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Introducing The Stopover Flyers: The People of the World are Changing How They Fly

New research reveals a shift in passenger demand. More of us than ever before are choosing to fly transatlantic. How people want to fly is also shifting and this is forcing major changes to the global market.

- Over the last 15 years air travel has increased more than 200%.
- Over three and a half billion passengers now take to the air every year. (World Bank Data).

But the real story is the shift in how we are flying.

- According to the World Bank passengers from middle income countries* are flying far more now than ever before.
- Many more passengers are also choosing to fly between Europe and North America. Almost 50 million seats were sold last year between 67 European airports and North America.
- The numbers are vast and keep increasing but demand is changing. Flyers, in particular from middle income countries, are looking for better service and smarter solutions to get better value for money.

* The world’s Middle Income Countries (MICs) are defined as having a per capita gross national income of US$1,026 to $12,475 (2011) are a diverse group by size, population, and income level. Middle income countries are home to five of the world’s seven billion people and 73 percent of the world’s poor people. At the same time, middle income countries represent about one third of global GDP and are major engines of global growth. source: World Bank 2017.
Icelandair Market Survey 2017: Summary of Results

Transatlantic flight considerations

Have you considered taking a transatlantic flight in the last 12 months?

- 52% YES
- 47% NO

Attitudes are changing

I am considering transatlantic flights more now than I was 5 years ago.

- 33% MORE THAN 5 YEARS AGO

Transatlantic service worries

8 million people feel service has got worse on transatlantic flights over the last 5 years.

The rise of the stopover flyers

18 million people across Europe are now considering Stopover Flying.

Search for alternative stopover routes

35% searching for alternative stopover routes via countries like Iceland.

- 8M WORSE SERVICE
- 18M CONSIDERING STOPOVER
- 35% SEARCHING FOR STOPOVER
The Business Landscape is Changing

Major market opportunities exist for buyer conscious brands: Buyer behaviour trends are shifting.

Behind the headlines - 2016 represented a positive year for the passenger airline industry. Worldwide traffic increased to 3.7 billion scheduled passengers and departures rose to approximately 35 million, burgeoned by the increased activity of low-cost carriers. Low fuel costs coupled with the traffic increase helped reach record totals in profit and net profit margins.

Global Outlook

Recent economic turbulence preceded a period of media turbulence. IT outages and a series of PR and customer management disasters have helped create a bumpy start to the year for the airline industry. Energy prices have compounded the challenges. The 2016 average of less than €43 helped boost profits - But now, with jet fuel predicted to be climbing for sometime to come - legacy carriers are concerned.

The planet’s biggest airlines are equally wary of raising fare prices in fear of losing out to better value competitors. With an expected increase of seats in well established routes - average yield per passenger rates will continue to fall for some time – making life tricky for legacy brands to claw back margins.

The Profitability Problem

As legacy carriers are busy looking for ideas to lessen the impact of higher fuel prices. Cutting costs is just one way to push up profitability levels. The real opportunity is in harnessing a new demand for choice, value and a style of service that both invigorates and aligns to changing lifestyles.

The Power of Digital & Human Needs

The evidence is that a number of demand side mega trends are converging. The rise in online research and app based booking has become ubiquitous - and the role of technology is extending far beyond the pre-board experience. Blockchain, AI and Big Data initiatives are presenting new opportunities to revolutionise the control passengers have over key parts of their travel experience. These technologies are also poised to deliver large scale efficiencies helping to mitigate ongoing challenges of rising costs and competition. The major opportunity though remains the orchestration of digital technology and smart human focused thinking in concert.

Demand for more authentic experiences, the shift away from a narrow view of luxury and disappointment at the lack of value and choice available from the largest incumbents in the market - all these trends demonstrate that the carriers most likely to win big with customers in 2018 will be those best able to marry digital and human effectively.
A Human First Future

Experience matters. Most research shows that those periods when the plane is on the ground can have a huge impact on the overall experience.

New advances in API’s are enabling much closer integration than ever before between staff engagement, authentic customer experiences and smarter operational wins. While Blockchain and AI point the way to mobile apps that provide flyers with real time instant tracking of baggage and 3D printing harnesses new manufacturing and design efficiencies - it is the skill of learning when and how to wow that remains the key to customer loyalty.

A range of trends highlights the key characteristics of this shift in demand.

