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Sustainability Special

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Powering the future

Heart Aerospace's CEO Anders Forslund with the ES-30 X1 demonstrator

Moneybags

Passengers are often confused by airlines' baggage policies, but many simply game the system. Alan Dron investigates what low-fare airlines can do to protect a valuable ancillary revenue stream and considers an alternative that may well introduce another.

We've all been there. Passengers crowd around the departure gate then one traveller gets into a heated argument with the gate staff who say their bag is too big.

They eventually shrug, allow the luggage into the cabin and throw away valuable ancillary revenue.

These situations lead to increased staff workload and those passengers who have paid at the booking stage are peeved to see others getting their bags carried for free.

A NATURAL PART OF BOARDING

Jean-Christophe Lacour, Chief Product Officer at travel payment specialist Outpayce, believes that paying for baggage at the gate will soon become a natural part of boarding.

"Everyone will understand it's like retail," he says. "At a supermarket the expectation is that you'll pay for everything you put on the conveyor belt, but that's because [the system] is quite mature. I think at the airport, we still don't have the mature expectation or understanding."

Airlines normally spell out exactly what baggage can be taken into the cabin or the hold, together with the cost of doing so – but how many people bother to read the terms and conditions?

This results in people turning up at the airport gate with bags that exceed an individual carrier's limits, which are usually enforced through the form of the ubiquitous metal frame, or box, into which the luggage must fit.

"I've seen some people almost literally stand on their bag to fit it into the box," says Lacour.

Why the frenzied attempts to ram their luggage into a frame that is sometimes patently too small? Because there is not really a clear expectation among many passengers that they have to pay to take it on board.

LEAVING MONEY ON THE TABLE

Many airlines do not have the capability to take ancillary fees at check-in desks and so are leaving money on the table, says Lacour.

Airlines installing payment devices at gates have to build on an established airport IT infrastructure.

"That's why it's difficult and that structure can vary from airport to airport," Lacour continues. "We developed a system that integrates into the airline departure control system, that isn't necessarily linked to the airport IT structure.

"We have a solution that uses 3G or 4G. That means we completely abstract ourselves from the Wi-Fi or LAN networks at airports. The experience we provide to airline and consumer through a point-of-sale device is the same as you would see in any shop."

Outpayce can also provide Pay-by-Link, by which a notification is sent to a

passenger's mobile or tablet. Alternatively, a passenger can go to a kiosk, scan a QR code or get an SMS with a link and have a standard e-commerce experience.

Lacour says that most of Outpayce's current conversations with airlines involve full-service carriers, which are less advanced than LFCs in tapping this revenue stream, but low-fare airlines also feature.

Points at which passengers can pay for excess baggage can also include roaming agents equipped with the point-of-sale devices.

"It's a great opportunity for airlines – either getting a greater share of passenger spend at an airport, or increasing that spend," says Lacour.

His view is that the more similar to everyday electronic payments an airline can make gate purchases, the more airlines are going to capture that spend that they are leaving on the table today.

At present, most of Outpayce's payments come from just 20 per cent of airports, but the company is receiving requests from airlines to cover smaller airports into which they fly.

MORE LIKE UBER

Outpayce now has plans to move the airport payment scenario in a new direction, according to Lacour.

"Looking forward, what we're working on is more like Uber, where the payment solution is completely invisible. Instead of asking a passenger to get out their credit card to tap-and-go, for a returning passenger we would have stored their details – and the airline, having identified that passenger at the gate, can trigger a signal to the passenger's card to charge it."

Lacour believes that this option is possible. The passenger would be identified either via their passport or by a biometrics-based solution. Once that passenger has been identified, their identity can be electronically locked to their payment card.

This of course leads to questions of consent, but every survey in recent years has shown that passengers are prepared to surrender surprising amounts of private information if it makes their journeys more convenient and frictionless at the point of use.

> "We've identified a desperate need for solutions for the baggage problem at gates, so have developed a programme that addresses that."
>
> **Jay Sorensen, President, IdeaWorksCompany**

GETTING AWAY WITH IT

There will always be some passengers who try to get a roller bag or other type of luggage on board without paying. If the airline ends up waiving the fee, that perpetrates the feeling of "Oh well, maybe I don't have to pay, maybe I'll get away with it," says Lacour.

