



# Airline One-to-One Marketing for Future Success



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APEX (Airline Passenger Experience Association)

ELEVATE 2019

#ATPCOelevate

# APEX/IFSA BOARD OF GOVERNORS ON PERSONALIZATION



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*At the APEX/IFSA Board of Governors, a motion passed unanimously for APEX to prioritize personalization for the incoming 2019-2020 Board of Governors pictured on the left.*



# Airline revenue no longer based on ticket price; airline revenue now based on the experience

## OLD THINKING



- Airline fare buckets
- Class of service dictates “included”
- Ticket purchase = airline’s revenue
- Loyalty centered around points
- Alliances **should** help revenue
- Increasing PaxEx just costs money

## NEW THINKING



- Experience airfare
- Class of service allows full “à la carte”
- Ticket purchase = airline’s revenue start
- Experience engenders loyalty level
- Integrated partnerships **do** drive revenue
- Increasing PaxEx pays strong dividends

```
IST-*SAW* SABIHA GOKCEN AIRPORT IS LOCATED IN THE ASIA SIDE.
1 IST LGW      30-0725 30-0935 C9 D9 Z9 K7 TK1981 32R OE R
                J4 I2 RL Y9
                B9 M9 A9 H9
                S9 O9 E9 Q9
                T9 L9 V9 PC WC UC X9 NL GL
2 IST LHR      30-0745 30-0950 C9 D5 ZL KL TK1979 77K OE R 502
                JL IL RL Y9
                B9 M9 A9 H9
```



**Upgrade to First Class**  
Find a relaxing reprieve from your travel day in First Class, offering attentive service & greater personal space.

\$139.00 USD  
 13,000 miles

Per Passenger

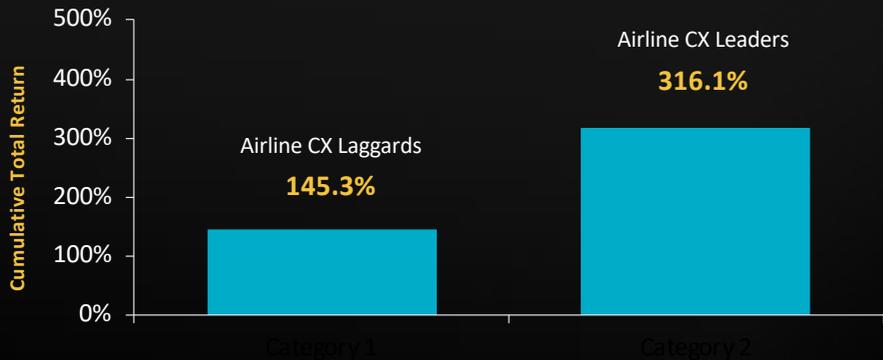
Or purchase now and we will select seats on all segments for you

[SELECT SEATS](#)

# Airline experience value proposition defines profits

## Airline Customer Experience ROI Analysis

7 year Stock Performance of Airline Customer Experience (CX) Leaders vs. Laggards (2011-2017)

