

ETC 2018 Annual Conference

AIR INDUSTRY - Reference Sheet

TOP AIRLINE TRENDS 2018

- NEW PERSPECTIVE ON CUSTOMER EXPERIENCE
- Continued Increase in Airline Globalization and New Routes
- Continued Increase in Air Travel – Consumer Confidence Strong

Airlines have evolved in a “rules based” culture – and are moving to a “customer-centric culture.

Old World...Well trained pilots, on well built, safe aircrafts, following a checklist of protocols – moving millions of passengers safely and on time, to their destination of choice...period.

New World...all of old world still applies and is a basic expectation – however, in addition to these “basic” expectations, customer also demands choices and flexibility in addition to arriving at their destination happy, relaxed and well served – value proposition.

AIR TIPS - PLANNER/TOUR OPERATOR

To provide the best overall group experience for your customers, with good value and offers an air experience that is the best it can be – here are a few things to be mindful of when planning and booking air within your programs:

- Be flexible in your travel plans – the best prices may be available only on certain dates or even seasons
- Work with multiple airlines to secure competitive pricing
- Be mindful of new airline routes opening up all the time – the same old routing may not be the best anymore
- Suggest that your travelers book early – generally the earlier you book the more favorable rates and seating will be available.
- Technology – make sure to provide electronic and online access to your customers – flight alerts are free with most airlines and helps keep the traveler informed
- Baggage – make certain you understand the baggage allowances of any group air you purchase or if everyone is traveling independently, remind them to check with their airline early on to avoid surprises when checking in.
- Advanced Seat Reservations – make certain you understand whether advanced seating is possible on the fare you have purchased – free seat assignments vary by the fare type purchased now. Often times the traveler can secure a free reservation only 24 hours prior to travel. Consider suggesting your travelers contact the airline to pay the airline a fee for an early seat assignment if seating important to them..
- Consider travel insurance and make certain it includes air
- When selecting a routing, consider nonstop routing even if it cost a little more **-convenience often trumps cost**
- Single ticket – always look to create a single ticket when possible.
- Encourage your travelers to sign up for the various “trusted traveler programs” including TSA Precheck and Global Entry (see below)

- Make certain to have an emergency number for your travelers to contact while enroute to your problem – with an air triage plan.
- Encourage your travelers to always travel with some type of good travel insurance – if your program includes medical and evacuation, consider directing your travelers to a recommended insurance provider to help them with cancellation and trip interruption insurance.
- If visas are required for your trip, find a dedicated visa service provider to direct your travelers to for their questions – this area is very technical and changing. Correct travel documentation is critical!
- Mitigate problems caused by unexpected disruptions, consider flying a day earlier/ahead of your group tour – with decreased available capacity, flights are often full therefore it is more difficult than ever, to deal with weather and other unavoidable delays enroute to a program!

HELPFUL TERMS and CONSIDERATIONS while planning air:

Airline Seating -Airlines have been busy retrofitting aircraft to create new expanded premium seats.

- Business/First Class Seating -- Most all international flights now offer “lie flat” beds
- Premium Economy -- Many international flights offer premium economy seats which are priced between economy and business and offer fewer amenities than first/ business BUT are generally at a good value price point with more space, better food etc. Good in between choice for many travelers

Airline Fares – the type of fare can vary widely now – not only in price, but what the fare includes – referred to as “fare families”. Essentially your fare is now a price for many things, not just the flight! Examples may be the refund-ability of ticket should you change/cancel, whether seat is free or not, whether you can bring luggage free and much more. It is critical you understand the fare you are selling and educate your traveler to ask those questions as well.

Blocked/Adhoc Air: Generally involves someone obtaining an actual “contract” with airline to use a set number of seats for a specific flight at a specific price. Base fare would be guaranteed, however fuel could fluctuate (ask that question!). Normally a financial deposit is required to hold the seats and penalties will apply within set time parameters. This may be a good option when passengers are all traveling from same origin US city.

Tour Inclusive Fares: Most common type of fare sold by air sellers servicing the tour/group market. These fares should allow your participants to book in advance, with no fees until ticketing, which is often within 30 days of departure. The attractiveness of these fares is you are able to hold a seat reservation without penalty, almost a year in advance of flight, and ticket within 30 to 40 days of departure...then a modest penalty would apply.

Domestic Add-Ons: Often with Tour Inclusive Fares, the airline will also allow you to book your participants from various US cities, connecting to the international gateway. This model creates a customer advantages as luggage is transferred throughout journey and if schedule changes on either the domestic add on or the international flight before or after ticketing, you will be able to get out of any penalties should you need to rebook to make better flight plan. This would not be possible if your participant purchased a separate domestic ticket to travel to an international gateway flight. Ask about these!

Published or Web Fares: The most common fare in market sold to the general public – both domestic and international. It is generally a fully non-refundable fare at booking, with instant ticketing or ticketing within 24 hours of the reservation – not often used for group travel.

Tour Conductor Ticket: Often an airline will allow a free “tour conductor ticket” on a set group from a set city/flight (see blocked space above), if you ticket 15 or 20....so the 16th or 21st passenger is ticketed free of charge (except fuel/taxes).

Airline Schedules/Changes: Be astute about knowing your group airline and their schedules. Factor in that airlines do change their schedules for a myriad of reasons and the impact this can have on your group. Use techniques like sufficient connecting times, if a cruise program consider beginning program in port city with overnight to allow for passenger delays on arriving flights. Make certain that you have a plan to communicate changes in your group schedule with your participants, who may be securing domestic arrangements on their own.

