



screen**gains**

Airliners used to carry passengers – now they transport guests, customers or travellers – how can the IFE system help their operators redress the erosion of fare income by turning them into buyers?

BERNARD FITZSIMONS, AIRCRAFT INTERIORS INTERNATIONAL

Modern retailing is about engagement, and more and more of it happens online. One signpost to a possible future is the Philips Intelligent Shop Window, which supplements the static display of wares with related information triggered either explicitly by the user touching the interactive window or intelligently through detection of the shopper's interest in a particular product. The window senses the presence of people nearby and adapts its behaviour accordingly.

The interactive shopping experience is already here, though. UK airport technology retailer Dixons Travel has abandoned attempts to illustrate the value of its offerings through comparisons to high street prices. Head of commercial Andy Webb says online has become the dominant reference point for value, to the extent that 60% of consumers refer to the internet before buying. So his company has ditched the high street comparisons, guaranteeing instead to beat the prices offered by online retailers. And it has installed WiFi in all its airport shops so customers can verify the claim before they buy. The result, he says, is that Dixons Travel is trading well ahead of last year despite relatively flat passenger numbers, and customer engagement has improved 50% in 12 months.



21

7

01

42

lottery

1

open

car hire

attraction tickets

pdp

ns



27



01

02

01-02. Philips Intelligent Shop Window

Webb was addressing July's ARC2010 airline retailing conference in London, which looked at all aspects of selling to airline travellers, whether off or on airport, before, during or after their flight. Alex Cruz, chief executive of Spanish low-cost carrier and leading exponent of ancillary revenue generation Vueling, told the conference that as well as all the usual unbundled charges such as bag, catering and payment fees, and innovations such as seat selection, PayPal, business packs and connection fees, his airline is committed to adding a new one each quarter. And having seen how its customers have been increasing their non-fare based spend, he is very interested in finding ways to sell more products and services during the travel experience.

Cruz has ideas for every stage of that experience, from booking through check-in, departure gate, arrival airport and after travel. In flight, he lists the four top offerings as food, duty free and gifts, local transport, and products such as lottery tickets. Customised offers and airline products could be next, he says, but very few airlines have the technology to dynamically adjust offers to purchase patterns. Inflight ideas include offers on further airline tickets and car hire vouchers with guaranteed availability at the destination. Apart from identifying the product to offer, he adds, key questions are who takes in payment and whether it is possible to deliver away from the aircraft.

Fare revenue is not enough in short haul, Cruz concludes. But while airlines own the inflight shop and

attendants, they do not want the product, the marketing, the sales process, the fulfilment or the reporting: "Those who provide a painless, outsourced, high-value, multi-platform technology-enabled solution will win," he says.

Richard Cushing, senior vice president with onboard point of sale management specialist GuestLogix, cuts straight to the chase. He says unbundling fares to create new revenues is no more than a short-term fix that does little to enhance brand loyalty. For sustainable ancillary revenue growth, airlines must turn travellers into consumers.

RED REVENUE Virgin America likes to refer to its passengers as guests. The latest version of the airline's Red IFE system certainly makes it easier for them to be 'guest consumers'. The Red Store includes the first product line developed by partner SkyMall specifically for purchase through an airline seat-back entertainment system: initial offerings highlighted by the airline include Sony's PSP and the latest Michael Kors tote. But the Red system also offers other ways to spend. The inflight menu system suggests premium food pairings at a discounted price. A custom bar invites guests to order cocktails developed with the input of frequent fliers, social media fans and inflight team mates – a heady enough cocktail in itself – with the end product then delivered to their seat via tray service. And an open tab function allows them to order food, drinks and movies with a single swipe of a credit card.

12

The World's *Most Advanced* Technology . . .

. . . at the *Lowest Price*

. . . and the *Lightest Weight*

of *Any* Full Capacity AVOD IFE System



2010
Crystal Cabin
Award
Winner

FTTS™ (Fiber To The Screen™)

from

LUMEXIS®

WAEA 2010
Long Beach, California
Booth 2047

IFE at the Speed of Light

www.lumexis.com




EMPOWER®

IN-SEAT

POWER

SYSTEMS

POWER PLAY.

