



1. Air New Zealand



2. All Nippon Airways



3. Lufthansa



4. Delta Air Lines



5. Finnair



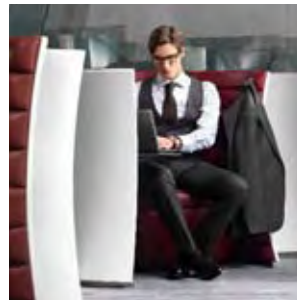
6. Southwest Airlines



7. KLM



8. Virgin America



9. Cathay Pacific



10. Emirates



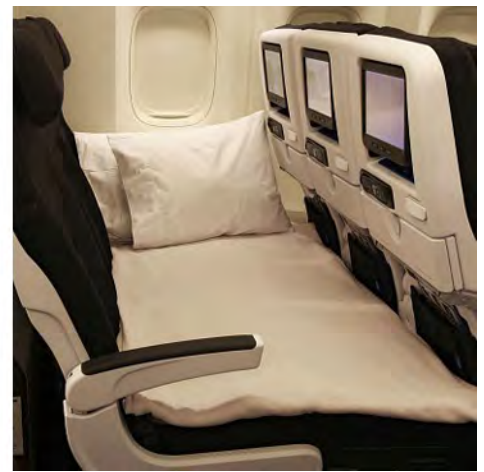
11. Asiana

# 11 innovative airlines to keep an eye on in 2011

At [airlinetrends.com](http://airlinetrends.com) we are continuously on the lookout for innovative products and services launched by airlines around the world as a response to industry and consumer trends. Taking a cue from the famous line of sci-fi writer William Gibson that [“the future is already here, it’s just unevenly distributed,”](#) we are kicking 2011 off with our take on the 11 most innovative airlines to keep an eye on in the coming year. Be it either to learn from, get inspired by, or even copy from, the 11 airlines we have selected provide an overview of what innovative products

and services passengers are experiencing on airlines around the world.

The airlines featured on our list do not necessarily feature on the various [‘best airlines in the world’](#) surveys that are published regularly. We aimed to select airlines that have come up with interesting innovations in recent years, be it as part of a company culture of continuous innovation, a strategy to challenge the industry status quo, or as part of efforts to catch up after years of underinvestment.



# 1. Air New Zealand

For avid airline industry watchers it may come as no surprise that Air New Zealand (ANZ) tops our 2011 list of most innovative airlines in the world. ANZ is a small airline in a small country at the end of the world with powerful competitors everywhere, so it has to be innovative and nimble to gain an edge over larger rivals.

Just like number 2 on our list, All Nippon Airways, ANZ has taken the arrival of its first B787 as an opportunity to redesign the long-haul inflight experience from scratch, but the Dreamliner's multiple delays, decided to install the interior on its new B777-300ER aircraft instead.

The culmination of four years work by ANZ, the new cabin has just made its commercial debut on flights between Auckland and Los Angeles and ANZ will officially launch its new product on the Auckland – LA – London route in April 2011 once three new aircraft are in fleet.

## Skycouch, Spaceseat

Airlines around the world have been ignoring the Economy cabin for years as they invested to upgrade first- or business-class seats that provide higher profit margins. However, as the majority of ANZ's long-haul flights are overnight and are on average 90 minutes longer than any other airline, the airline has decided to spend most of its research and development budget on a design overhaul of the inflight experience in Economy.

ANZ now effectively has 3 types of Economy seats: Regular Economy (which also offers passengers a last-

minute option to book an empty seat next to them), Economy 'Skycouch', and Premium Economy.

ANZ's revolutionary 'Skycouch' (a.k.a 'Cuddle Class') is made up of three standard economy seats which can be changed into a single horizontal space by removing arm rests. The seats also have large flip-up cushions that fill the space between the end of the seat and the next row of seats, creating a flat surface 156 cm long and 76 cm wide. Seat-belt extenders enable passengers to be buckled in when prone.

Designed chiefly for couples and families with young children, the Skycouch has to be booked in a set of three seats, but for the price of 2.5 economy seat. Twenty-two sets of Skycouch seats – about a quarter of all economy seats – will be available, being the first 11 window rows on either side of the economy cabin.

