

# GuestLogix raises the bar for inflight retailing

The publically-traded Toronto-based GuestLogix company specializes in developing and implementing ancillary-revenue solutions for airlines worldwide. After only eight years, the company's services touch 90% of airline passengers in North America and 35% of the global airline industry with a business founded on its proprietary technology and hardware to enable onboard credit transactions. But there is a great deal more that the company has to offer, as Richard Cushing, Senior Vice President & General Manager, EMEA told Doug Newhouse in this major in-depth interview.

» Guestlogix currently has 33 airline clients from North America to Saudi Arabia.

## Basically what is GuestLogix?

GuestLogix is, primarily, a point-of-sale solution-providing company that was born out of a realisation that airlines had capital constraints and were looking for other ways to fund particular hardware equipment for buy-onboard and duty free.

In an airline budgeting process and how they allocate their capital, the buy-onboard ancillary revenue portion is generally quite small and therefore the likelihood of having capital released to the retail team is less than it would be to, say, buy a new aircraft or something like that.

So the GuestLogix concept – and why it gained momentum very quickly – was by going down a transactional-based programme, whereby the whole solution was funded through a transaction charge.

This is calculated on the transaction provided by the airline and incentivised if the transactions grow. This means that from a buy-on-board perspective it is an attractive offer, because you know exactly how much you are paying for the device and the whole solution in one charge.

So that's what GuestLogix is. It provides a solution for the buy on board/duty free – and going forward for additional ancillary revenues that come out of the next phase of the company.

The way we work is that you pay a minimum charge each month for a number of agreed transactions. So based on an airline's average transaction volume for a month, the minimum charge is there and in addition to that – depending on the airline and the volume and future prospects – there's a scaled transaction on transactions above and beyond the minimum.

So we calculate how much it is going to cost us to run the business, so that we are all on a level playing field and then hopefully the airline sells a lot



Getting the crew's attention for a purchase may soon be a thing of the past.

more, they make more money and we make a bit more money.

**So in a way it is a pay-as-you go solution since it cushions cash flow released by the airline?** Absolutely. For the airline it is a positive cash flow because we are incurring the cost this month and we are not going to charge the airline until next month.

So from their perspective, yes, it cushions the cash flow and also they are not offloading a great deal of capital to pay for devices upfront and then having to borrow that money themselves and depreciate it.

Of course, airlines can probably borrow a lot more capital than we can, but I think that from an airline perspective, it's almost like a rental service – as you would lease a car.

**OK, so let's take the company back to where it started with duty free. What were the initial services that were offered?**

Initially it was to provide a device that was certified by the banks – whatever that requirement was around the world. Currently there are two devices out there.

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& General Manager,  
EMEA, GuestLogix.

There is the XPDA-V and an XPDA-S. The 'S' is generally a North American device and the 'V' is a European device.

The 'V' works with chip and pin because it is European-centric and the 'S' takes mag-stripped cards. So that is the first step and then you have to be 100% certified against all of the criteria required.

In addition to that you have the onboard solution, OnTouch™, which is based on a menu drop down platform, but tailored to the individual airline's brand, touch and feel.

Some people have icon drop downs and others have a sort of drop down menu, so the actual screens are tailored and the processes are customised for the particular airline's requirements.

You then have relationships with acquirers to process credit cards or credit card data to wherever the airline needs it and a back-office service. We have our own back-office solution, but we also partner with other back-office providers like Prologistica if the requirement of the airline is slightly more than what our base product offers.

**So when you first began this service weren't there limits on the amount that people could spend?**

The reality is that this is controlled by the airline and also determined by the airline's relationships with the card and bank acquirers.

Some airlines, on duty free, would have a ceiling which may be in line with a floor limit that the various card companies allow, or it may be the risk that they want to take in the event of fraud or a charge back.

There are certain credit cards where the floor limit is quite high because they don't experience a high level of fraud and others where it is zero and therefore it is the risk that the airline wants to take in terms of the value of the purchase.

If you take legacy airlines, they might have products onboard that are worth £200 or £300 (\$308 or \$462) or E.400 (\$512), and on the buy on-board where the average spends are a lot lower at E.5.00 or E.6.00 (\$6.40 or \$7.68), they might not even worry about it at all.

