

# Convenience & Choice: What Travelers Want Most (And Are Willing to Pay For) Throughout Their Journey

How Airlines and Airports Can Capture More Revenue & Loyalty by Improving the Travel Experience

Author:



## Executive Summary:

Travelers expect more convenience, communication and choice than ever before – from planning, researching and booking a trip, to their time at the airport, in-flight and beyond.

1. When planning a trip, travelers want full transparency – from fees and ancillary services to premium offerings, user reviews and booking and trip logistics.
2. When booking, travelers want information and options that make getting from where they are to where they're going as fast, easy and affordable as possible.
3. At the airport, the hassle of security, baggage check and potential delays and cancellations leave travelers stressed and eager for more convenient options and additional flight information.
4. While boarding and flying, travelers are eager for more connectivity and a better in-flight experience – even if they have to pay more.
5. And when they arrive, travelers expect providers to continue offering services that improve the travel experience – from deplaning to baggage claim and beyond.

For airports and airlines, trying to meet those needs while offering a travel experience that's as seamless, efficient and enjoyable as possible can be challenging. But there's a lot to gain for the airports and airlines able to figure it out. FlightView, SITA and others have proven that [happy & informed travelers spend more](#) and are more likely to be loyal, repeat customers.

As the travel experience continues to evolve, it's critical that airports and airlines keep a finger on the pulse of their customers – and deeply understand what travelers need, expect and value, and where they would be willing to pay more.

In a recent survey of more than 2,300 travelers across the U.S., FlightView and its parent company, OAG, shed new light on what travelers want – and the lengths they're willing to go to for convenience – all of which introduces new opportunities for airports and airlines to rise to the challenge, and reap new revenue rewards.

### Survey Demographics

Total respondents: 2,339

Respondent breakdown: 37% business travelers, 63% leisure travelers.

Survey execution: Launched and completed in June of 2015. The survey was distributed to users of FlightView's mobile app.

This report offers important insight into three key areas:

1. How far travelers will go for convenience and choice
2. Deep pockets of demand for premium services – on-the-ground and in-the-air
3. The role information and operational efficiency plays in driving gate-side revenue

## Air Travel Consolidation Flies in the Face of what Customers Most Want: Convenience & Choice

Consolidation across the airline industry has left travelers with far fewer choices:

- The total number of airlines operating to, from and within the U.S. has fallen from 252 back in 1996 to 173 today – although in reality, the top 10 carriers account for 87% of capacity, according to OAG.
- OAG analysis also shows that the three leading U.S. carriers – based on seat capacity – are American, Delta and United – (with Southwest a close fourth), which together operate 59% of all US seat capacity, up from 37% nearly 20 years ago.

For travelers, this consolidation often means inconvenient departure and arrival times, more connections, higher fares and lots of compromises. For airports and airlines with inconvenient networks and schedules, it could mean losing business to competitors – as travelers seem more willing than ever to seek alternatives for getting where they need to go, faster and easier.

### 'Direct' from Customers: It's Worth More Money

While price has long been one of the most important considerations when exploring flights, today's travelers demonstrate a willingness to pay more for convenience.

FlightView's new survey found that more than 75% of travelers regularly struggle to find direct flights to their desired destination from their local airport, and the majority of those surveyed are willing to reach deeper into their pockets. In fact:

- 70% of travelers surveyed said they'd be willing to pay even more for a direct flight from their local airport (when flights with a stop or connection are the only option)
- Of that 70%, more than two-thirds would be willing to pay 10 – 15% more and nearly a third would be willing to pay an additional 16% or higher

Millennials – a group everyone's paying close attention to these days – seem even more willing to pay for the convenience of a direct flight; 31% more willing, to be exact, according to FlightView's survey.

#### Paying Attention to Patterns: On-Time Performance

Another important factor travelers consider when deciding which airport & airline to select is **arrival and departure performance**. In fact, **71% of travelers said they would find on-time flight performance useful in the booking process.**

Specifically, the 4 metrics travelers would find most valuable when searching for and booking a flight are on-time performance for:

1. A specific flight over the past few months
2. All flights on that route over the past few months
3. The connecting hub
4. All flights on that route, with the same airline

While the additional cost is significant to the consumer, it's easy to understand why so many travelers would pay more to avoid running from one gate to another to make a connecting flight – or worse, missing it altogether.

