

Air Transport World

ATW

AIR TRANSPORT WORLD

NOVEMBER 2015 | www.atwonline.com

KEEPING PACE

Gulf hubs grow in line with airlines

CEO INTERVIEW

easyJet's Carolyn McCall

RECYCLING AIRCRAFT

Closing the environmental loop

getting personal

Growing passenger loyalty
& revenues through
individual service

AVIATION WEEK
NETWORK Powered by Penton

Customization will grow loyalty and revenues—airlines hope. **BY KAREN WALKER**

getting personal

More and more, airlines want their customers to know they really know them. Airlines see personalization as a way to differentiate their service and build customer loyalty in an increasingly competitive market. And they also see new revenue opportunities from customization.

Some of this personalization drive ultimately may be seen as a short-lived fad or a disappointment on the revenue-creation front. But a combination of new technology, a millennial generation that loves all-about-me service, and a need to stand out in a global market where low-cost, full-service and hybrid airlines no longer differentiate on price alone is driving a change in how airlines are engaging with their customers.

One example is Singapore Airlines, which this fall signed with Panasonic Avionics to become the first airline to introduce a mobile app that personalizes a passenger's journey end-to-end.

Panasonic announced the deal at the APEX Expo in Portland, Oregon. The Companion App is an intelligent, personalized mobile application that is integrated with the airline's IFE and connectivity systems.

Singapore Airlines will deliver the Companion App via its own app and the functions will integrate with the carrier's Krisworld IFE onboard product.

"We believe personalization will be the one of the key trends in the inflight experience going forward," Panasonic Avionics president and CEO Paul Margis said.

Passengers will be able to use Companion App ahead of their travel to see which movies and other

entertainment will be available on their specific flights, create play lists, and even see ratings from other passengers. They can also view the inflight magazine, duty-free options and meal choices ahead of boarding. Flight details and destination information will also be available.

Once onboard, passengers synchronize their mobile device to their seat-back IFE system and any pre-choices they made will be downloaded and ready to go. The app also lets passengers control their entertainment experience directly from their own personal electronic device if they prefer.

Companion App creates a second screen on which they can review the entire inflight entertainment library and get updates on flight progress.

"This is the first mobile app to span the entire travel experience," Panasonic executive director, corporate sales and product management Neil James said.

This type of personalization, the thinking goes, makes the passenger feel he or she is more in control and can make decisions about what they want and when ahead of their journey. In turn, that helps the passenger to feel more relaxed, more connected to the airline and—maybe—more willing to spend.

One of the interesting aspects of this personalization drive is that it is not exclusive to full-service carriers or to the premium cabin. Airlines are using technology to give customers a sense of customized service even at the back of the aircraft and especially in premium economy, the fastest-growing cabin sector.

"Everybody is talking about choice—it's all about offering an individual product for your market," Airbus VP cabin marketing Ingo Wuggetzer said during the APEX Expo. "First class is getting smaller, but higher



Air Transport World



quality. The new business seat is like what used to be a first-class seat and the biggest trend we see coming up is premium economy, which fills the canyon between business class and economy and means you are seeing a five-class segmentation.

"There are now 27 airlines offering premium economy and there will be more than 40 by 2020, all offering a cabin with features such as larger armrests, 19-inch width seats, footrests and more shoulder space between neighbors," Wuggetzter said.

Scandinavian style

SAS Scandinavian Airlines has expanded its long-haul premium-economy cabin to 56 seats, each with 38-inch pitch. The airline rolled out a new cabin design, IFE and connectivity products in October to coincide with its taking delivery of new Airbus A330-300s, for which it is the first European operator of the 242-tonne version.

In the business-class cabin, SAS has selected Thomson Vantage XL lie-flat seats in a 1-2-1 configuration.

A breathable wool mix was selected for economy seats, which feature several adjustable points. LED-based mood lighting is in all cabins and, according to SAS head of concept design Gustaf Ohlman, an important factor in well-being. "We did a lot of research into passenger pain points so we could learn how to enhance sleep, improve the boarding process and reduce jetlag. We wanted to be subtle and to mimic the sunrise and sunset that are important in Nordic culture," he said.

Premium-economy passengers, along with business and premium loyalty program members, get free onboard connectivity. The airline uses Panasonic's Global Communications Suite and Zodiac's RAVE lite IFE system.

The SAS executives said there was a very high uptake of its connectivity options of 90%-100% in the premium cabins. The airline is studying how to add connectivity to its short-haul flights, but wants to get the costs right, they said.

The airline recently took delivery of its first of four new A330-300s. It also has 30 A320neos and eight A350-900s on order; the cabins of the A350s will follow the design of the A330s and that design is also being retrofitted to the carrier's seven A340s, which will be phased out as the A350s enter service from 2018.

SAS manager connectivity and entertainment Gunilla El Mekki said the airline has formed a focus group that will take the A330 cabin design features and further enhance them for the A350. But she said it was important not to get "too trendy," but to maintain a natural and simple design that uses woods and Scandinavian elegance.

Finnish flair

Similarly, Finnair intends to differentiate its onboard service with an all-new cabin interior designed for its A350 XWB fleet by a Helsinki-based design company that made its name through designs for restaurants and cruise ships.

The oneworld carrier took delivery in October of the first of 19 A350s it has on order. The aircraft was flown from Airbus' Toulouse, France, factory to Helsinki with journalists, Finnair and Airbus executives and VIP guests onboard.