So it is not what we would dictate. It's really what the airlines want to risk and what the banks will allow.

**The reason I am bringing this early into the interview is I know our readers are really interested in this issue. So now you have a system whereby you can clear credit cards from air to ground?**

Yes. The devices are enabled for bluetooth and wi-fi productivity. Obviously we are reliant on the airline having that 'magic box' in the air that allows us to do that, although with some rail company clients we've got real-time connectivity on the ground—although a lot of them are looking for store and forward batch-time connectivity. In the air it is the same.

Once the airlines start having their aircraft fitted or retrofitted with the technology, we can either do it in batch time—which is cheaper—or we can do it in real-time. So yes, the device can do that.

Going forward, we know—and we've spoken to many airlines about their new aircraft coming—that



Flight attendants will be able take high-value orders and clear credit cards onboard.

**"We have our own back-office solution, but we also partner with other back-office providers like Prologistica if the requirement of the airline is slightly more than what our base product offers."**

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they will have that ability and that is why they are taking an interest in other parts of our business.

**So this is a major step forward?**

Absolutely, because it completely opens the door in allowing airlines to get involved in areas that they would only have dreamed of, or worked on in an antiquated, paper-based manner in the past.

You see the retail value of any purchase can go as high as the credit card will allow it to go and I think that is where the excitement is. To use the common phrase here, 'the sky is the limit.'

And that is also where the development of other parts of our solution lies—we have been evolving over the last few years with the OnTouch merchandising programme to start opening this door for the airlines.

That's why we are starting to see a high level of interest from airlines who have aircraft that allow connectivity, which means that they can say yes, we want to sell X,Y and Z at a value of E.500 (\$640) or E.700 (\$896), or whatever the price may be.



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Richard Cushing speaking at the Airline Retail Conference in London earlier this year.

The marvellous thing about that is it opens the door to exclusive products on airlines and a whole different way of looking at competing with ground shops doesn't it?

It absolutely does and the immediacy of it opens the door. So you could have a range of products that might be advertised in the IFE (*Inflight Entertainment*) or in a brochure, although I would imagine it would be more IFE-driven. Those items can then be delivered to your home – or anywhere you want – on the day that you want, and everything is transacted in the air.

So you could have the premium ranges and associations with premium events and premium shops where the risk is suddenly completely removed.

For example, you could have Formula 1 packages made available to first-class passengers that cost \$10,000; they could be transacted in the air and when you arrive at the gate, lo and behold, your complete package is there waiting for you.

It does completely open it up, although the commissions that the airlines are used to will be lower than the classic duty free buy-onboard margins. But the cash value of that commission is so much greater that it becomes a very attractive offer for an airline to get involved in.

Also, the risk is zero because it is transacted in the air and there is no physical inventory which is obviously a weight issue that all airlines are concerned with and are trying to reduce.

Now I would imagine that sitting where you are you can see all of the different retail opportunities in terms of events and services and I am guessing you might feel these offer much greater opportunities than just the inflight duty free programme?

Yes. My background is duty free and in my great days at British Airways we tried to push the boundaries of duty free in terms of price points, exclusivity, first-class ranges, events etc., but you are basically constrained by a trolley that weighs 25 kilos that you can push up and down an aisle.

Therefore, it is getting that sort of change in mentality and understanding that says, 'look, while the trolley is still important – and it is still going to be part of the entertainment and the impulse purchase onboard – what you carry in that trolley could change



Guestlogix's OnTouch Concierge Everywhere service allows the company to stay in touch with the passenger throughout the course of their journey.



A visual depiction of the travel touch-points airlines have to influence passengers. Centred is a sample of the access points that can be used on the GuestLogix platform in order to take advantage of these touchpoints.

dramatically? Also, the offer outside of the trolley – whether it is physical, a ticket or virtual – can go in completely different directions.

It is really getting the understanding that trolleys weigh 25 kilos. That is a lot of fuel over a period of a year for any airline.

But if you then only carry the high-impulse purchase products in that trolley, or the immediate-use products, then the products that people buy as gifts or for slight indulgence that they are not going to use while they are onboard could revert to connectivity and be sent to somebody's house or the destination where they want it delivered.