WHEN YOUR PASSENGERS ARE IN THE AIR, GIVE THEM ALL THE POWER THEY WANT WITH EMPOWER® IN-SEAT POWER SYSTEMS. • THE LEADER IN AIRCRAFT IN-SEAT POWER, OUR COMPACT, LIGHTWEIGHT EMPOWER® SYSTEMS DELIVER SELECTABLE DC POWER FOR HANDHELD IN-FLIGHT ENTERTAINMENT (IFE) UNITS AND INTEGRATED IFE SYSTEMS, AND 110VAC POWER TO OPERATE AND CHARGE COMPUTERS, PDAs, PHONES, DVD PLAYERS AND OTHER PASSENGER ELECTRONICS. • RELIABLE, EASY TO INSTALL AND FAA/EASA-APPROVED, EMPOWER® SYSTEMS MAKE YOUR CABIN A FRIENDLIER PLACE WITH PATENTED POWER MANAGEMENT TECHNOLOGY AND A VARIETY OF SAFETY AND CONVENIENCE FEATURES. • TO DELIGHT YOUR PASSENGERS AT WORK AND PLAY, CONTACT US TODAY.

ASTRONICS
ADVANCED ELECTRONIC SYSTEMS



03

The custom cocktails, food pairings, open tab and shop have all not only been part of Virgin America's Red roadmap since launch, says president and CEO David Cush. "They have also been requested by our guests," he says. "Onboard ancillary revenue is a growing revenue stream for us and all airlines, and we want to drive it in a way that gives travellers more value-added options they will appreciate."

GRAPHIC EXAMPLE "The ultimate inflight application," is Panasonic Avionics product management director Steve Gladstone's assessment of the company's 'neXperience'. Described as a concept interactive business platform, neXperience "works with the aircraft's IFEC system to offer an event-driven, location-aware and content-rich seatback environment," according to Panasonic. It enables content such as inflight promotional offers to be customised to each passenger's preferences and presented within a visual inflight timeline to the destination.

For airlines, that means the application can offer new revenue opportunities, particularly when coupled with real-time broadband connectivity. Panasonic quotes the example of targeted advertising and shopping based on location, destination, activity or preferences, with delivery in flight, at home or at the arrival gate.

Panasonic says neXperience can also drive the onboard food and beverage experience. The application, originally named FlightPath, "elevates the passenger dining experience while enhancing revenue opportunities and improving workflow for the cabin crew," according to CEO Paul Margolis. Meal and beverage options are personalised, again in the context of a visual timeline, and suggested

connecting consumers

To turn travellers into consumers, suggests GuestLogix senior vice president Richard Cushing, airlines need to provide a unique onboard shopping experience that is personalised, reliable and focused on travel-relevant destination-based offerings. The value this creates in their relationship with customers will result in increased brand loyalty and can drive sustainable ancillary revenue growth by enabling onboard shopping to be extended to all touch points that deepen the customer relationship. GuestLogix' research suggests that more than 50% of travellers will buy on board for reasons of convenience and privilege: they are most interested in tickets to attractions or events and entertainment and transportation offers.

Wireless connectivity has already enabled the onboard use of point-of-sale terminals to process credit cards and other transactions on a store and forward basis: real-time connectivity will facilitate the sale of higher value goods and services as credit card transaction thresholds will not be required to reduce fraud risk. Unharnessed, Cushing says, connectivity reduces itself to instant commodity and leaves significant money on the table: harnessed, it can spawn multiple offshoot products, all individually capable of generating recurring revenue and, in the process, fuelling retail business and brand extensions.

uses of the communication applications include engagement with crew members, friends and family for food pairing recommendations or a virtual wine tasting. Tourist information and restaurant reservations are other possibilities.