Seasonality of Fare: Airlines generally have a High, Shoulder, Low season in their fare structure. Be very aware when negotiating your air whether you are departing at/around a seasonal change dates – you may be able to save significant amount in the base fare simply by changing a program by a day or two.

Fuel Surcharges: An amount the airline adds to the “fare and the tax” on your itinerary. For most all airlines, you are unable to lock in a fuel price although if you are blocking the space, you may be able to negotiate a flat fuel amount. Be careful when receiving fare quote from air suppliers/airlines, that both the fare and the fuel are included in quote and that they disclose both to you. If you plan to pass any increase onto your participant, make certain to disclose upfront and secure in writing from them (perhaps as part of your enrollment step).

Advance Seating: On all types of fares, an airline should allow advance seating, with some exceptions (certain blocked space or very specially discounted fares). Therefore, do make certain you understand if the air model you came up with allows for seat assignments in advance AND disclose to your participants. An airline does reserve the right for all travelers, to adjust seating due to equipment changes prior to departure, handicap needs, special traveler/military or children. Do your best to encourage your participants once ticketed to take responsibility for checking in with their airline online 24 hours prior to their set departure. This often helps secure the seating

Luggage Fees: Disclose, disclose, disclose.....the airlines are constantly changing, increasing, modifying their luggage policies and it is very difficult as a planner or supplier to stay on top of this accurately. As the fees do vary by airline, you may take this into consideration when selecting an airline for your participants as this can add up. Additionally, luggage currently cannot be paid in advance therefore cannot be included in your tour price.

Airline Website: If you are using a designated airline(s) for your group, ask whether they have an online website for your participants to use for checking in online and staying abreast of their schedule and luggage fees prior to traveling. If so, make sure to share the URL of the airline with your participants.

Trusted Traveler Programs - How we get through security is changing. Two popular programs are Transportation Security Administration (TSA) Pre-Check program and Customer and Board Protections (CBP) Global Entry program.

- **TSA Pre-Check:** TSA expedited airport security-screening program allows for less intrusive security checks and shorter security processing times. TSA Pre✓™ allows pre-approved, low-risk travelers opportunity to apply for expedited screening at U.S. airports. Current cost is \$85. www.tsa.gov/tsa-precheck
- **Global Entry:** Global Entry allows for expedited customer and immigration clearance for pre-approved, low-risk travelers upon arrival into United States. Current cost \$100. Program allows travelers to enter US using automated www.globalentry.gov

Airline Alliances - Airlines create strategic “alliances” where they agree to partner together to create everything from code share agreements to combining routings and fares, sharing mileage accrual within frequent flyer programs, sharing lounge access at airports, to positioning of co-locations within airport terminals.

- **Star Alliance:** UA, LH, AC, LX, ...see www.staralliance.com
- **Sky Team:** DL, AF, KL, AZ, KE....see www.skyteam.com
- **One World:** AA, LA, IB, BA, QF...see www.oneworld.com

QUESTIONS TO ASK YOURSELF BEFORE FINALIZING YOUR PROGRAM AIR:

- Where are your participants originating? This can often determine the best model to use
- Do they need to fly together before, during or after program?
- What are the onsite plans for arrival/departures – this can often dictate the number of air options or limit them (if you first program site is a long distance from the airport etc.)
- Will your group need flexibility to deviate before or after the program? If so, you need to factor this into the type of air you use – avoid blocked space perhaps which may limit the number or percentage of passengers who can deviate.
- Is your program leaving at a seasonal break in the fare structure with the airline? What are the seasonal dates – ask your travel supplier.
- Is advanced seating required for your group? Generally a tour fare will allow for advance seating – make sure to ask for this of your travel supplier.
- Will your group have need for premium seating classes? If so, this could sway your decision of what airline to use to offer the most affordable options for your participants. Not all carriers have all classes available for tour operators. If not, ask if your travel supplier can discount a business class (they often have a negotiated percentage they have contracted with the airline which may be able to be passed back onto your participants thru reduced selling price.
- In order to determine if a published fare (non-refundable) would work for your group, make sure to factor in the enrollment window...if you will have all your names for your program early or late in the game? If very late in the game, your travel supplier should be then able to use either a tour fare or a published fare, and offer the least expensive.
- Understand and factor in the cancellation penalties on your program with those of the airline...will your program penalties be sufficient to cover any air penalties.
- If it is important to your audience, understand whether the fare you are promoting allows for a full mileage accrual for your participants who are member of airlines program.
- Understand travel insurance and if a directed travel product is being marketed to your participant in conjunction with program. Often times the air will be included, if your participant cancels for a covered reason. If so, this mitigates the risk to your participant for air penalties charged either by the airline or by the organization. This generally will not cover airline ticket penalties if the program itself is cancelled.
- Consider evaluating what your service fee should be for a participant wishing to deviate...you need to cover your costs for this service – or are you going to only allow your participants to take a set air and if deviating go elsewhere? Factor this into your pricing scheme.
- Understand when/how you will receive schedule change information from your air supplier.
- Evaluate your needs if any, for flight manifests (Arrival/Departure Air Reports) to provide to you onsite ground operator and when/what frequency. For a large group often this detail is overlooked and is critical to your planning...if you have this need, make sure they are electronic, frequently updated and accurate.
- Once a decision is made on an air model, ask your travel supplier to summarize many of the bullets/facts surrounding the fare type or airline you have selected.

Be an educated and informed air traveler!