ANZ is also introducing a new Premium Economy seat, called 'Spaceseat'. The hard-shell seat comes in two configurations: 'Outer Space' seats, in pairs by the windows, are angled to provide privacy for people travelling alone, while 'Inner Space' seats, also in pairs, make it easy for people to dine or sit together.

Already offering full-flat beds in a 1:2:1 herringbone layout on its current fleet, ANZ only made slight changes to its Business Class which for example are now in a cream-white leather furnishing.

ANZ's new B777-300ER has 44 Business, 50 Premium Economy and 244 Economy seats. According to the airline, more than 30 airlines around the world have expressed interest in licensing the new seat designs after an 18 month period of exclusivity for ANZ.

### Smart design innovations

ANZ's new cabin further includes smart design innovations such as a 'slip on pillow,' which is fitted over the winged headrest in Economy and eliminates the nuisance of pillows falling down and the need for inflatable neck cushions. The Spaceseat in Premium Economy has a bean bag style cushion, affectionately named 'Otto' (short for ottoman), instead of fixed leg rests. 'Otto' can be moved around freely so passengers can find their own comfortable sleeping position. The bathrooms also got a makeover and feature elegant lighting and wallpaper depicting book cases, chandeliers and other home interior elements.

### Catering

ANZ is the first commercial airline to introduce induction ovens, which allows it to serve fresh pizza, burgers, toast and eggs as well as steak cooked the way passengers want it. Passengers in all classes can also use the new IFE touch screen system to order food and beverages outside of main meal times.

In March 2010, ANZ launched a co-creation campaign, called 'Aviation Design Academy,' asking the public to submit their ideas for a mid-flight snack in Economy, a signature cocktail in Premium Economy or a stylish eye mask for premium classes. The winning ideas would be turned into actual products on ANZ's B777-300 inaugural flight from Auckland to London in April 2011. The airline received hundreds of innovative ideas and in May 2010 held a judging day where all the finalists' cocktails and snacks were made on the spot and the winners in each category were chosen.

### IFE&C

ANZ has also added several innovative features to its new Panasonic eX2 IFE system. A 'screen share' option lets passengers synchronize video and music with their neighbours so they can watch and listen together. A visual flight planner informs passengers about the inflight routine, for example when flights will be dimmed, while passengers can also text questions to the inflight concierge.

In a collaboration with YouTube, ANZ also just launched a dedicated website that will allow anyone to upload, watch and share videos. Up to 100 short videos will be chosen by the airline each week to feature onboard as part of its inflight entertainment programming. ANZ will also offer mobile connectivity onboard the B777s, allowing passengers to send and receive emails and text messages during the flight on

their cellphones. It is not clear however, whether this service is already available.

### Inflight concierge, kids stories and wine-tasting

ANZ has also added social touch to the galley areas. The airline's inflight concierge can use a large screen in the front galley to host post-dinner wine tastings or to tell more about the arrival destination. In the rear galley cabin crew will read after-dinner stories to kids.

### Radical unbundling on short-haul

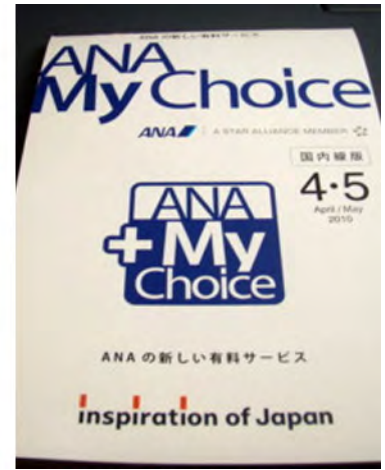
While ANZ has seriously upgraded its long-haul product, fierce competition on the routes to Australia and the South Pacific has led the airline to remove all Business Class seats from its short-haul aircraft, offering a single-class cabin instead. Without seats to differentiate the inflight experience, ANZ now offers four different service options: Seat, Seat + Bag, The Works, and Works Deluxe. ANZ has also set up a trans-Tasman alliance with VirginBlue and just acquired a 15 percent stake in the Australian carrier.