However, if the passenger knows they're going to be charged, it normalises the relationship.

Lacour says LFCs are often better at enforcing baggage charges at check-in or the gate.

"I think there's an expectation that, okay, you have your core product – that's the ticket – and literally everything else is an extra. And LFCs are less keen than full-service carriers at waiving fees."

The US-based IdeaWorksCompany agrees that the scrums at departure gates, together with loss of baggage revenue, are becoming a significant problem for airlines.

It has produced a series of learning methods that are designed to quantify the problem, developing baggage policies to maximise revenues and educate airlines

Shifting expectations mean paying for baggage at the gate will soon become a natural part of boarding. Image: iStock

A passenger finding there is no overhead space on board for their bag is inconvenient for all concerned. Image: iStock

through baggage compliance reports.

"It's beyond time for traditional airlines to fix this problem," says Jay Sorensen, IdeaWorksCompany's President.

"Our ancillary revenue work uses one-week modules based upon six compliance methods that ensure airport operations and commercial objectives work together, rather than in conflict.

"We've identified a desperate need for solutions for the baggage problem at gates, so have developed a programme that addresses that."

FLIGHT DELAYS

One problem in being over-rigorous in enforcing some of these methods is that they can lead to the flight departure being delayed – a big no-no at many airlines.

Gate staff can be under great pressure to get a flight away on time and find themselves caught between two stools if their companies also want them to enforce baggage rules at the gate.

Sorensen agrees that low-cost carriers are best placed to handle the problem.

"LFCs were born designed to deal with baggage issues," he says. "They know how to charge fees. And the relationship they have with their consumers directly through their websites makes it easier to inform passengers before they turn up for their flight.

"When you buy a ticket from an LFC, the customer knows what to expect. They've been conditioned when they fly with Ryanair, Wizz Air, easyJet or Spirit that the airline is going to aggressively enforce the rules for carry-ons. Plus, consumers have come to expect they're very a la carte.

"No system is perfect, but when I've had conversations with Ryanair gate staff and asked them how many bag collections they have on a flight, it's perhaps three. The expectation has been built that you can't take something [that has not been paid for] to the gate.

"People have learned how to avoid these fees. They don't check in a bag and take it to the gate, where they'll check it for free. From an operational perspective, the very worst thing for a passenger is to get on board and learn there's no overhead space.

"Passengers have to take the bag [back] to the door, [cabin crew] tag it and then give it to planeside staff, who aren't expecting it. We're saying you don't have to go down this path, you can do work that can fix the problem."

MAKE IT GO AWAY

Of course, at the other end of the spectrum is the passenger who's willing to pay a premium to have the luggage headache entirely removed from their travel experience.

Announcing a partnership with baggage tech and delivery experts Airportr earlier this year, Sergio Colella, SITA's European President, said: "Passengers have spoken – they want to take the hassle out of baggage handling. More convenience, less queuing at check-in desks, more peace of mind as their baggage gets from point A to point B. And we're listening."

The collaboration with Airportr, which already partners with easyJet, aims to do just that – by offering travellers a seamless and stress-free baggage handling experience.

Airportr's service means passengers can check in their bags from home, hotels, or "mobility hubs" and have them transported to their departure airport to be loaded on to flights to their final destinations.

A quick quote on Airportr's website reveals that the fee for having two bags collected from home and put on a specified easyJet flight from London Gatwick to Palma de Mallorca starts at GBP 55.

It's not hard to imagine that many passengers would find that an attractive proposition and one that SITA and Airportr are keen to offer to airlines as an alternative to the headache of gate enforcement.

The companies say: "Enriching SITA Bag Journey with Airportr's data points will not only enhance tracking accuracy and provide end-to-end baggage tracking from off-airport locations natively within airline apps, but will also unlock opportunities for expanded baggage service offerings."

An additional revenue stream with no new infrastructure commitment? What's not to like? ■