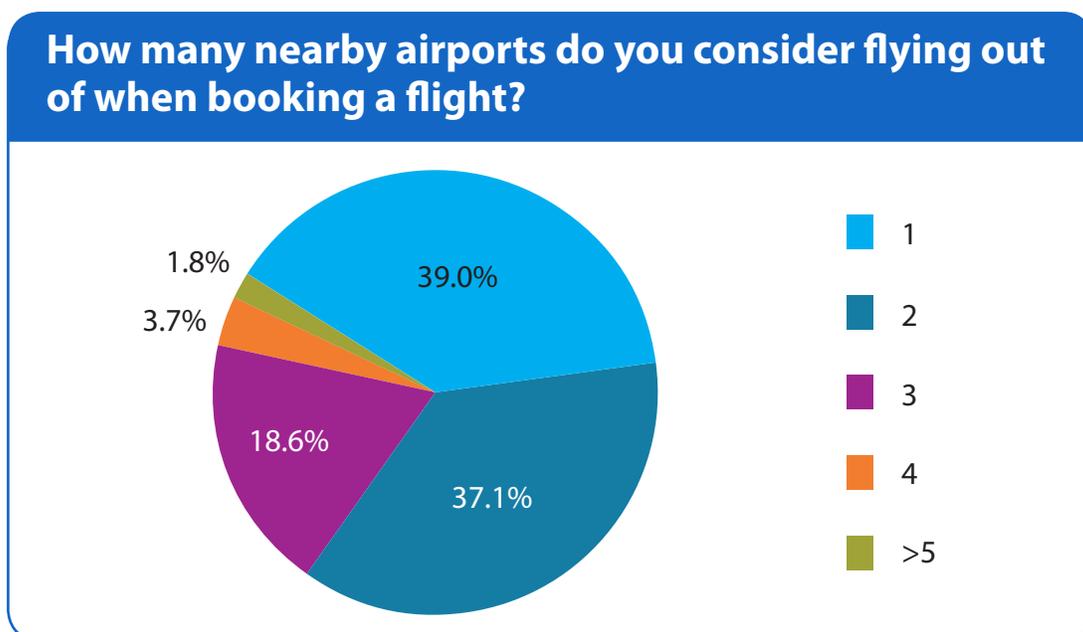
But oftentimes, money isn't the only thing standing between a traveler and a direct flight to their destination.

### How Far Will Travelers Go for Direct Flights?

Limited access to direct flights is also impacting airports. Nearly 60% of travelers surveyed said they're willing to bypass their local airport and drive farther for access to a direct flight. Of those travelers, more than 25% will drive at least two hours.

This dynamic creates substantial competition between regional airports. Two-thirds of travelers surveyed said they consider more than one departure airport when booking a flight, and nearly 25% of travelers will consider at least three.

When access to direct flights has travelers considering airports within a 2-3 hour radius, clearly there's revenue to be lost or gained – which puts significant pressure on airport and airline leaders to differentiate, improve the travel experience and offer the right mix of destinations, routes, connectivity and schedules.



### Striking the Balance: Route Development Starts with Actionable Aviation Intelligence

If only it were easy to roll out a few more direct flights or change route strategies on the fly.

Airports are doggedly pursuing the right airlines and destinations to occupy their gates, but there are dozens of questions that airport and airlines executives need to ask in the route development

process to size up the market and understand the potential for each new route.

- Does this destination fit with the airport profile?
- What do capacity, demand and average ticket prices look like today, and how do they project for tomorrow?
- Do we already serve this market from alternate points?
- How will the addition or subtraction of a destination impact our global connectivity?
- Can the airport facility service the type of aircraft needs for this route?
- Is this a seasonal or year-round destination?

At the most fundamental level, the decision comes down to whether or not the new market will be profitable and deliver revenues that were previously unavailable to the airlines or airport.

Every route or airport addition requires a detailed and thorough analysis. But with clear demand for more direct flights, now's a good time for airlines and airports to dive in and analyze the market, identify trends, spot commercial opportunities, evaluate consumer behavior and make data-informed decisions to improve route strategies and future development plans.

## **Beyond Booking: What Travelers Want & Will Pay for While They're Traveling**

Airlines and airports [continue to make billions](#) in ancillary revenue each year from non-ticketed items. As expectations rise, technology improves and travelers look far-and-wide for ways to enhance and ease their all-around travel experiences, new opportunities are emerging for airlines and airports to make even more money.