So it does open great opportunities and it also provides additional services through our OnTouch Concierge Everywhere service, where again, by just taking a phone number you can completely open up somebody's views of a city or a destination that they are at and keep in touch with them and keep them up to date.

Another opportunity with this connectivity is that you can bounce information wherever you want to in the world to provide a better service for the passenger/customer.

Without dwelling too much on it, one of the most simple stress-relieving services is surely booking a taxi onboard the aircraft for use from the destination airport to your hotel?

Definitely. We have agreements with a large number of ground transport companies. What we recommend to the airline - and we have done the homework - is the most efficient way to get from a destination airport to the centre of a city that a

passenger is actually visiting.

For example, whereas everybody talks about the Heathrow Express in London, you have cabs from JFK to Manhattan which are a more efficient way to get to Manhattan. So what we've done is looked at all of the offers around that. Now of course, if it doesn't cost a great deal and it is all pretty simple to get from A to B then it may not be something that we would offer on that particular destination.

But where we know that there is a demand for this service and it removes the stress of getting from the airport to the destination, then that is an offer we put in. The agreements we have with these customers is that we take the risk and the cab or train company honours the ticket that we provide.

So from a customer's point of view, this solution removes the stress of walking out of customs and desperately looking around for where they should go to find a cab or ground transport, because the ticket they have just purchased will tell them exactly what to do and where go.

We heard at the recent ARC 2010 airline conference that chip and pin and this old system of stored names and addresses of potential credit card fraudsters is still going to be with us for a while, but that is not necessarily true is it?

No it's not once you link the device to onboard connectivity. Then it is either real-time or batch-time within the flight time.

Can you just define what batch time is please? There are three ways of processing credit cards. What

## The airline market opportunity

Research by Albitron shows that frequent flyers are three times more likely to live in \$100,000+ households; the majority (58%) are high income males, with 61% in the 25-54 age bracket with the highest income; and leisure travellers are more likely to be brand loyal with 70% belonging to loyalty programmes. Surveys of nearly 3,500 travellers worldwide undertaken by Cossette

Communications and IPSOS SA on behalf of GuestLogix have also revealed that nearly 60% of travellers would buy destination-related products and services if the onboard purchase experience was convenient and made good use of their time.

At the same time, the Centre for Asia Pacific Aviation estimates that ancillary airline revenues are expected to expand to \$58bn in 2010 and GuestLogix believes the average onboard passenger spend will grow five-fold over the next few years.



A sample image of the OnTouch Concierge Everywhere service for passengers travelling to London. Passengers give their mobile numbers to receive this free mobile service for destination information – as well as recommendations and communications from their airline. This is compatible with any mobile device, including text-only handsets via SMS as well as email formats.

classically happens at the moment is that a credit card is encrypted to the level required by the banks and credit card companies and that information is held on the device. At the end of the flight, the device transmits using its cellular radio and all of the data is then taken out of the device.

That data then hits the clearing house and the device is wiped clean—or it is actually docked when it gets back to the hub or the warehouse that it originated from.

Going forward, you can either have real-time connectivity which means that during every transaction it is approved and authorised during the transaction process—which is currently a bit more expensive—or you can do what is called store and forward, where you collate, say, ten transactions, and then they automatically go in a batch of ten and that reduces the price.

That can be done during the flight time so that if there is a refusal from the bank for a credit card because of fraud or being over the limit, this provides time for the crew member to go back to the passenger and say, 'I'm sorry, your card has been declined, can you give me another card,'...or take back the product.

In the future—like all of these things—technology becomes cheaper and cheaper and the real-time

connectivity in the air will be as it is in a High Street shop. In other words, as you transact, it happens.

So how many aircraft today are equipped with the ability for real time connectivity?

Well I read an article a couple of weeks ago that in 2011 there should be 6,000-plus aircraft and by 2015 about 25,000 aircraft will be connected.

These are going to be the primary carriers who are either embodying the technology as part of a refurbishment of their aircraft, or buying new aircraft. So a lot of the new aircraft already have that and certainly clients that we have been talking with are saying they really need to understand what this means a bit further, because they want to have that connectivity built into their future programmes as soon as possible.

And as was mentioned at the ARC conference, it is not really ideal to retro-fit an aircraft with this technology though is it?

