

INTEGRATED TRAVEL SYSTEM

A Fresh Look at the Door to Door Travel Experience



A Growing Problem

Increasing Demand and Constrained Airports

- ◉ Global passenger traffic rose 6.5% in 2015 ¹, according to an IATA study
- ◉ PricewaterhouseCoopers (PwC) estimates air travel demand will likely double by 2035 ²
 - Over two-thirds of the airline CEOs surveyed in the study are concerned that the current infrastructure cannot handle expected growth



Airport Expansion is Costly

- ◉ Meeting future demand may be financially challenging
 - Developing airport infrastructure to meet dynamic markets requires significant financial and human capital
- ◉ Airports may be challenged by physical constraints
 - Runway Safety Areas, Obstruction Clearance Standards, Compatible Land Uses, Airport Zoning Historical Practices
- ◉ These challenges may be disruptive to the National Airspace System and Local Economies



Integrated Travel System

An Innovative Solution

- ⦿ Problem - Currently, travel industry segments such as airports, airlines, and hotels, conduct business largely independent of each other
- ⦿ Our Solution - Create an Integrated Travel System to streamline the travel experience and enhance overall system efficiency
 - Streamlining the aviation travel industry would create a more efficient flow of passengers and baggage while enhancing the overall passenger experience
 - An Integrated Travel System would benefit all aviation industry stakeholders



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How it Works

- ◎ Centralized Intelligence Sharing
 - A fundamental aspect of an integrated process is the centralized sharing of information (i.e., passenger and itinerary data) between the various travel industry segments
- ◎ Flow of passenger and baggage
 - Shared information could increase efficiencies for movement of passenger and baggage
 - Reduces strain on airport infrastructure
 - For example - baggage could be ticketed and transferred beyond the airport to a final destination such as a hotel, office or home
 - Passenger movement could be better planned when data is aggregated



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Stakeholder Benefits

⦿ Airports

- More efficient movement of passengers and baggage would decrease the facility requirements to meet demand
- More cost effective-solution compared to airport development
- Reducing the need to expand would allow for the reallocation of funds to other projects

⦿ Passengers

- Experience a more streamlined travel experience with an enhanced level of service (i.e., travel itineraries can be personalized to the individual)

⦿ Airlines

- Extend passenger interface while expanding branding opportunities
- Provide customers with a more customized travel experience

⦿ Hotels

- Provide customers with a higher level of customer service while expanding branding opportunities

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Airport Benefits

- Airports benefit by meeting future aviation demand with existing infrastructure or requiring less future expansion
- Knowledge sharing would allow for increased efficiencies of passenger and baggage
 - Allows for baggage to be transferred to the final destination reducing the demand on baggage claim
 - Baggage could be checked at a hotel or a centralized receiving area within a city reducing the demand on checked baggage functions
 - Integrate with Common Use Passenger Processing Systems for increased flexibility and efficient infrastructure use
 - Ground transportation transfers could be better coordinated reducing curbside demand



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Passenger Benefits

- More than 50% of travelers want a single, integrated application for planning, booking, and ticketing all forms of travel according to a Priceline study
- Passengers would experience a more streamlined travel experience and flow
 - Integrating travel segments would allow the experience and customer service to be enhanced by sharing information such as loyalty status, baggage destination, delay information, and complete travel itinerary
 - All travel segments could better react to changes in itinerary due to issues such as flight delays, weather or changes in itinerary
 - Baggage flowing directly to a final destination would eliminate the need to wait at baggage claim

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Airline Benefits

- ⦿ Reduction in need for airport development
 - Expansion of airport infrastructure could be costly and difficult for airlines
- ⦿ Knowledge sharing would extend the passenger interface beyond the aircraft and airport
 - Passenger experiences could be customized based on itinerary, loyalty status, and flight information
 - For example - coordinating hotel upgrades for a high value customer
 - Flight delay or cancellation information could be relayed during irregular operations particularly if additional overnight stays are required
 - This would decrease passengers at the airport for these events and reduce airport staff workload



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Hotel Benefits

- ◉ Hotels would be able to better manage guests arriving and departing using various modes of transportation
- ◉ Similar to airlines, brand loyalty can be extended by providing a more customized travel experience depending on the customer



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Existing Systems / Case Study

- ⦿ Certain airlines have systems in place to expedite luggage to their final destination for an additional fee
- ⦿ Disney Magical Express manages passengers and baggage flow to and from MCO for guests of Walt Disney World
 - Checked baggage is transferred directly to the Disney Resort and passengers are bused to their destination
 - Outbound passengers check baggage at their Resort
 - MCO is able to process 1 million more passengers a year with existing infrastructure due to Disney Magical Express, according to the airport

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Feasibility Assessment

- ⦿ A clear need exists
 - Airports cannot sustainably build enough capacity to accommodate future demand
 - The aviation industry needs an alternative and complementary solution to airport development
- ⦿ Many systems are already in-place
 - Certain large scale delivery companies already offer quick delivery of services and goods in densely populated cities
 - Application of similar distribution systems could be utilized to manage baggage flow
- ⦿ The benefits are clear
 - All travel segments and stakeholders benefit

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Keys to Successful Implementation

- ◎ Public Private Partnership for Success
 - Initiative should be championed by airport and airline trade organizations to encourage private sector mobilization
 - The Integrated Travel System venture is most suited for a private third-party vendor
- ◎ Distributed Cost Structure
 - Start-up costs supported by vendor and stakeholders (e.g., airlines and airports)
 - Operational costs funded through user fees and stakeholder participation charges
 - As many stakeholders would benefit from the system, cost could be shared among travel segments and reduce or eliminate cost to the passengers
- ◎ Maximize Efficiencies and Economies of Scale
 - Stakeholder partners would need to opt into the Integrated Travel System in order to allow for maximum efficiencies and economies of scale

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References

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