### **Premiums at the Airport: Thinking Outside the Box**

While airlines have long profited off of flight-specific ancillary services (like early boarding, WiFi, baggage and premium seating), both airlines and airports have a massive opportunity to offer even more ancillary services to travelers before they even board the plane. Nearly 60% of travelers surveyed would be willing to pay for premium services during their travel experiences. Of those travelers, here's what they'd be willing to pay for:

- 53% - An RFID tag on their bags to track the location of luggage in real-time
- 40% - The ability to temporarily check luggage at the gate in order to shop and dine more freely
- 37% - Priority baggage claim
- 35% - Curbside rental car pickup
- 26% - Flight status alerts automatically sent to family, work, hotel, ground transport and other relevant parties
- 18% - The ability to pre-order food and drinks at airport restaurants and cafes via mobile

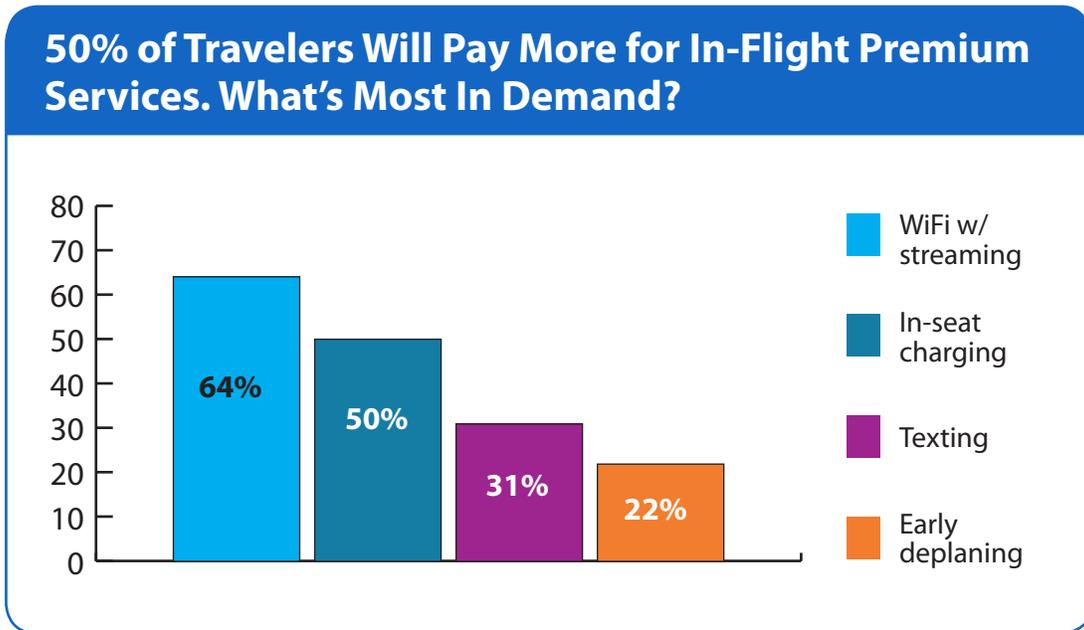
Millennials are even more willing to dip into their wallets for a better travel experience, with nearly 75% interested in paying for these same services.

## Airline Premiums: An In-Flight Experience that goes Above & Beyond

When it comes to the in-flight experience, one of every two travelers is willing to pay for premium amenities and services. Here's what they'd be most interested in paying for:

- 64% - High-performance WiFi (with streaming capability)
- 50% - In-seat charging station for electronics
- 31% - Texting capabilities
- 22% - Early deplaning privileges

Millennials stand out from the crowd here as well, with more than 60% willing to pay for premium in-flight amenities, a 10% increase over the general population.



Outside of selling ancillary services, **one easy way for airlines to improve the in-flight experience is by making the flight status of connecting flights more easily accessible while the traveler is still on the first flight. Nearly 90% of travelers said they would value in-flight televisions or displays that show the status of connecting flights** – a process upgrade that would represent a substantial improvement over the current intercom-based listing of connections that's typical on U.S.-based flights. The fact that many European and Gulf carriers already provide this service (and have been for years) makes the slow adoption rates in the U.S. even more surprising and frustrating for travelers.

## The Wearable Movement – Alerts Straight to the Wrist

Today's travelers are more high-tech than ever before, with a wide variety of wearables, apps and widgets from airports, airlines and travel providers to help keep them informed. And with more than 250 million smart wearables expected to be in use by 2018, wearable tech has the potential to play a monumental role in how the travel experience will continue to evolve.

Of the nearly 1,500 travelers FlightView surveyed who use wearable tech devices, 90% would find value in having airlines, airports and travel providers send information to their wearable devices on the day they're traveling. Information and alerts they'd be most interested in receiving include:

- 95% - Flight status
- 80% - Connecting flights (gate, aircraft, status, etc.)
- 68% - Mobile boarding passes
- 52% - Weather at their destination city
- 21% - In-flight amenities
- 21% - Shops and restaurants in the terminal

As airports, airlines and third-party travel providers battle to take the lead in becoming a traveler's primary resource for information on the day of travel, wearables offer an incredible opportunity to improve the customer experience and keep travelers engaged throughout the trip.

