atpco routehappy

The new reality of flight shopping.
A unique open industry summit.

Two small-group brainstorming sessions with industry leaders and one large-group session with representatives from airlines, channels, tech, and startups identified industry needs for airline retailing—today and tomorrow.

Participants broke traveler needs into two classifications: **Pandemic mitigation needs** and **Future state retailing needs and opportunities.** Both classifications were independently addressed by each of the discussion sessions, which indicates that the industry is coalescing around a baseline set of product capabilities and features for airline retailing. We've gathered the key findings here.

PANDEMIC MITIGATION NEEDS

All key questions, discussion, and feedback for pandemic mitigation can be isolated into a single question, "How can retailing be used to change the risk profile of traveling?" and all solutions are rooted in addressing this question.

While shopping, travelers instinctively measure the risk versus the reward of travel. Although COVID-19 has heightened our perception of the health and safety variable, there is also an underlying financial variable that was frequently discussed. The financial variable includes items such as change and cancel policies, the ease of executing these policies, and local and national government regulations that affect the traveler after they have arrived at their destination. Travelers also instinctively measure the complexity of traveling. The variables that inform this complexity are distance, time (time away from home), and activities.
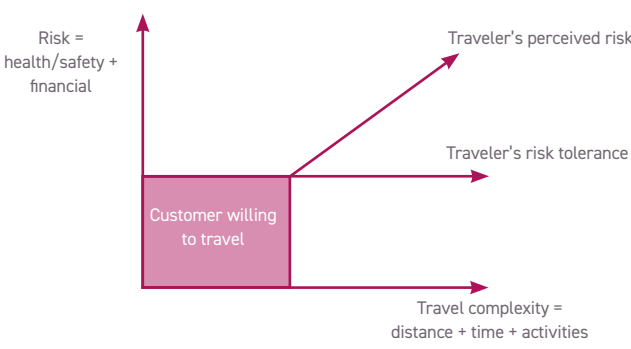
Risk and complexity mitigation lead to two key questions that are driving retailing needs:

1: How can retailing increase a traveler's risk tolerance?

2: How can retailing decrease a traveler's perceived risk?

Only when perceived risk is lower than a traveler's risk tolerance will a potential traveler become an active traveler. Either increasing the risk tolerance line (see the chart below) or flattening the slope of the perceived risk line will expand the size of the shaded rectangle representing the market's increased willingness to travel.

How can retailing be used to change the risk profile of traveling?

Retailing needs that can increase a customer's willingness to travel

· Fare flexibility and the ability to accurately distribute that information within airlines and across channels can reduce a traveler's financial risk. Airlines and channels must have the same reissue and refund capabilities.

· Transparency to the traveler for all facets of the trip—before, during, and after the traveler interacts with an airline and flies. Travelers need health and safety information from stepping out their front door to returning to it. This reduces both the complexity and the risk of travel.

· Sanitization and other safety protocols are no longer a competitive advantage for airlines and channels. They are vital, but a feature of a minimally viable product.

· A single source of truth for government regulations. Border openings/closures and changing protocols suppress travel demand. Many travelers are unwilling to own the financial risk of researching and assessing this information.

How does retailing change the risk profile?

How do you get people to travel?
Do you try to increase a traveler's risk tolerance? Do you try to decrease a traveler's perceived risk? Do you try to achieve both?

Risk = health/safety + financial

Traveler's perceived risk

Traveler's risk tolerance

Customer willing to travel

Travel complexity = distance + time + activities

Health/safety risk
Will I be exposed to or contract COVID-19?
How is that mitigated from the time I leave my house until the time I return home?

Financial risk
Airline change and cancel policy and process
Local and governmental regulations and restrictions
Paying for something that I may not be able to do

Travel complexity
Distance = how far will I travel?
Time = how long will I be traveling?
Activities = what do I plan to do while I'm traveling?

COVID-19 has changed how travelers behave and their willingness to assume risk. Customers need complete, consistent information about safety and policies before they are willing to risk traveling.

FUTURE RETAILING NEEDS AND OPPORTUNITIES

The future needs of airline retailing mostly align with the needs and trends that were communicated before the pandemic. To assess the current "maturity" or sophistication of airline retailing versus other consumer-focused industries, the small groups responded to a survey. Results indicate that the industry sees itself as needing to enhance the presentation and communication of its products.

"To be a good retailer, you want to deliver all the necessary content," said OpenJaw's Paul Byrne.

Airline retailing is not as sophisticated as other consumer-focused industries.

On a scale of 1-10, how mature is airline retailing?

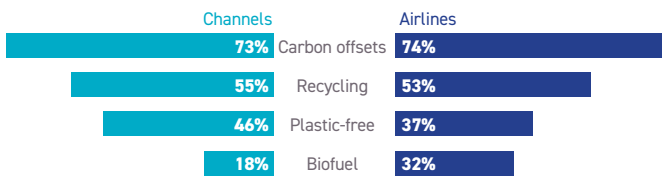|	
1	0%
2	18%
3	18%
4	9%
5	55%
6	9%
7	0%
8	0%
9	0%
10	0%
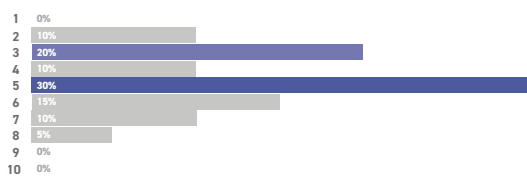
The verbal feedback reinforced the survey results. Paul Byrne of OpenJaw said, **"If you're talking about meeting all of your customer needs, it means also non-air products and information about destination. Airlines are getting better, but it needs to get more focused. To be a good retailer, you want to deliver all the necessary content."**

An increased reliance on interlining is expected as travelers will continue to travel to the same destinations, while airlines are expected to reduce the quantity of their unique origins and destinations.

Sustainability is also expected to be of increased importance to travelers, but not all sustainability topics are thought to be equally valued by travelers. According to the channels and airlines that were polled, travelers value carbon offsets the most, followed by recycling, plastic-free flights, and the use of biofuels.

General retailing needs

· Development of air travel retailing to reach traveler expectations and needs.

· Channel retailing that is consumable and displayable.

· The ability to show the right content at the right time in various situations.

· Comparison shopping across airlines and channels. Apples-to-apples comparisons remain a desired state, and NGS™ should help satisfy this need.

· Product bundling and personalized offers will further enhance retailing.

Airlines and channels largely agree on the sustainability topics customers care about.

Which of the following is of high importance to travelers when deciding between flights? (select all that apply)

Channels		Airlines
73%	Carbon offsets	74%
55%	Recycling	53%
46%	Plastic-free	37%
18%	Biofuel	32%

Interlining and emphasis on sustainability will become more prevalent. Comparison shopping and the ability to find consumable, targeted information are keys to retailing maturity.

Take a deeper dive into the core themes industry partners are focusing on right now

Learn more about ATPCO's Routehappy Rich Content capabilities, including how Reassurance UPAs make travelers feel safer.

Message a dedicated member of ATPCO's Routehappy Rich Content team to schedule a one-on-one session.