As frequent flyers prefer a fast and hassle-free experience on the ground, ANZ has provided members of its loyalty program with a so-called 'ePass', a small RFID sticker that for example can be attached to the back of a mobile phone. Passengers then can use their mobile device to check-in on domestic and short-haul flights, enter passenger lounges and self-board at the gate. Customers that travel frequently with ANZ between regional destinations can also purchase an annual 'Starfish Card', which for a yearly fixed fee gives them a standard 15 (NZ\$200/year) or 30 percent (NZ\$800). discount on their ticket.

### Creative marketing campaigns

Today, many consumers routinely ignore the numerous commercials thrown at them. However, ANZ's 'Nothing 2 Hide' and the recent 'Borat-esque' Ricco campaigns prove that taking a more daring, provocative approach still works.

Two social media campaigns by the airline are also worth mentioning: The 'Air New Zealand Fairy' is a virtual fairy who once a day grants a wish from an ANZ customer via Twitter, ranging from extra frequent flier points to make it to the next tier, to free lounge passes and seat upgrades. ANZ also rewards members of geo-social network Foursquare, who are the mayor of select airports and terminals, with free admission to its lounges.



## 2. All Nippon Airways

Runner up on our list is Japanese airline All Nippon Airways (ANA), which has stepped up its international expansion and has been courting business passengers with an improved product at a time its major competitor JAL is in the middle of a restructuring. The opening of Tokyo Haneda's new international terminal in October 2010 and the trans-Pacific joint venture with United/Continental also has given ANA an opportunity to capitalize on its large domestic network out of Haneda.

### Inspiration of Japan

In April 2010, ANA introduced a serious upgrade of its four lounge-haul cabins as part of a new 'Inspiration of Japan' programme. The new interiors were originally meant for the airline's B787s (ANA is the launch customer) but due to the delivery delays – ANA's first 787 will now be delivered in the third quarter of 2011 – the new cabins have been installed on ANA's B777-300ER fleet instead, and are currently available on services to New York, London and Frankfurt.

ANA's new first class, renamed 'First Square,' features a private suite with a full-flat bed, a 23-inch LCD touch screen and an individual coat closet. At both Tokyo Haneda and Narita airports, First Class passengers can also work or relax in their own private pod, dubbed 'ANA Suite Lounge,' as they get checked-in and wait for their flight. ANA's new Business Class also offers a full-flat bed in a staggered 1:2:1 configuration which gives all seats unrestricted aisle access.

Further raising the bar, ANA offers First and Business class passengers travelling round trip from Japan to North America or Europe a 'welcome-home' helicopter or limousine transfer to central Tokyo.

ANA's new Economy seats have a very generous 34" pitch, USB and power ports, and the fixed back shell allows passengers to recline inside their seat, instead of into the lap of the passenger seated in the next row. In a nod to business travellers that have traded down to Economy Class, full-fare Economy passengers departing from Japan are eligible to ANA's 'Economy Class Pleasant-Trip' service, which includes priority check-in, free lounge access and priority baggage arrival.

ANA, however, had to postpone the debut of its new Premium Economy seating, which feature a fixed back, double-wide armrests and dividers between seats to ensure more privacy due to certification issues at seat manufacturer Koito. Passengers in premium classes would also have the option to create their own menu from more than 30 a la carte choices and order it via the touchscreen of their IFE system, but this feature has not been rolled out yet.

### Innovative services

Being a Japanese airline, ANA offers a range of inventive services that enhance the travel experience. For example, ANA's newly launched Haneda route to and from Los Angeles, Bangkok and Singapore has many late night departures, so the airline dims lights during boarding to create a calm atmosphere. Passengers in all classes are also given a 'Sleep Support Kit' that includes two types of aroma-therapy cards ('Relax' and 'Refresh') to help them to "get to sleep and wake up gently." The cards emit a lavender or an 'ANA Original Aroma' scent when a small button is pressed.

ANA operates B767-300ERs on intra-Asian routes with Business Class seats that do not have in-seat power ports. So the airline lends passengers an external laptop

battery which is compatible with approximately 20 different manufacturers and provides 6 to 8 hours of extra laptop power.