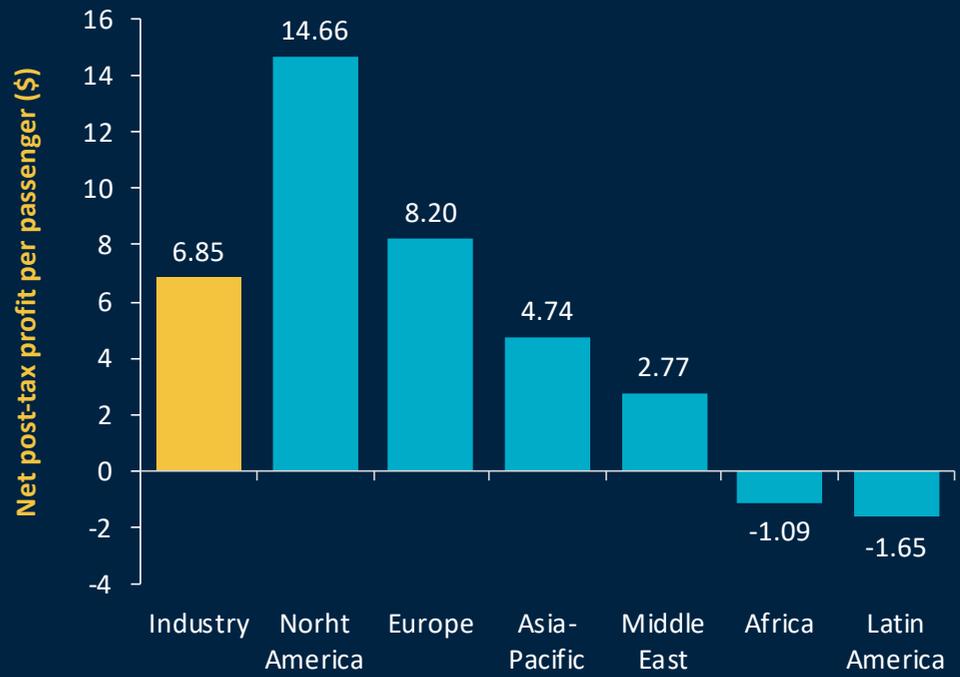


- Customer experience airline leaders see ROI of more than twice that of laggards
- Drives revenue growth significantly and reduce net expense per customer
- Leaders cultivate true loyalty
- Nail the basics; deliver surprises
- Leaders recognize “great experiences are intentional and emotional”





# Global Profitability per Passenger: *Every \$ Counts*





# Global Profitability per Passenger: *Every \$ Counts*

- This summer, IATA shared the profit per passenger on a global basis as “the real, inflation adjusted cost of air transport has **halved** in the past **20 years**”
- How have airlines globally succeeded? In the last **10 years**, ancillary revenue has grown from **2%** to **12%** of all airline revenue worldwide now over \$93 billion
- The difference in airline success has been providing a low base fare and enabling choices for customers from first flight search forward to their journey

Sources: IATA Annual Review 2019; Ideaworks, CarTrawler, US Global Investors

# APEX airlines have enjoyed Routehappy's advances

## Lufthansa Group Partners With Routehappy to Display Rich Media During Booking

16 May, 2018 in [Services](#) Written by Jordan Yerman



## Routehappy and Netflix Team Up to Provide Data on In-Flight Wi-Fi Quality

23 September, 2018 in [Connectivity](#) Written by Seth Miller



## United and Sabre Team Up With Routehappy for Searchable PaxEx

11 March, 2016 in [APEX](#) Written by Jordan Yerman



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## ATPCO Looks to Routehappy's Startup Culture to Develop Next-Gen Flight Shopping

21 February, 2019 in [Services](#) Written by Jordan Yerman





Full, trusted airline retailing content is critical to creating **a vibrant shopping experience**

Bringing Routehappy in as part of ATPCO's industry platform is a step forward for global airline PaxEx



“

Our . . . performance demonstrates the power of our growing brand preference, our unmatched competitive advantages, and most importantly the Delta people who are committed to providing the best travel experiences for our customers every day.

**- Delta Air Lines  
CEO Ed Bastian, 2019**

”

A photograph of a Delta airplane cabin interior, showing a passenger seat with a blue quilted pattern and a white tray table. The cabin is illuminated by warm, yellow light from the overhead oval windows. A small screen is visible on the left side of the frame.