It is expensive to do it this way and it could cost between \$50,000 to \$200,000 per aircraft. But to set it all up you have got to have a master box and then boxes throughout the aircraft to ensure that you don't lose that connectivity anywhere within the cabin.

And while it is expensive to retro-fit, it is cost effective as part of a new build.

OK... so let's work on the basis that we are in 2015 and we've got all these planes fitted... just take us on a short journey around the additional services that you believe could be made available to passengers.

Well firstly it would take a proactive and understanding airline who understands the value of what is out there.

There are a series of touch-points that you have



Guestlogix also has business in the passenger train sector in the UK.

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access to about the passenger from the moment they buy their ticket.

If you have access to the passenger within the booking engine or via the website environment, you can get information from them such as a mobile phone number, that allows us to develop and keep a relationship with them through our Concierge Everywhere programme.

Nearer the travel date using the Concierge Everywhere programme we can use it to remind passengers of things they should do coming up to their flight time. That concept is already being used by charter carriers using text messaging, although our solution is slightly more sophisticated than that.

Here is an example: when you get to the airport and you have gone through clearance in the lounge, or you are in the gate area, you will have access to buying services that you knew you had to have, but may have forgotten to buy.

So here is an opportunity within the lounge or at the gate to buy ground transportation or other destination relevant tickets, or even pre-book a phone service if you are going to an area where the roaming costs are very high—which can be picked up at the destination.

When you get on the aircraft, if you haven't taken advantage of any offerings, you might consider what theatre tickets or theme parks may be available at your destination, or whether there is a shopping opportunity.

Also, the opportunity to eat at well-known and popular restaurants can also be provided through our Concierge Everywhere programme.

Now, because passengers won't be keen on pressing pin numbers on an IFE screen for everyone to see, or inputting their credit card details in view of other passengers, we believe that the relationship between the device and the IFE will be interlocking.

When you have finished buying your product through the IFE, whether it is a 'hard product' to be delivered to your seat, or product being delivered to your home, or services being delivered for you to collect when you arrive, the end button will prompt a member of the cabin crew to come to your seat.

You can then transact your selection on the device – which will have already picked up the information from the IFE. So you then get your receipt, your ticket, or your bottle of perfume, plus you get your security as well.

When you get off the plane, you will have your ground connections and you will have your family theme-park tickets or your event tickets.

You might then have to pick up your phone from a collection point, most probably at customer services or in an exit shop and this will have been pre-programmed to have local charges linked to your phone. At the same time the phone will also have our Concierge Service Everywhere loaded up, which we would give free.

The key thing for us is that you do get the Concierge Service free, because it is added value and it means that we can keep in touch with you in a friendly manner and not in any formal manner.

As you go through your holiday or your business trip, we will keep in touch with you and tell you if your flight is delayed or on time and if there are

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any issues.

A great example of where this service would have been an absolute God-send was during the volcano eruption and ash cloud disruptions earlier this year.

I was stuck in Toronto for ten days during that time, and trying to get information on a daily basis, or frequent basis as to what was happening with my flight, was quite arduous and frustrating.

The Concierge Everywhere programme will provide that information – flight information and updates – and also make recommendations of what to do if you are stuck somewhere.

It also gives you discount offers that are honoured in shops and restaurants if you show X or Y code. So with all of the other things that I have mentioned, including destination ground transport, that could be a journey cycle I could see.

In between that, there are those opportunities within other areas that we are promoting, some of which we are actually trialling at the moment where we can print small ads that are destination-based on the till receipt.

Again, these can contain offers, so we are giving you something in addition and a bit more value while



Theatre, theme-park or other entertainment tickets, Formula 1 luxury packages costing thousands, a hotel booking, or a simple taxi ride to your destination can all be ordered onboard under the Concierge service, with no queues and no hassle.



The onboard store technology framework.

you are in your stay, such as a discount at a premium shopping outlet, or at a well-known restaurant.

As an airline, this gives the customer other reasons to enjoy themselves with value offers at a holiday or business destination.

Let's stay with value for a minute because I think that is a very important aspect of all of this. Obviously there are people who will pay for convenience, but of course, there will be people who will question whether the services you are offering are competitive with what they could buy directly – how are you going to reassure them about that?

You have got the two add-ons there. You have got the likes of myself and you who might say, 'Great, I've got my ticket and I don't mind paying a premium,' and that's fine, but then you do have those travellers who are more cost conscious, because of how much they have got in their pocket.