#### Wearables in Travel: Going Beyond Day of Travel Alerts

For many consumers, wearables are synonymous with health, fitness, and wellbeing. The best travel providers will look for ways to effectively incorporate this element into their wearable offerings.

One great example is [SKYZEN](#), a mobile app that helps travelers monitor their health and wellbeing before, during and after a flight.

## The Ticket to Gate-Side Revenue : Information Transparency & Operational Efficiency

According to JD Power's North American Airport Satisfaction Survey, passengers that report high levels of satisfaction at an airport tend to spend up to 45 percent more in retail shops, on average. For travelers, satisfaction is impacted by everything from the length of security lines, to the ease of the baggage process to whether their flight is on-time or delayed. While airports don't have direct control over all of those elements, providing a convenient and satisfactory airport experience can have a direct and positive impact on an airport's concession and retail revenue.

### Window of Opportunity: Why Speedy Security is Critical to Airport Concessions

Concession, restaurant and retail sales are an important revenue stream for airports, and they could be bringing in even more money. According to FlightView's survey, 86% of travelers said that they regularly shop, dine and drink at the airport before boarding their plane. How much each traveler shops, eats and ultimately spends is highly dependent on how much time he or she has before takeoff.

According to those surveyed by FlightView, there are three improvements airports can make to increase the likelihood that a traveler will spend money at the airport:

1. Expediting security lines (51%)
2. More consistently sending mobile flight status notifications (46%)
3. Providing a clearer picture of exactly when a traveler's plane will arrive at the gate (42%)

Some of the most progressive airports have started installing displays that show the average security wait time, and gate displays that show the actual location of an inbound aircraft servicing an outbound flight— giving travelers a more accurate sense of when the flight will actually arrive, board and depart. That, combined with real-time flight information sent to mobile phones and tablets, provides travelers a clear picture of how much time they have to shop and eat before

boarding.

Airports looking to make the most of every available pre-boarding minute should consider offering a temporary gate-side baggage check. Of the travelers FlightView surveyed, 35% said they'd be more apt to shop and dine if they didn't have to lug their bags around.

## Convenience, Communication & Choice: Delivering the Ultimate Air Travel Experience

Travelers want to be in control of their end-to-end experience, and are expecting airports and airlines to offer the convenience, communication and choice that makes that possible.

More direct flights, faster security lines, timely information alerts, the freedom to shop and dine without baggage and access to a variety of valuable add-on services both on the ground and in the air all contribute to a positive experience for travelers, and new revenue for airports and airlines.

What are the top takeaways for airport and airline executives?

- 1. Invest in accurate and reliable data and analytics to proactively optimize the routes and schedules offered to travelers,** and make changes and additions, when necessary. Leverage analytics to weigh capacity, demand, forecasts, competition, connectivity, traveler behavior and more to ensure decisions lead to improved profitability, more revenue and a better customer experience.
- 2. Add value through premium services.** Airlines are already making billions off of ancillary services, and there's potential to make even more. The next wave of ancillary revenue will come from premium services that go above-and-beyond to improve the traveler experience and make the day-of-travel easier and more convenient. This requires airline and airport leaders to stay ahead of emerging consumer trends that are taking place outside of the airport and off the plane -- and then proactively invest in the airport and in-flight experience to keep up with evolving consumer expectations.
- 3. Prioritize operational efficiency and information transparency.** The more informed and satisfied a traveler is while at the airport, the more they will spend. Airports can motivate consumers to spend more by finding new ways to expedite everyday processes – such as security lines and baggage check – and by ensuring travelers are always kept up to date on the status of their flight, and connections, in real-time, across multiple channels.
- 4. Implement a wearable tech strategy.** Travelers crave information, and

wearable tech promises to be the next channel for real-time data consumption. Wearables offer an incredible opportunity to improve the customer experience and keep travelers engaged throughout the trip. Airlines and airport that fail to offer a viable solution will lose in-trip traveler stickiness to third-party providers.

## About FlightView:

FlightView, a wholly owned subsidiary of OAG, is the top provider of day-of-travel information and services for the aviation and travel industries helping airlines and airports increase customer satisfaction, retention and revenue. FlightView's customer list has grown to include 120+ airports, major and mid-sized airlines and other travel related companies who employ FlightView information in digital displays, Web and mobile sites, native apps, and other technologies. For more information, visit [www.flightview.com](http://www.flightview.com).

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