

CRAIN'S CHICAGO BUSINESS

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By John Pletz

United is making a digital-advertising push

IdeaWorksCompany contributed information to this article - - see italics.

Nothing sells like a captive audience, and United Airlines is betting that advertisers will want to pay to get in front of specific types of passengers when they're looking at the carrier's mobile app or seat-back TV screens.

The Chicago-based airline is offering what it believes will be an attractive audience, allowing advertisers the ability to target specific groups of customers based on demographics such as city of residence, flight information and general age group.

The proliferation of websites and mobile apps has generated enormous amounts of data on users, which has remade advertising from an industry built on mass audiences to one that increasingly focuses on individuals.

Airlines such as United have a lot of data on customers because of their frequent-flyer programs and long-standing partnerships with credit card companies. They also have reach: United says its mobile app has been downloaded more than 110 million times, and it has nearly 100,000 seat-back screens.

The Chicago-based airline said today it will launch a media network called Kinective Insights at the upcoming Cannes Lions International Festival of Creativity in France, a premier gathering for the advertising industry.

The airline joins other companies such as Home Depot, Walmart and Target that have turned to advertising to generate revenue from their large collections of customers. United says it will focus on advertisers in retail, luxury goods, financial services, automotive, media and travel. It's already working Norwegian Cruise Line, Macy's, TelevisaUnivision, IHG Hotels & Resorts, as well as ad-agency group Dentsu.

United plans to use anonymized customer data to personalize ads seen by customers when using its app or watching a seat-back screen. Advertisers will be able to target those same customers when they're on other websites or apps.

United previously sold advertising, but it hasn't been customized. Advertising is just one source of so-called ancillary revenue such as baggage fees or partnerships with credit card and car rental companies for airlines beyond the airfare itself.

United has been an eager participant, and it's constantly looking for ways to generate new sources of revenue as part of CEO Scott Kirby's push to make the airline bigger and more profitable. The airline also has undertaken a massive technology upgrade, relying more heavily on digital tools to help customers book tickets and complete other travel-related tasks without having to interact with employees.

Traditionally, advertising hasn't been much of a focus for airlines, says Jay Sorensen, president of IdeaWorks, a consulting firm from outside Milwaukee that tracks ancillary revenue. "Every once in a while, I'll come across a carrier making a big push on this," he says. "They tend to come and go. It's not an easy thing. They've got to be really dedicated to have it work. I haven't seen airlines do it well for a sustained period."