So what we need to make sure is that the only premiums that we will charge are in line—or below—what you would pay at the destination. So if you take ground transportation, the agreements that we have are that we actually buy that transportation at a slightly discounted rate than you are paying.

But a passenger is still paying a flat fee, so if you take the Heathrow Express, for example, you would still buy the ticket at the price that you would normally pay at the airport, not the price that you pay on the train which is sold at a premium.

So in this situation you are not paying any more than you would if you bought it at the airport, but you are getting the convenience of having the ticket without any hassle, missing the queues and getting straight out of the airport with peace of mind.

So the trick for you is to be able to negotiate the deals in the first place?

Absolutely and let's take the most complex one. If you take theatre tickets, realistically we are not going to be offered theatre tickets by the ticket houses for shows that are booked six months in advance.

But there is a whole raft of quality musicals and plays like Mamma Mia and Phantom of the Opera that have been around for two, three, up to ten years, where there is some capacity available each night.

So you will be charged the going rate for the ticket and not an additional premium. Normally premiums

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range from between 5% to 20% if you look online for West End tickets—depending on where you buy them from.

We would charge you the standard 5% premium, which is what you would pay any ticket operator. We are offered these tickets to fill the capacity, so the ticket houses are giving us the commission for selling that ticket at the right price.

But we would lose our reputation very quickly if we were charging a 20% premium on a £100 (\$154) ticket that when you get to the theatre you find out you could have bought for just £105 (\$161). So it is not in GuestLogix's or the airline's interest to go down that route in terms of reputation.

We have been very careful about this. Even at the expense of a little bit of margin here and there, we maintain a competitive value offer.

That is the reassurance that we give and within the marketing of that and working with the airline, it is part of the promotion where we make sure that it is fully understood that the customer is paying a standard price for that ticket.

And we obviously need to make sure that the deals are right—as does the airline.

There is great concern at the moment about protecting individual personal financial details – what sort of reassurances can you give about that?

There are two levels here. In terms of your credit card—which is the most sensitive thing—we comply and follow all the banking and legislative requirements in terms of data protection and the security of your personal details, as well as your credit card details and we are the merchant of record as well. So we control the movement of that information to the acquiring bank.

In terms of your personal details, if you are buying a Broadway or West End ticket, we don't need to know where you live. We just need to know that you have bought the ticket and it has been honoured.

Where we require your phone number for Concierge Everywhere, that phone number lands on a standard database and at the end of your stay of, say, 14 days in London or Paris, that phone number drops off the system on the 15th day for two reasons.



Flight times, flight delays, discounted shopping and eating and numerous other services can be offered through GuestLogix's concierge service.



Virtual shopping will be quick and efficient to make more time for other things.

One, is that is of no use to us anymore because if we kept every single phone number that we are given we would probably need a database the size of NASAs.

Secondly, in terms of your address details, again they are kept securely in our encrypted database and they are kept for customer-service reasons. But exactly in line with any internet shopping provider we have the very same level of security that applies there.

So we are as secure as we are able to be with regard to potential risks, as they are known today. If something happens tomorrow then we have to react to that and make sure that we update any security platform like anyone else.

**Presumably a customer's credit card details would also drop off the system?**

If you take the whole issue of PCI compliance, then you put your credit card in the device and you put your number in and it is encrypted to the level that we are required to make it. That level of security can

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actually be turned up by the acquirers – in terms of the encryption – and as soon as it hits our device it doesn't touch any part of GuestLogix's or the airline's system.

It goes straight into the acquirers' system and onto the credit card. So it is exactly the same as if you were going through a High Street shop.

In reality, the level of security required in the air is greater because banks have a higher concern. But at least onboard you can have security checks if it is a high purchase. A lot of airlines now require a passport check if a purchase is over a certain limit to make sure that the credit card and the person are the same, so that level of security is also there.

The requirements that GuestLogix has to comply with are as stringent – if not more than a High Street shop – because the banks want us to do this.

**So the back office of GuestLogix must be the driving engine room of the whole operation?**

It is, but the flexibility that was built into the solution at the very beginning was to ensure that yes, we have got a back office solution for you and it can do promotions and anything a back office can do.