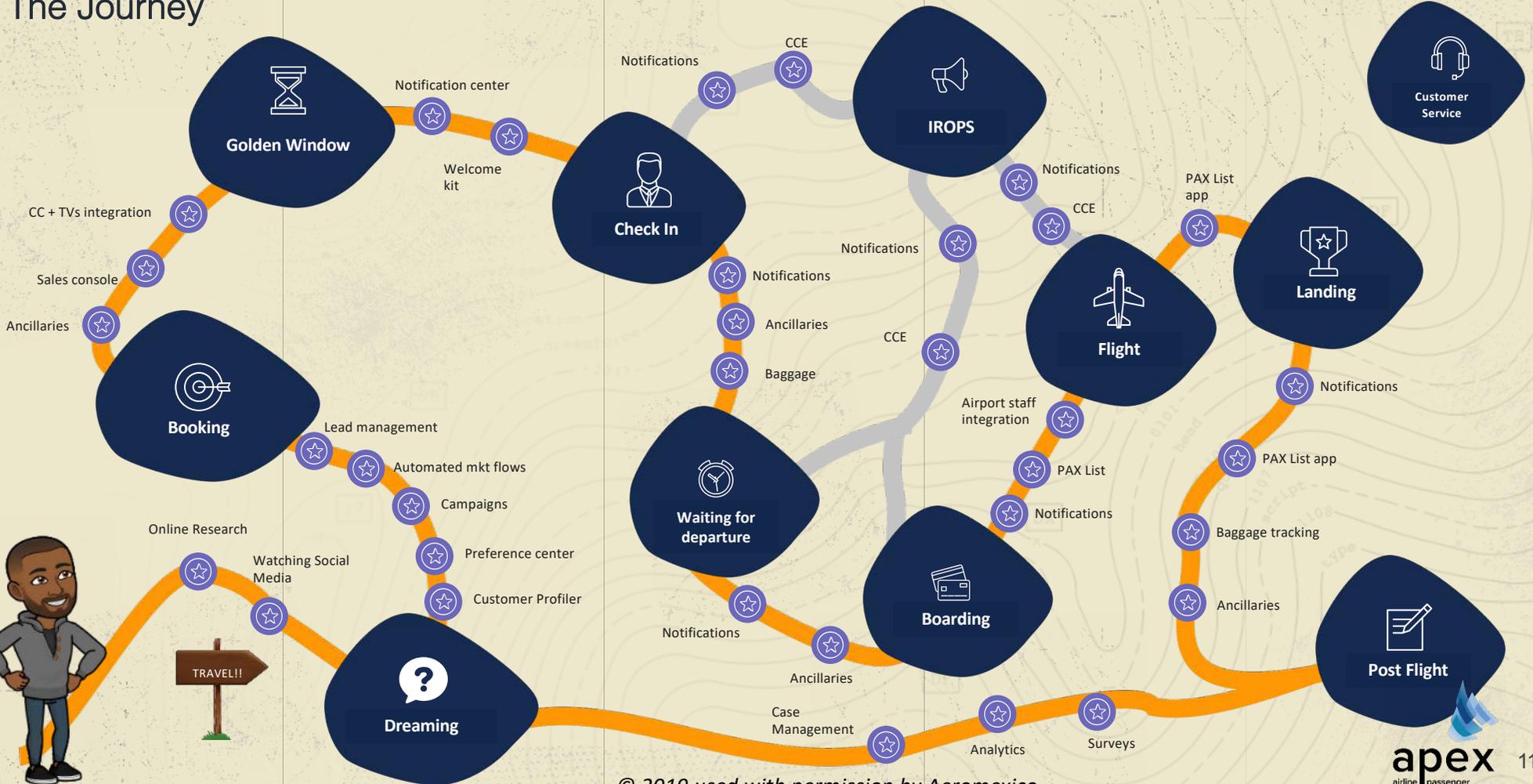
# The Delta Air Lines Personalization Example

- Delta's philosophy is to invest in its people and product to delight its customers to maximize ROI
- 2019 Delta metric examples include
  - "Utilize technology to deliver more personalized service"
  - Reduce "customer experience seams with partners by 25%"
  - Maintaining a 110% revenue premium above competitors
  - Increasing revenues by 4-6% with 50% coming from premium products and non-ticket sources
  - Thereby growing earnings by 10-15% with greater profit margins

Source: Delta Air Lines 2019 Flight Plan to Shareholders

# Single View of the Customer

## The Journey



# The Qatar Airways End-to-End Experience

Qatar's philosophy has been one where they leverage a combination of right product with right people AND price with place (**distribution channels**) to gain a strategic advantage over competitors

Product with People: provide best-in-class product with people for personal touch

Price with Place: Leverage direct channels, offers, and distribution to provide personalized pricing where new customers shop for best value.

Personalization of Future: NDC to connected shopping to Doha stopover program



# APEX on Future for Airline Success



The successful airlines must genuinely differentiate themselves from first search forward centered around the experience and unique value proposition offered

Airline profitability against competition and recessionary pressures will be determined by the airline best at driving incremental revenue while engendering next-gen loyalty

Personalization will be won by the airlines that learn to better serve their customers on a one-to-one basis leveraging CRM now; artificial intelligence/ machine learning soon

It's now about end-to-end passenger engagement with the experience to make it real

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