In February 2010, ANA introduced women-only lavatories on its long-haul flights which can be identified by a pink version of the universal sign for a ladies' room on the door. Toilet etiquette appears to be an important part of ANA's policy anyway. The airline has previously asked passengers to use the lavatories before they board flights so as to reduce the overall weight of the plane and save fuel. ANA's new B787's will also feature lavatories with TOTO 'washlet' bidets, a world's first.

On domestic routes ANA passengers can book the 'ANA SkyPorter' service to have their luggage picked up or delivered at their home or office for a small fee. At the airport, passengers can use their smart-chip enabled cell phone, credit or frequent flyer card (a common feature in Japan) to self-board on domestic flights.

#### **ANA My Choice**

At the end of 2009, ANA introduced a new ancillary revenue program, called 'MyChoice'. The idea behind the program is to offer Economy passengers on international flights paid access to premium amenities, such as lounge access and Business Class meals and beverages. On domestic routes ANA in April 2010 started to charge Economy passengers for all drinks other than water and green tea. Instead, passengers can purchase drinks from ANA's 'My Choice' paid catering menu, which also includes fresh-tapped beer and Starbucks coffee.

#### **ANA low-cost and ANA Business Jet**

In a further bid to battle competition from Japan's extensive high-speed rail network as well as growing low-cost competition from Korea and China, ANA will establish a low-cost airline in March 2011 at Osaka Kansai International Airport. The low-cost offshoot plans to operate 16 aircraft within four years on domestic routes and destinations in China. On the other end of the spectrum is the 'ANA Business Jet' service, a B737-800 with 24 business and 16 economy seats, which ANA operates daily between Tokyo Narita and Mumbai. Similar to BA's London City to New York JFK service, ANA's westbound Narita to Mumbai flight has to make a stop for refueling.



## 3. Lufthansa

In third place is Lufthansa, which through its acquisition of SWISS, Austrian, British Midland and Brussels Airlines has aggressively led consolidation in the European airline industry. The carrier has also started a new subsidiary in Italy, and is reportedly also interested in SAS and LOT from Poland.

Serving various market segments with products ranging from low-cost Germanwings to high-end Lufthansa Private Jet, Lufthansa is a strong brand associated with quality, thoroughness and innovation by many travellers, resulting in an above-average share of high-yield premium traffic. However, the airline's high cost base and decentralized home market makes it vulnerable to competition from low-cost airlines such as airberlin and carriers from the Gulf Region such as Emirates.

### Premium positioning

Lufthansa positions itself at the premium end of the market. In the airline's words: "Lufthansa sees the key feature of its business in quality. Our philosophy is that, to maintain the leading position, one must be better – better in terms of reliability and innovation. Because good quality binds customers." Says the airline's head of marketing and sales Thierry Antinori, "Over the next five years, we plan to invest one billion Euro to upgrade our products in all classes of service."

### Business, First, Private

With the introduction of its first A380 in May 2010, Lufthansa has started a complete revamp of all classes across its entire fleet, spending as much as EUR400 million through 2013. The airline's A380 is the first aircraft to feature Lufthansa's new First Class, which according to the airline has "the quietest First Class

ever," with sound-absorbing curtains and carpet and special sound-insulating material in the aircraft's outer skin blocking noise. Lufthansa has avoided the fully enclosed First Class suites offered by Singapore Airlines and Emirates saying that at numerous in-flight tests and surveys, passengers expressed a clear preference for an open-plan design.

Business Class on Lufthansa's A380 flagship has an angled lie-flat seat, which is somewhat surprising as flat beds in Business Class are becoming the industry standard. The airline has attributed its decision to stick with the angled lie-flat concept to the delayed A380 delivery, saying the design was appropriate when the aircraft orders were first made. However, Lufthansa reportedly plans to introduce flat-bed seats on its new B747-8 aircraft from late 2011 on, with other aircraft models to follow in coming years.

To serve relatively small business destinations in for example oil-regions in a cost-effective way, Lufthansa since 2002 has partnered with PrivatAir, which flies B737-800s with 24 Business Class seats and 84 seats in Economy on behalf of the airline. Since 2005, Lufthansa also offers a Private Jet service, initially in partnership with Netjets. Lufthansa in 2008 took the service in-house, but as the majority of its customers book private jets for point-to-point flights rather than as an extension of their long-haul flight with Lufthansa, the airline is currently in talks with NetJets to outsource its private jet operations again.

