

## **Will Airlines be Selling Houses, Cars, Holidays Inflight in 2012?**

By Trevor Lloyd-Jones

Airlines are thinking and acting more and more like retailers. They know that a compelling 'shop window' on board can be a lucrative business, especially when they think out of the box and maximise their captive audience.

Developments from merchandising technology firms like GuestLogix are meanwhile opening up new opportunities and some ground-breaking airlines like airBaltic are showing what is possible when you stretch the boundaries.

The Latvian airline that sells everything from its own branded bags and mineral water to 'limited edition' footwear has a current promotion selling cars on its flights.

The quirky carrier also sells airline-themed shoes such as a Stiletto designed around a fuselage. In a trial ending the middle of this month, passengers have the option to browse and buy a custom-designed Mini Cooper on board any airBaltic flight, if they have EUR 24,699 to spare.

The Mini Coopers are branded in the airline's lime green colours and feature the text 'I love Flyin', a design chosen by the airline's Facebook fans. Passengers can buy or lease one by making a down payment of EUR 50 on board and visiting the online store after their flight to complete the purchase. They will then receive a call from an airBaltic representative to be invited to take a test drive.

The airline's chief executive, Martin Gauss said of the new sales development: "airBaltic is the world's first airline to start selling cars on board. Naturally, we still believe that flying is smarter than driving whenever possible."

With more airlines moving to cross-sell flights with car hire and hotel bookings, perhaps it's only a matter of time before more airlines start thinking bigger with the in-flight shopping experience?

According to Richard Cushing, Senior Vice President & General Manager of GuestLogix Europe, there is a real opportunity for airlines to sell more indulgent products and have them delivered to the destination of the customer's choice.

"All the airline has to do is to get the logistics packaged and done properly. We have already discussed this with a couple of US airlines," said Cushing.

The world's largest supplier of onboard POS systems GuestLogix is also working on a Groupon-style daily deals programme that can be rolled out with airlines.

"This will be integrated into our system. It is something we are very excited about," added Cushing, who heads up the company's fast-expanding operation based in the UK. He recently finalised a major alliance with Skytrac, a foodservice and distribution provider to rail and travel operators in the UK and Europe. This partnership will provide rail operators with a comprehensive, secure onboard transaction processing solution to grow sales and revenue opportunities, in addition to a merchandising platform that gives passengers access to more services and destination-related items.

The new daily deals for airlines will plug into the established OnTouch Concierge screen with interesting promotions that can be targeted to the destination of the customer. The European market is fast catching up with the US in this area.

The company also sees big expansion for its Mobile Virtual Store project this year.

"This is an app looking after all our regular travel needs during the whole journey," explains Cushing. "It pulls in all the airline information but also other sources into a single app. We still believe there is a lot more growth to come from our existing footprint of airlines. We expect to grow this year and even within the existing footprint there will be more new products, mainly originating in the US where the online aspect is more mature."

He said the sales onboard system OnTouch still has some expansion to go through in Europe. GuestLogix continues to adapt the product portfolio from the US to Europe, where there are some differences mainly due to the fact that airlines don't fly exclusively over land (and therefore don't have continuous air-to-ground connection for sales fulfilment).

"But we now have the technology to do almost anything," says Cushing.

"A person can make the whole trip online and in one app they can shop all the extras they want.

However, typically people don't do that.

They don't pre-book all their holiday, theatre or travel tickets. But airlines now realise they are part of that cycle. It's about how they build it into their overall programme. We've certainly got all the shelves and portals for them to use."

Airline DF&TR business saw a marked improvement in the trend in September with a YOY rise of +11.8%. For the first nine months of 2011, Airlines were up by +10.7% with sales of over US\$ 2,111 million.

With sales in September of over US\$ 251 million this was the best-ever month for the sales channel. However it must be noted that inflight business has not seen the major volume changes in business seen by airports over the last two years. Despite steady growth, YTD September the share of Airlines in the total DF&TR business stands at 6.2% compared to 6.7% for the same period in 2010 and 7.2% in 2008.