While neXperience remains a concept, the Panasonic eX2 IFEC system on the new Boeing 777-300ERs that Air New Zealand is about to introduce will be used to support a new food and beverage service that also involves new oven technology galleys. An order-on-board system rather than the buy-on-board model used by Virgin America, the ANZ approach should halve the number of cabin crew passes through the cabin and even out their workload rather than concentrating it around the meal service.

TARGETED MARKETING Having converted their customers into consumers, airlines should be in a strong position to make the most of them. Two years ago IFE system vendor Thales teamed with media specialist Jetera to offer targeted advertising on the TopSeries IFE system. The partners said at the time that discussions with airlines over the previous year had met with a strong response, but hopes of a 2009 launch were thwarted by the impact on the airlines of the ensuing recession.

Nevertheless, Jetera has completed development of the targeted content delivery system software. "It's designed and running," says president and CEO Jeff McChesney, and has demonstrated its ability to deliver advertisements on actual airline software at Thales' demonstration facility. "What we do in our Jetera targeting engine is provide the ability to marry up information from the reservation system of who's

03. 'City guide' screen on Panasonic's neXperience application



04. Receipt from Spirit Airlines with targeted advertisement

actually sitting in which seat with any information that the airline may have on that person that it wants to share with us. Then we append additional data available to buy from data sources, especially here in the United States, to provide highly targeted information that's more relevant and timely and actionable for that passenger. And we can do that dynamically through the IFEC system."

Putting video advertising inside IFE systems today is very difficult, says McChesney: "You have to try and fit into a pre-roll system, tied into a specific TV show or movie, and then post-roll maybe attach two or three adverts on the back. With our targeting engine, you don't need to attach anything on the front or the back end. An airline can just go out and buy content and then we can dynamically present those ads, one, two, three, five, whatever you want, pre-roll or round the back end. So the ads are actually inserted on the fly on the aircraft, unrelated and unconnected to whatever else the IFE is doing."

A Jetera video suggests applications of the technology could include offering a passenger with a known interest in wine and cooking a free fusion cookery show with advertising breaks sponsored by a cutlery company and an offer to order its knives. Or a teenager with a hand-held gaming device might be offered a free computer game in exchange for agreeing to watch targeted advertisements.

Introducing the technology does involve some expense on the airline's part: "They have to modify their GUI so that the it will allow us to put audio or video or banner type ads throughout the experience," explains McChesney. The recession suspended airline interest in that sort of investment, so Jetera turned to another approach: "We've got our entire system built, all the back end, the

communications layer is all built, and we're actually delivering targeted advertisements on the aircraft today, but in a different channel."

That channel is the receipts produced by the GuestLogix POS terminals that are increasingly common as airlines strive to go cashless. "We deliver the targeted advertisement in simplified form directly onto the receipt," continues McChesney. A scaled down version of the IFE targeting engine "allows us to do location, time, airline, airport or region that you're going to, class of service and age. Then we built all the connectivity that enables us to put ads through to GuestLogix nerve centre in Toronto, then directly out to all the aircraft in an airline, and receive log data back."

Spirit airlines went live with the system in April, and by August McChesney was waiting for a decision on a fleet-wide introduction by Delta Air Lines following a successful technical trial. "We're demonstrating targeted capability today on a limited basis," he says, "but we built all that first in the IFE system and that targeting engine is sitting there ready to go for a full multimedia experience. The dwell time and the engagement time that you have with a passenger through IFE is going to be much greater than a printed receipt. So you could be on the aircraft and we could give you a five-minute microsite of a hotel at the location where you're going or an attraction. You see that Cirque du Soleil is going to be in NYC when you're there, you watch five minutes of what they're doing, you decide you'd like to actually buy some tickets, and you fulfil right there in the IFE." ☒



04



CONTACTS

www.guestlogix.com; www.jetera.com; www.panasonic.aero

“ WE DELIVER THE TARGETED ADVERTISEMENT IN SIMPLIFIED FORM DIRECTLY ONTO THE RECEIPT ”