### Short-haul

The economic crisis, competition from low-cost operators and the growth of the 'Gulf Gullivers' are forcing Lufthansa to become more efficient. Analysts

believe that the growth of Emirates, Etihad and Qatar Airways is already putting pressure on fares in important long-haul markets such as India. As a result, there is less money left for airlines to cross-subsidize their short-haul feeder flights which have to become a more profitable stand-alone operation.

Lufthansa is said to be targeting a 40 percent cost reduction of its European network as part of a cost-cutting program called 'Climb 2011'. In December 2010, the airline unveiled an EUR170 million 'new European cabin' introducing slimmer, lighter seats by Recaro, which will allow it to add up to two extra rows to each plane, while boosting legroom by up to 2 inches. Denser seating as well as a simpler catering offer should help Lufthansa compensate for the loss in ticket revenues as it brings down fares. Passengers in Business Class will continue to enjoy a free middle seat.

### **Germanwings**

Lufthansa is also cooperating more closely with its low-cost subsidiary Germanwings. Members of Lufthansa's Miles & More loyalty program now can earn and redeem their miles for flights with Germanwings, and beginning this month (January 2011) passengers can also combine tickets on the two airlines, for example one-way with Lufthansa and return with Germanwings. Meanwhile, an internal debate is reportedly waging at Lufthansa whether it should transfer more routes to Germanwings.

### **FlyNet**

After a four-year suspension, Lufthansa at the end of November 2010 relaunched its FlyNet inflight Internet service. The service is initially rolled out on aircraft operating select North Atlantic routes (e.g. Frankfurt to New York, Detroit and Atlanta) and is currently available on 12 aircraft with another four to enter service in the next few weeks. In conjunction with the launch of FlyNet, Lufthansa also introduced CloudStream, a tool that allows travellers to create a 'digital carry-on' with their favourite content, which they then can browse at their leisure while onboard (more details in this video). It is not clear whether, as an additional benefit for Lufthansa, CloudStream also reduces the consumption of bandwidth onboard.

### **Lounges**

Lufthansa operates about 60 lounges around the world and is investing EUR 150 million (until 2013) to renovate lounge facilities at 22 airports. Besides its flagship First Class Terminal at Frankfurt Airport

(passengers are transported to their aircraft in a private limousine), recent lounge innovations include an in-lounge beer garden at Munich Airport and a 'Welcome Lounge' in Frankfurt, where a concierge coordinate amenities such as an ironing service while passengers take a shower. Lufthansa in mid-2010 also opened its first 'Jet Friends' kids lounge in Frankfurt, which for example features drawing tables sponsored by German pencils and crayons brand Faber-Castell.

### **Subway-style boarding**

Together with ANA from Japan, Lufthansa may be the only airline to use so-called 'Quick Boarding Gates' which let passengers with electronic tickets board the aircraft without seeing an airline agent. The subway-like machines open automatically after verification of a barcode that is printed out or stored on a mobile phone. If a passenger's seat has changed at short notice the Quick Boarding Gate prints out a new coupon with the latest details, which passengers can pick up as they pass through.

### **Sustainability**

Lufthansa is likely to become the first airline in the world to test the use of alternative fuels during commercial flight operations. In April 2011, the airline will begin a 6-month trial with an A321 on scheduled commercial flights between Frankfurt and Hamburg. Pending certification, one of the aircraft's engines will use a 50-50 mix of biofuel and traditional kerosene.

### **Mobile and social media**

Lufthansa was the first airline in Europe to partner with geo-social network Foursquare, rewarding Foursquare users who checked in at three Lufthansa venues at the 2010 Munich Oktoberfest with a special Oktoberfest badge as well as a EUR20 flight voucher.

Lufthansa's MySkyStatus service lets air travelers share their location during their journeys with their online friends and followers. The application takes a user's flight information, including departure and arrival data, and matches it to real-time global air traffic data. It then shares via email, Facebook or Twitter regular updates about departure, arrival and which country they are flying over.

Lufthansa has also been one of the first airlines to launch innovative mobile applications, such as Lufthansa Navigator, a navigation system-like map of Frankfurt Airport and MemberScout, a mobile-based social network exclusively for Miles & More members.