There is a growing trend for people visiting two destinations on holiday: Millions more are embracing the spirit of a micro-adventurer and seeking more than one destination per holiday. The multi-centre trip has seen sharp increases over the last 5 years - reflecting a growing desire for exploration and the ongoing search for more authentic and long lasting experiences.

The industry is experiencing the trend of Man vs machine: Travel operators have seen a sharp rise in people looking for in journey entertainment with a human touch rather than interacting solely with a screen. There is a rising trend for immersive and visceral experiences where the audience want to be front and centre. In the action, rather than a passive viewer. Adding emotional value through an experience has become the strongest way for brands to create a connection with their audiences. Only the companies able to spot this trend and act early are well positioned to thrive beyond 2018.

Customer demand is changing.

1. 46% of 25 to 34 year olds are more likely to consider transatlantic flights than 5 years ago.

2. Customers demand “time well spent”.

3. 45% of 18 to 44 year olds are now considering taking a ‘Via’ flight across the Atlantic.

4. 46% of 25 to 34 year olds are now considering flying via a country like Iceland.

5. Customers demand more authentic experiences.
Converging demand gives rise to the Stopover Pass.
Introducing the Icelandair Stopover Pass.

A new service is bringing to life this demand for authentic on-board experiences, a richer role for staff/customer engagement and a need to demonstrate time well travelled.

Customers will be given the chance to transform their boarding pass into a Stopover Pass that unleashes access to a variety of real performance experiences, hosted by and starring the staff.

Based around the rich 80 year history of Icelandair - the first performance will take to the skies in an immersive theatre three-act play on a transatlantic flight from London to New York via Iceland. Part of doing experiences well is doing them right. To this end all staff have the opportunity to enrol in stage school, to add theatrical training to their repertoire of skills, improving anything from boosting the mood, thinking on their feet and an added touch of entertainment. They will also learn extra special range skills that will equip them for life.

This kicks of a series of incredible Icelandair Stopover Pass performances that serve to showcase the staff’s rich talents and helps to position Icelandair as pioneers of a growing trend set to take the skies by storm.

The skill of learning when and how to wow remains the key to customer loyalty.

Staff engagement matters more than ever.

“The biggest challenges over the next 12-18 months are creating a customer-first culture, competing priorities, and employee engagement”


“A recent study by Aberdeen Group on employee engagement revealed that companies with proper programmes to engage staff have a more than 200% greater likelihood to retain customers.”

- Aberdeen Group Research 2017
METHODOLOGY
Notes

Our research combined a survey of 9,000 air travellers across North America, Europe and Scandinavia with a further meta-analysis of global economic data and publicly available research.

Markets surveyed: Canada, USA, UK, France, Germany, Netherlands and Scandinavia.

Summary of business focused survey data

- All respondents have travelled by aeroplane in the last 5 years.

- All research has been carried out during May 2017.

- All research has been conducted in accordance with both ESOMAR and MRS codes of conduct.
About Icelandair

Icelandair is a leading airline offering flights to and from Iceland, and an attractive option for cross-Atlantic flights.

Icelandair provides safe, reliable flights and exceptional service on flights to metropolitan areas on both sides of the Atlantic.

The airline operates out of Iceland, and uses the country’s geographical location mid-way between America and Europe, as an opportunity to build an ever-growing network of international routes with Iceland as a hub.

Icelandair also offers a unique opportunity for passengers to take a Stopover in Iceland for up to seven nights at no additional airfare. Icelandair has encouraged passengers since the 1960s to enjoy an Icelandair Stopover and now offers the service from 37 European destinations to 35 North American gateways.
About Explain The Market

Explain The Market is proud to be one of the most trusted and reliable economic research agencies.

Our analytical expertise is based on over 20 years leading market analysis for some of the world’s biggest companies. Research expertise is based leading some of the largest and most complex projects ever done in both qualitative and quantitative research.

Our CEO is a Market Research Society Awards Finalist. The Explain the Market team is headquartered in London and also operates from our global hub in New York.
About Guy Shone


Guy is the former Economics & Business columnist for the Metro newspaper (the UK’s most read national newspaper) and now runs the research and media group Explain The Market.

Guy’s previous jobs were the Global Head of Research for investment group Old Mutual plc and Research Director for the UK government-backed Money Advice Service. He works directly with some of the world’s top corporate leaders. His team is based both in London and New York.
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