



The new reality of flight shopping.

A unique open industry summit.



Learn about customer behavior in each region, how airlines are keeping in the air, factors that helped the APAC industry back onto its feet, and what airlines and channels think should happen next.

The airline industry is looking to northeast Asia's improving airline capacity and New Zealand's revitalized domestic tourism to see whether it's possible to emulate APAC's successes. Most strikingly, domestic Chinese flight volumes are back up to 90% year on year.

"Disruption," that pre-COVID-19 buzzword, has been replaced by "agility" during the biggest disruption ever

encountered by the industry. The crisis has accelerated decision-making, though communication, collaboration, research, and planning remain critical to ensuring good decisions. "Nothing is off the table in terms of re-strategizing," said Tim Lee at Singapore Airlines. South African Airways' Manish Raniga echoed this open-minded approach. "The key for us is to be nimble and agile with respect to a strategy that *doesn't* work," he said.

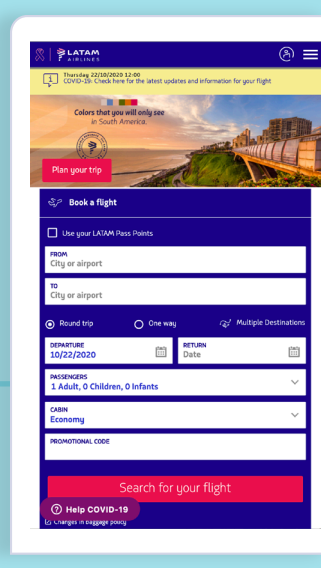
COMFORTABLE CUSTOMERS ARE THE CORNERSTONE

"The industry is keenly aware that customers remain predominantly interested in comfort and safety—as long as it is at the right price for them. A formula that sounds deceptively easy," admitted Southwest Airlines' Eric Hall. Southwest has, as have some other airlines, extended its "empty middle seat" strategy into late in Q4, while recognizing that this policy is financially unsustainable. Others have introduced complimentary COVID-19 insurance or pre-flight testing. SAA hopes that artificial intelligence (AI) will soon help target customers who may be willing to pay for ancillary health and safety services.

From Lufthansa, Christian Jobst agreed that restoring customer confidence is of utmost importance. The Lufthansa Group has improved fare flexibility across the board and communicated health and safety measures at the point of purchase. It is also moving away from static price points and offering more price points, with the European roll-out expected in October 2020. "In a market where there's more supply than demand, our aim is to increase our competitiveness with new pricing concepts and offers, such as continuous pricing," he explained.

While studies show that brand and loyalty programs are currently less important to travelers than they have been, many airlines have branded their reassurance messaging, such as the "Southwest Promise" and Avianca's "Biocare"—and received positive feedback. Improved customer experience has also been important in making customers feel taken care of in a contactless world.

LATAM has updated its UX to make everything so user-friendly and seamless that customers can do everything from their phone.



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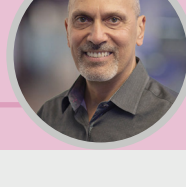
REAL-TIME REASSURANCE OR RIVETING RICH CONTENT?

The rest of the world still trails the APAC region in tech-savviness. Around 80% of Chinese travelers now book their flights via a mobile app, and this has increased over the crisis. Rich content in the form of short videos like TikTok are increasingly popular, and Trip.com is exploring ways to tap into this.

By contrast, US customers initially turned strongly to in-person assistance from travel planners rather than booking online.

Corporate online booking tool Serko has updated its pre-trip approval module to allow multi-level pre-trip approval.

"It's no longer just your boss, but your company's VP, risk people, or HR who need to sign off—and this is before a business traveler can begin to search for a trip," said Tony D'Astolfo from Serko.



Tech leads in APAC, while human interaction is the focus in the United States

WHAT'S STIMULATING THE APAC REGION'S "GREEN SHOOTS"?

Several factors have aided recovery in China, according to Yudong Tan of Trip.com. In many areas, flying has become cheaper than travelling by high speed train. Local governments subsidize marketing campaigns for airports and tourism organizations. The government has also removed admission fees from national parks and many other tourism sites, further boosting the airline industry.

At the same time, Chinese carriers have become "more flexible and creative," said Yudong. He cited China Eastern's weekend-unlimited travel pass, where travelers can spend USD 500-600 and fly to destinations on weekends for a period of six months. This concept proved popular and was replicated by other Chinese carriers. Such passes have been credited with significantly boosting the nation's flight volumes.

