage.

#### Employee training

Two key stakeholders must be trained on the digital in-flight sales solution: the cabin crew and flight administration. The most efficient and cost-saving way to deliver training is to train the trainer, and then they will gradually update your crew's knowledge. For even more savings and higher safety, choose a partner that can deliver online, remote training.

The flight administration can be trained directly but also online.

Depending on the way your organization is structured, you might need to engage third parties. For example, suppose you have a third-party goods supplier. In that case, you can give them access to enable visibility and enhance collaboration. Your chosen digital in-flight sales solution partner will help you set all of your supply chains up and grant access to everyone who needs it.

#### Acquiring various resources

First, evaluate what you already have and then identify the gaps. You will likely need to acquire portable cabin crew devices; you can get good deals on the bulk buy through market research and negotiations. Consider the use of the devices and general work environment for your cabin crew. Do you want to grant personal use too, or do you prefer to keep the devices strictly for operational use? Your choice will impact the workload of your IT department and maintenance costs but will equally dictate the cabin crew's level of engagement.

Second, try to use as many available resources as you have. Apart from the portable devices, the rest of the system can be supported with the existing hardware.

These are the key delivery considerations. You can also get advice and support from your chosen partner or reach out to **SITA FOR AIRCRAFT** to discuss your requirements and concerns.



## KEY TAKE-AWAYS FOR IN-FLIGHT SALES DIGITALIZATION

We have explored why in-flight retailing is a revenue-boosting opportunity and everything that goes into the worthwhile transformation. Here are some quick take-aways:

- **The transition from paper-based to digital in-flight sales will impact multiple areas.**

Your airline will mainly change the process, uplifting and boosting operational excellence, but you will also see a shift in the strategy and vision and, most importantly, changes to the organization's culture and people. Digital in-flight sales operations bring people together, providing tools to collaborate seamlessly, which will result in many tangible and intangible positive changes.

- **You can reuse most of the resources, but you will need to invest.**

You can quickly evaluate your current resource limitations using the table above. You will likely need to focus on equipping your cabin crew. However, while thinking about the physical resources and investment, it is also critical not to lose track of the human resources.

- **Implementing the in-flight sales solution is a multi-layered process where you need to tackle different steps simultaneously.**

Finding an experienced partner who understands the process and timings is vital for seamless implementation, especially if you are new to cabin crew digitalization.

## THE FUTURE IS DIGITAL

By following the above-described steps, digitalizing your in-flight sales operations becomes much less intimidating. You can now embark on this digitalization journey to fully unlock the opportunities of direct in-flight sales and maximize ancillary revenue.

Please reach out to **SITA FOR AIRCRAFT** to get more information on the transition, ROI, detailed process changes, and further details.

### Discover more:

Watch how **CrewTab** digitally transforms your cabin operations from the ground up, enabling resource optimization, cost savings, improved turn-around time, and passenger satisfaction.

Watch how **CrewTab Retail** unlocks your cabin crew's full potential, revitalizes the on-board shopping experience, boosts your inflight sales, and increases your ancillary revenue.

**SITA FOR AIRCRAFT's Digital Day of Operations** portfolio provides a suite of applications and services that together enable real-time collaboration and support for operations staff, pilots and cabin crew to optimize the flight operations journey at take-off, in-flight and landing.



## SITA AT A GLANCE

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- Through information and communications technology, we help to make the end-to-end journey easier and safer for passengers – from pre-travel, check-in and baggage processing, to boarding, border control and inflight connectivity.
- We work with over 400 air transport industry members and 2,500 customers in over 200 countries and territories. Almost every airline and airport in the world does business with SITA, and nearly every passenger trip relies on SITA technology.
- Our customers include airlines, airports, ground handlers, aircraft, air navigation service providers, and governments.
- Our solutions drive operational efficiencies at more than 1,000 airports, while delivering the promise of the connected aircraft to customers of 19,000 aircraft globally.
- We help more than 70 governments to strike the balance between secure borders and seamless travel.
- Created and owned 100% by air transport, SITA is the community's dedicated partner for IT and communications, uniquely able to respond to community needs and issues.
- We innovate and develop collaboratively with our air transport customers, industry bodies and partners. Our portfolio and strategic direction are driven by the community, through the SITA Board and Council, comprising air transport industry members the world over.
- We provide services over the world's most extensive communications network. It's the vital asset that keeps the global air transport industry connected in every corner of the globe and bridging 60% of the air transport community's data exchange.
- With a customer service team of over 1,700 people around the world, we invest significantly in achieving best-in-class customer service, providing 24/7 integrated local and global support for our services.
- Our annual Air Transport and Passenger IT Insights reports for airlines, airports and passengers are industry-renowned, as is our Baggage IT Insights report.
- We are a certified CarbonNeutral® company, reducing our greenhouse gas emissions for all our operations through our UN recognized Planet+ program. We also develop solutions to help the aviation industry meet its carbon reduction objectives, including reduced fuel burn and greater operational efficiencies at the airport.

For further information, please visit [www.sita.aero](http://www.sita.aero)



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