Among the guests was Vertri Kivi, whose company dSign created the design for the cabin interior. The design is influenced by Nordic culture, with neutral

FINNAIR'S all new cabin design is shown here on its new Airbus A350 XWB.

grey colors, clean lines and an open, spacious feel. Accent colors come from brightly colored cushions and duvets, fruit baskets and fresh flower vases. LED mood lighting has 24 scenarios designed to synchronize with the journey and which includes a Northern Lights option. The mood lighting is also integrated with the onboard IFE system so that screens are softer or brighter according to the stage of journey. The IFE system provides other journey-stage details, notifying when meals will be served, when duty-free shopping is available and when rest lighting will be activated.

Onboard the three-hour first flight to Helsinki, Kivi told *ATW* this was the first time he had been commissioned to create a design for an aircraft. He visited Toulouse multiple times to work with Airbus on the regulatory and other restrictions that must be taken into consideration with an aircraft design. "This was the biggest challenge," he said.

Finnair COO Ville Iho told *ATW* that the appeal of the A350 with its new passenger experience features combined with the aircraft's fuel efficiency means the airline is confident of seeing revenue benefits early on.

By early 2016, Finnair will already have five A350s in service focused on north Asia routes. "Finnair has been very logical about expanding its Asia network since 2000, but during the initial period we had to make compromises. But now that we have the A350 and A330, we have the perfect long-haul fleet for this market," Iho said.

Iho said Finnair was "very confident" that it will see

long as it's at the right price. Lufthansa Systems has developed a small, portable version of its BoardConnect IFE system that gives airlines the option of an entry-level onboard entertainment system.

Italian airline Air Dolomiti is launch customer for the system and will start taking deliveries of the portable units in late 2015, Lufthansa Systems senior VP BoardConnect Norbert Muller said.

The portable IFE systems weigh about two kilograms, or around 3.5 lbs, with rechargeable batteries, and can be locked to secure movie content and stored in overhead bins. One server unit can provide streaming video to 50 passengers and an airline can place two or three units on an aircraft to provide coverage for a typical narrowbody jet.

"This makes for an easy transition, low-risk IFE system for an airline that otherwise could not afford a traditional installed system. All the software is already there and it's highly flexible," Muller said.

early returns from the A350. "Unit costs are way lower than a traditional widebody, plus we have new revenue opportunities. I am confident that that will be seen in next year's [2016] numbers. Even more important is the customer experience, which is being taken to a totally new level with this new cabin and which renews our service culture."

With the A350, Finnair is introducing a new chief purser concept. The chief purser onboard each aircraft is trained to be a team leader with more flexibility to adapt to changing situations and to personalize service. Finnair will train 100 crew members for this chief purser role in the initial one-year operation of the A350 and then decide whether to expand the concept to the rest of the long-haul fleet.

Iho said Finnair has seen a noticeable positive booking curve related to its announced A350 services. "It's very different from the rest of the flights and is definitely linked to the great expectations that people have for this aircraft," he said.

Iho said that by bringing in Kivi to design the cabin, Finnair will be able to differentiate its products and deliver those higher passenger expectations. "We got him involved in the product early on. We wanted a Nordic feel. Without him, we would have ended up with a more standard, boring cabin and that's not what we wanted."

Portable IFE

Even at the low-cost carrier end, airlines are finding ways to get a more individualized service to customers—so

Branding & psychology

But for all the attention and investment that airlines are paying to differentiate and personalize their onboard products, do passengers actually notice? BMW Designworks director Garen Moreno posed that question during a presentation at the APEX Expo.

"There are really three differentiators—functional, quality and service, and most airlines focus on the functional differentiators, which are the most costly," Moreno said. "We believe there is a very under-explored area that is more psychological and it comes out in things such as how do people perceive their space and the value of service provided; how can you use color and design so that people actually recognize the physical differences between one airline's cabin and another?"

Moreno cited Delta Air Lines as an example. The US carrier has added a premium economy option with its wider, roomier Delta Comfort Plus seat. To ensure passengers could actually recognize the difference and perceive a sense of more personal space, however, required more than simply providing a larger seat. Delta added a design that uses horizontal stripes to emphasize the seat width, and lighting that makes the premium cabin look more spacious.

Other cabin-seat design tricks might include stitching to enhance lumbar support or playful use of color. "You have to tell your story and accentuate those things you want to provide, not assume the passenger will 'get it,'" Moreno said.

He pointed to the design of the Mini Cooper automobile, which exaggerates proportion and seat design so they give the impression of premium in a small space.

The travel journey

Rockwell Collins senior director, global marketing, cabin solutions Richard Nordstrom calls the airline personalization drive an exercise in travel journey management. Today's travelers, he points out, are multitaskers who almost all travel with at least one personal electronic device and often talk, text, stream video and listen to music, maybe at the same time.

"Creating effective cabin solutions in this new information age calls for our industry to look at the world differently, finding new ways to meet customer needs while protecting and even enhancing the bottom line. Airlines, manufacturers and service providers are actively exploring, developing, enhancing and



implementing the tools and technologies that address passengers' needs," he said.

"In this environment, our current industry term, 'inflight entertainment' is woefully inadequate to describe what the passengers of 2015 want to do on their journey. While IFEC—with the 'C' standing for connectivity—is a step in the right direction, we really should be thinking about a whole new term: passenger engagement.

"Passengers are engaged with their mobile devices from the time they leave home to the moment the airlines close the aircraft door. And they're seeking and even expecting to link their earth-bound connection with their flying experience."

Nordstrom says the result is that "the outcry for constant connectivity has gone from a shout to an uproar."

"At the core of every cabin solution are some key tenets: reliability, performance, ease of use and content management. But beyond those core elements, the needs of each airline are nearly as diverse as those of the passengers they serve. They can run the gamut from cabin solutions driven by a desire to generate additional revenue, to the desire to create brand loyalty through an extraordinary customer engagement experience," he said. **ATW**

SAS did research for its new cabin design so it could learn how to enhance sleep, improve the boarding process and reduce jetlag.