Some governments are more helpful than others. Border reopening measures differ by country, contributing to customer confusion. Both airlines and distribution channels would like to see a more organized and consistent way of re-opening, such as whether COVID-19 testing should be carried out pre-departure or on arrival. Government assistance with testing costs—a further deterrent to booking—would also help recovery.

New Zealand's efficient pandemic response has enabled a quicker return to domestic travel. An initiative to include Australia in a bubble comprising three international routes was successful, until it was thwarted by an uptick of cases in Melbourne. Nevertheless, it poses a viable mechanism for airlines to re-open international flights market-by-market once their domestic picture is stable, according to Serko's Tony D'Astolfo.

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Creative promotions, government assistance, and travel bubbles will stimulate recovery.

KEEPING IN THE AIR

Finding the right flying pattern is essential to managing costs and boosting revenues. Airlines are diligently searching for the routes that people are flying and then adding extra sections while getting fares out to stimulate demand.

In the US, Southwest has expanded its corporate travel, strengthened its partnerships with Travelport and Amadeus, and accelerated its NDC Exchange work via ATPCO, driven by the need to have the same level of information across the ecosystem. Tony D'Astolfo also noted a growing business trend where TMCs are carefully selected to ensure that their presentation of the airline's content matches the direct channel and can accommodate retailing content.

Lufthansa's Christian Jobst explained how the group has changed its approach to further include partners when launching new offer concepts, especially given the increasing number of tools and systems. "We need to be sure that the offer can be sold from day one," he said. The group hopes to partner on data projects around microsegments and new trends to examine its positioning, especially in relation to non-price factors such as pandemic-related safety and sustainability. "Finding these partnerships where we are able to discuss based on real data is essential," said Christian.

Collaboration has also been a feature of China's domestic recovery. "Airlines are getting much more proactive in collaborating and also more flexible on price," said Yudong. "They've relaxed some restrictions and want to do more marketing campaigns with their partners," he added.

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Participants emphasized the growing importance of collaboration: within commercial teams, with technology providers, on interline and codeshare flights, and more generally between airlines and channels.

DELVING INTO DATA

Data, testing, and market intelligence are more important than ever. Industry players are exploring new or previously untapped sources: universities, exploring retailing data, account manager meetings, surveys, and external studies. A/B and customer sentiment tests are supporting airlines' retailing efforts.

"It's important that we don't just tear up what we have done prior to COVID-19," said Singapore Airlines' Tim Lee.



While health and safety measures are top of mind now, Singapore Airlines has found that customer preferences haven't changed largely since. "It's important that we don't just tear up what we have done prior to COVID-19."

Industry collaboration around NDC adoption remains a priority for a great many carriers, even those that are struggling. However, there is still much work to be done, notably around ancillaries. The tool is regarded as a path to modern retailing and an easier, more friendly user experience. In an environment where agility is crucial, "it brings offers more quickly to market and gives us more flexibility to react to changing customer demands," said Singapore Airlines' Christian Jobst, who has been involved in Lufthansa's "strategic pillar" NDC project since 2015. From a channel perspective, Yudong Tan noted that airlines need to have the required infrastructure set up to accommodate the volumes from NDC.

Additional sources of market intelligence confirm that customer preferences haven't completely changed, and work on NDC is continuing despite constraints.

HARNESSING OUR COLLECTIVE STRENGTH FOR THE PATH AHEAD

Many are using this time to accelerate transformation projects that had previously been delayed because of "business as usual" or budgetary constraints. Industry collaboration projects such as NDC that can't be done by a single carrier are continuing apace, and cheerily, everyone seems to be finding better ways of collaborating, despite reduced working hours and working from home.

Relentlessly negative news is an issue, both for personal morale and on a global level. Even in China, news of spontaneous COVID-19 outbreaks often triggers a wave of cancellations. Increases in industry, and temporarily dampens wanderlust. Should the industry combat negative news with positive data about safe and successful travel? Tony D'Astolfo at Serko believes that this would help.

Modernizing airline retailing remains crucial, and there is still much work to be done, but it's best done together as we navigate the current turbulent conditions.

Take a deeper dive into the [core themes](#) industry partners are focusing on right now

ATPCO is the one place where you can take part in industry collaboration, boost your retailing strategies, and connect to the best NDC content. We're here for you, no matter where you are.