However, lots of airlines either have a relationship with a third party – Prologistica being one of the best – or they have their own back offices. When we began, we had to make sure that we were – and still are – flexible and that our plugs and their sockets are all compatible.

So yes, it is a good back office and by having relationships and understanding third parties' back office requirements, we have been able to make sure that ours compliments those of third parties.

Of course, everyone would love to have an all-singing, all-dancing back office, but that becomes cost prohibitive.

**One of the issues where GuestLogix appears to have strong views is the belief that if an airline makes open Wi-Fi freely available to its passengers, then potentially you could be throwing away the crown jewels. That is your view isn't it?**

Yes, absolutely.

**So can you just elaborate on that for readers?**

Our approach is to think further forward than the immediate opportunity, which is where Wi-Fi is available onboard and is released for a fee to a passenger's seat.

Airlines are saying that they will charge for Wi-Fi, but it will only take one or two high-profile carriers to suddenly offer that for free....

**...and you and I know that some of them will...**

Yes, but if you go back fifteen or twenty years, you had to buy your headsets to watch a film and with certain carriers you still have to. I remember on some charters when I was going on holiday many, many years ago, you spent £3 or £5 (\$4.63 to \$7.72) on a headset, whereas now you go on that same charter and they give you the headset.

If the same is going happen with Wi-Fi, which is still in its infancy, and people that are trying to recover costs are going to charge for it, then at some



**So how have Flight Attendants embraced the solution?**

*Mike Byrom, Director, Guest Services/Operational Support, WestJet:*  
 "Initially, we experienced some resistance from the flight attendants when we introduced the GuestLogix platform into the airline. Like the implementation of any new technology, there is a learning curve and people have to adapt to change. "It can be a little painful at first, as most of us have experienced when we work with a new programme or technology platform. We have been working on the implementation of this solution for about a year to streamline our processes, initially emulating our paper processes, but in a POS device environment. I am pleased to say that on September 8, 2010, we migrated to a cashless cabin environment. "Based on data from GuestLogix, we were able to put more products and services on board at a time when the customer demand for these services become quite clear. "The demand and the data to support it, helped the flight attendants to embrace the GuestLogix solution. We noticed a significant uptick, starting around November 2009, in passengers requesting buy-onboard services, especially on the longer-haul routes and across multiple categories including food and beverage, IFE and shopping services. "That demand has continued to grow and has really excited and encouraged the flight attendants to embrace onboard retailing as part of improving our passengers' experience." Jodi Cruickshank, Manager, Marketing, WestJet added: "By 2016, WestJet will be one of the five most successful international airlines in the world providing our guests with a friendly and caring experience that will change air travel forever."  
**So how does the 'full solution' deployment align with WestJet's stated goal and vision 'to create an experience that will change air travel forever', we asked?**  
 "The GuestLogix solution opens up the door for WestJet to expand its onboard retail capabilities beyond 'physical' inventory, to meet the continuously changing needs of our guests. "The technology will give us the capability and flexibility in the future to sell different types of products and services that our customers want, for example selling tickets to destination-specific shows, entertainment and theme parks, ground and concierge services, and inflight catalogue shopping beyond traditional duty free."

point someone is going to say, 'actually, I am not going to pay that.' Then one carrier may be followed by another in terms of giving it away for free.

Now, if you offer Wi-Fi for free and it is open-ended, the airline is actually paying the cost for providing that service and is getting nothing in return. But if the airline controls the content and makes sure it is wide-enough and complimentary, then fine.

For example, if you have a deal with Amazon, then you can block out other book service or music providers and you would hope that there would be an incentive for you providing Amazon with any purchases through that URL that are originating from your system.

Alternatively, they may pay you a straight marketing fee for having access to your passengers for their website.

Now we are not suggesting that it is so narrow that it is hardly worth linking into, but it does seem silly that you can go onto an airline and that person can then buy their return ticket on another airline while onboard.

It is like going into Tesco and being able to buy Sainsbury's products [the UK's largest two competing UK supermarket groups-Ed].

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**So what you are really saying is that a selected number of services and purchasing opportunities do need to be controlled?**

Our position is that you have got to control the store and I will give you quite a soft example. If you look at Heathrow Terminal 5, there are lots of competitive adverts within, but you wouldn't find adverts for the competition in a High Street shop or in a Walmart or a Carrefour.

