5 TRENDS for the Global Airline Industry
- A WNS Perspective
The trajectory of the global airline industry is pretty much like that of an aircraft. At times it takes off for the high skies and at times, it dips to ground levels. In between these highs and lows, lies the story of the industry – of its survival, of the new and emerging trends that fuel its growth. What are the 5 trends that are driving and will continue to drive the airlines story in the future?

**Trend 1: It's a New Passenger Out There; Airlines will need to build 'Social' Pace to Create Brand Equity**

More than 1.5 billion netizens are active on social networks. In demographic terms, this social republic is the world’s most populous nation today.

A number of leading global airlines have taken off on their ‘social’ flight and some are indulging in novel ways to engage with customers to build lasting relationships with them. Yes, it does mean stepping out of the corporate comfort zone and engaging real-time with the customer, but that’s a feat airlines will have to achieve if they want to enhance brand equity and get a mind share of today’s customer.

While some airlines have taken a lead in engaging with customers on social media and social media management, others are still wetting their feet. Among the recent innovative airline social media campaigns and initiatives are Virgin Atlantic’s (VA) ‘Looking for Linda’, an interactive contest that got customers hooked with its unique concept; KLM’s ‘Meet & Seat’ service where fliers can select seats alongside fellow passengers based on mutual interests in their social media profiles; and British Airways’ Facebook application called ‘Perfect Days’ that encourages travelers to share a travel wish list and itinerary via a Facebook.

As social media takes precedence in the overall customer relationship management pie, airlines will need to look at building a large and robust resource pool that can respond to customer queries, complaints, posts and tweets round the clock.

As studies indicate, today the volume of social media communication for some of the world’s leading airlines, ranges between 15,000 – 200,000 tweets and between 60,000 – 1,000,000 Facebook fans, but in the near future, the numbers will increase phenomenally. And as BBC presenter Nik Gowing observes in his study, ‘Skyful of Lies and Black Swans’, there is still a long way to go before airlines can actually become competent in the social media management.

It will thus, make strategic sense for airlines to partner with providers that can provide them with a readymade resource pool of social media experts and technology platforms that help enhance brand equity on social media.

**Trend 2: The Customer’s World is Online and Offline – Maneuvering between both Holds the Key to Success**

The online medium – the Internet, represented by online travel agencies and Websites in the airline business, is today a powerful revenue generator for airlines. As indicated by market research data, almost 75 percent of air tickets today are bought online. e-Commerce and automation of business processes such as web check-in have largely enhanced the convenience of air travel. Added to that is the increasing popularity of the smart phone, which is expected to play an active role in customer relationship management and revenue generation in the time to come.

No matter how strong the online channel becomes, the offline channel or the airline customer service contact center will still continue to be a critical touch point.
between the airlines and its passengers, thanks to the 'personal' touch it brings. For many service-related complaints and challenges, passengers still prefer to 'speak' with a customer service agent. In many instances, customers often drop off from making an online purchase of air tickets or travel packages because of technical errors, slow Website speed, or during the billing process using debit / credit cards. Such customers can be retained by the intelligent convergence of the online and offline channels, either by the smart placement of the customer service contact center number or by activating a click-to-call feature either on the airlines’ Website or on the travel agencies’ Websites. Where the online channel fails, the offline channel – the customer service contact center can take over smoothly to solve customer queries or problems.

**Trend 3: Analytics – An 'Altimeter' for the Airline Business**

Inadvertently rising fuel prices, dull economic conditions and increasing competition are realities that are biting into the revenue generating potential of the global airlines business today. Airline companies are thus exploring newer ways of changing the course in revenue generation. Some of these strategies include tapping alternate revenue generating streams such as selling ancillary products and services across the value chain or stopping revenue leakage via the total revenue integrity route.

The ancillary route is an important revenue generator for airlines today. According to a PwC report, the top five U.S. carriers generated more than US$ 12 billion in ancillary revenue during 2011. Services that are emerging as hot favorites in the ancillary services menu include paying for checked baggage, booking a preferred seat and wi-fi connectivity. Most airlines are faced with the problem of revenue leakage at various levels of the business and are now actively looking at reining in this challenge by initiating a total revenue integrity program. Airlines must look at total revenue integrity program that cuts across multiple processes including ticketing processes, e-ticketing, departure control and customer relationship management.

**Trend 4: Changing the Course in Revenue Generation**

In the context of today's challenging travel and leisure market, airlines are looking at innovative ways to increase revenue and maximize profits. One such strategy is leveraging the power of analytics. Analytics equips the airlines business with crucial insights, in that sense, analytics is emerging as an 'altimeter' that will help the airline business stay aloft.

With its ability to extract crucial information from a huge pile of data that helps businesses make sound business decisions, analytics is emerging as a strategic enabler for the airlines business. For the airline industry analytics assumes importance in the form of social media analytics, contact center and speech analytics and revenue model analytics (particularly in the proration process).

An altimeter measures the height of an aircraft above sea level – a crucial piece of information for the aircraft to remain aloft. Analytics equips the airlines business with crucial insights, in that sense, analytics is emerging as an 'altimeter' that will help the airline business stay aloft.

**Trend 5: Increased Focus on the Regulatory and Standardization Route**

Regulations and directives on standardization will continue to dominate the airline business environment now and in the future. Most of these regulations are related to finance...
and accounting, environment and consumer rights. For instance, while airlines in the European Union are penalized for emissions above the limit specified by regulatory authorities, American airlines are adapting to the new pricing rules set by the U.S. Department of Transportation, wherein airline companies will have to include all taxes and fees while advertising fares for their flights.

While regulation envisages increased safety of passengers and improved sustainability of the business, compliance adds to the total cost of operations. It is a cost that airlines must bear on their own - without passing on to passengers. Since new regulations are a given for the global airlines industry, airlines must engage in a compliance program that can optimize business processes and transform operations.

In a bid to ease the effect on various environmental factors on the revenue of the global airlines, the International Air Transport Association (IATA) has introduced a directive – the Simplified Interline Settlement (SIS) that aims to standardize and speed up the interline billing and settlement in the industry. Here again, as airlines take the plunge towards standardization of the interline billing and settlement process, they will need to carefully look for a partner and a program that will be cost-effective and help process optimization.

Here’s how WNS could help you Become an Industry Trendsetter

WNS is the world’s largest travel BPM Company, with a legacy of having started out as a captive for British Airways. Today, WNS is a BPM partner for some of the leading global airlines across the globe. WNS provides the airlines industry with the latest, top-notch solutions to create opportunities from challenges. Whatever the business trend, WNS has a solution for your business.

Our solution suite that can help you ride the new waves in business include:

- Social media management and social customer service
- The WNS Sales Center of Excellence (CoE) that integrates the online and offline channels and adopts a ‘sales through service’ model to cross-sell and up-sell relevant services based on customer data
- An end-to-end Analytics Solutions suite (including our award-winning analytics framework WADE™) that leverages a huge team of domain experts and expertise in social media analytics, contact center and speech analytics and revenue model analytics that help you take informed decisions
- Proprietary and industry-leading platforms such as Verifare®, Jade® and SmartPro that help enhance revenue generation for airlines
- Process re-engineering techniques and a team of domain specialists that help airlines comply with industry regulations and standardization directives

Get more information about WNS’s Solutions for the Travel and Leisure Industry, or write to us at marketing@wns.com