Future Innovations in Airline Distribution

Scott Gillespie
Analytical Innovator
Scott Gillespie

- **Analytical Innovator**
  - Scenario modeling of corporate airline contracts (U.S. Patent)
  - Algorithm for clustering hotel data (patent pending)
  - Top-ranked airline CO2 emissions calculator

- **Founder and CEO, Travel Analytics** (‘99-06)
- **VP Strategic Initiatives, TRX**
- **Principal, A.T. Kearney**
- **MBA, University of Chicago**
distribution is essential speed content capacity
searches and bookings
Innovations in Airline Distribution
Q: How to sell more tickets faster?

A: CRS, then GDS (1953-1976)
Q: How to revitalize the airline industry?

Railroad Revitalization and Reform Act of 1976

A: U.S. Airline deregulation (1978)
Q: How to keep our customers?

A: Frequent flyer miles (1980)
Q: How to increase revenues?

Early Bird Special

20% Off

All Entrees Served Before 5 PM

A: Revenue Management (1985)
Q: How to extend our network?

1990’s – The Golden Age

- E-Ticketing (1994)
- GetThere, e-Travel (1994-95)
- ITA’s Search and Faring Engine (1996)
- Expedia, Travelocity, Cheapflights (1995-96)
- Google (1998)
- OpenTravel Alliance, TRX (1999)
- Trip Advisor (2000)
2000’s

- Ancillary Revenue, Ryanair (2000?)
- Fare Families, Qantas, Air Canada (2005-06)
- TripIt (2006)
Future Factors
“Old” is the new market
necessary
crowds out
discretionary
Virtual Tourism
Great Innovation Solves Worthy Problems
U.S. Airline Industry Profits

Source: ATA
channels have limits
Future Innovations
New Shopping Cart and New Aisle

Seats and Fares

Non-Seat Merchandise

Image © iStockPhoto.com
passengers

or customers?
Rich Customer Profile

• Loyalty Programs
• Travel Patterns
• Corporate Policies
• Networks
  • Business (LinkedIn)
  • Social (Facebook)
• Attitudes (Twitter)
• Cell Phone
• Location
A guy walks into a hardware store ...
Social PNRs

• Integrated itinerary (TripIt)
• Easy push to social networks
• Single source for status updates
• One-touch trip cancellation
• One phone number for en-route support
• Easy supplier feedback
• Consolidated expenses
In Summary
U.S. Airline Industry Profits

Profit or Loss (Billions)

- $(20.0)
- $(10.0)
- $
- $10.0$
- $20.0$

Annual
Cumulative

Source: ATA
channels have limits
New Shopping Cart and New Aisle
Rich Customer Profile
Social PNRs
so why do you want that hole?
Thank you!

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Gillespie’s Guide to Travel Procurement
www.gillespie411.wordpress.com