For example, a controlled store would allow the



Guestlogix is currently working with 33 airlines around the world.

passenger to hire a car from the rental firms that the airline wants its passengers to rent from. If it is done in this way, then the airline will get a commission or a straight fee for the service. But if it isn't, then the two parties that benefit are the passenger and the retailer because the latter has taken the full margin.

I passionately believe that if airlines do that—give away their connectivity asset—they will miss out on many revenue opportunities and will end up paying for the cost of Wi-Fi on their planes.

#### How far away are we from Wi-Fi on airlines?

There are planes that are embodied already and airlines that are going into it at the back end of this year and early 2011.

We've talked to a number of airlines about pushing these opportunities and understanding how the passenger will react, along with understanding the logistics and performance of Wi-Fi.

Like all things new it's going to go through some teething problems—but we are there. Passengers can use email onboard and they can access the internet.

It is now all around the service quality, the speed and integrating things such as the logistics on the ground.

**Well there will be a lot of people that read this who will say... well for years I have been told to turn my electronic devices off and make sure my wireless is turned off in particular... how come the airline now says it is OK?**

I think this is because it's now a secure and controlled technology. I am not an engineer or an IT person, but my understanding is that because it is controlled, it—the signal—is actually being taken into one central point and bounced somewhere, as opposed to all the noise that could go on if you had 50 PCs and phones ringing at one go.

As this is much more channelled and you've got the technology in the box, it doesn't affect other devices, although I am not qualified to quantify that in any way.

*[It should be said here that GuestLogix has a full technical staff that deals with all of these and other issues-Ed].*

**You mentioned IFE and catalogues earlier on. From where I am sitting an airline is obviously going to have to be video back-seat equipped for one part of that, but some people still actually enjoy looking through a catalogue don't they?**

I believe there is room for both. If you take a classic airline magazine, that may prompt you to watch a film. But if you look at a duty free magazine, they can range from a complete entertainment-focused publication like British Airways' High Life, which has lots of different articles, to the hard-selling magazine/catalogues that low cost and other legacy carriers produce.

So I think it is going to be somewhere in between, where the prompts within the magazine will push you to the IFEs, so they work in tandem. But I don't see the short-term demise of the catalogue: research will tell you that more than 95% of passengers pick it up—whether they buy or not. It is part of their entertainment and boredom removal.



That said, the magazine may do a different job in future, moving you on to where the offer is featured on Channel 12 on the IFE, for example.

Additionally, if the IFE is used cleverly and you buy a widget, a gadget, or a watch, the IFE can tell you an awful lot more about that watch or product, or how to use this or that purchase properly if you use it in tandem with the magazine.

#### How many airlines are you working with now?

Currently, we are working with around thirty-three airlines.. We are very strong in North America and we've got a lot of strength in Europe. We have one airline in the Middle East with Saudi Arabian Airlines and are looking to expand there.

In Asia, we recently announced the link up with Alpha in Australia where we deployed our first major carrier and Inflight Sales Group (Hong Kong), becoming their partners for the Asia region

Another side of business we are looking to develop is our rail business. We have one rail company in the UK that we are working with to fully understand the opportunities in this area, as well as a rail company in North America. And that is definitely an area we will be looking to develop next year.

Another area that we are developing is the holiday solutions that we currently have with TUI Ski [TUI Travel UK's ski vacation company-Ed], where our devices are used by the local reps to sell ski boots, ski hire items, or events that may be going on in the resorts.

#### So, there are exciting times ahead?

I joined because I believe strongly in the product. The company is ambitious and enthusiastic, and has great people working in its Toronto head office and out in the field.

They all believe in the product and that's the key to our success. We are not here just to manage a function, we are here to manage a function and to develop it further to evolve the company in a controlled and sustainable way.

We don't want to do what some other companies have done, which is grow too fast and implode on themselves.

*[OnTouch is a registered trademark of the GuestLogix company-Ed].* «

“Nearer the travel date using the Concierge Everywhere programme we can use it to remind passengers of things they should do coming up to their flight time. That concept is already being used by charter carriers using text messaging, although our solution is slightly more sophisticated than that.”

Richard Cushing.