## BUILDING A BETTER AIRLINE, NOT JUST A BIGGER ONE.

With airline mergers (and the new Delta included), it's easy to forget that size alone isn't enough to lead this industry. No one who flies is looking for a bigger airline; they're looking for one that's committed to making flying better. To that end, we're looking for every part of the experience — from buying a ticket to getting your bags — and dedicating ourselves to constantly improving it. That's our ambitious goal, especially at a time when our health and safety partners from all sides, but the challenges of this industry have always been the fact that we have all of this talent, and it's here today. So while we're proud to offer more than 5,500 flights a day, we won't rest until each one of them is as convenient, comfortable, and hassle-free as possible.

DELTA.COM



# 4. Delta

Delta has earned its 4th place because of its massive USD 2 billion investment program (through mid-2013) to upgrade its ground and inflight experiences, as well as introduce some innovative services. Having completed the integration of Northwest, which it acquired in 2008, Delta has shifted its focus towards drastically improving the customer experience, stating that “addressing gaps in customer product, technology, facilities and fleet is key to generating superior revenues and returns.”

### **In-flight: Full-flat seats, Premium Economy, Wi-Fi**

Since September 2009, Delta has been upgrading its long-haul business class to offer full-flat beds. By June 2011, half of its long-haul fleet will be upgraded and by mid-2012, Delta will offer full flat-bed seats on its fleet of over 100 trans-oceanic aircraft. The airline will also be the first customer to install Panasonic and Weber's integrated lightweight touchscreen IFE and slim carbon fibre economy seat on 16 former Northwest B47-400s in mid-2011.

Furthermore, Delta is rumoured to introduce a Premium Economy cabin in 2011. Since the gap between the carrier's premium and economy class has increased because of its upgrade to flat-beds, there is room for a value-for-money alternative in between. The new class is likely to resemble United's Economy Plus or KLM's Economy Comfort offerings, which are essentially normal economy seats with increased leg room.

In November 2010, Delta completed the installation of inflight Wi-Fi on all 549 mainline domestic aircraft, the largest number of 'connected aircraft' by far. The carrier also recently announced plans to add Wi-Fi to

223 regional jet aircraft operated by Delta Connection carriers. Last but not least, Delta just revealed it is considering an order of 100 to 200 narrowbody aircraft — possibly with options for 200 more — to replace its aging domestic fleet, with deliveries to begin in early 2013.

### **Ground: Red Coats, self-tagging, recharging poles**

Responding to passenger feedback for a more personal touch on the ground, Delta in recent years has revived its service program known as 'Red Coats'. Considered a kind of super service-agent, Delta's Red Coats carry hand-held computers that let them handle an array of customer issues on-the-spot, such as helping customers make connections, handing out new boarding cards, or providing food vouchers if there is a need. Over 800 agents are currently deployed airside at airports across the U.S.

At the same time, Delta is increasing the number of self-service options for standard passenger-facing activities. For example, the airline reportedly is planning a self-tagging pilot which let travellers tag their own checked bags and drop it at designated spots without seeing an agent.

Delta is also testing a new 'silent auction' system that lets travelers on overbooked flights submit a bid for the value of a travel voucher they would take to be bumped. According to Delta this will eliminate a lot of the uncertainty for passengers in an early stage, boost efficiency at the gate, and as the airline can accept the lowest bids, possibly save it some money in the process as well.



Catering to the growing number of 'connected travellers' carrying smartphones and mobile devices, Delta is currently installing 'Delta re-charging stations' at 19 airports across the U.S. In every domestic Delta SkyClub lounge, passengers will be able to recharge their devices via 'wireless powerpads' as well.

### **New York JFK, London Heathrow**

Two years ago, Atlanta-based Delta launched a campaign to create a strategic new hub at New York JFK. The airline is spending USD1.2 billion to build a new Terminal 4 at JFK which will be completed in mid-2013. In the meantime, Delta is upgrading its current outdated facilities at the airport, for example by introducing a novel restaurant concept that lets passengers order food and drinks via iPads installed at dining areas at the gate, with delivery to their booth guaranteed in 10 minutes or less. In 2010, Delta also introduced new full-service cafés at four Delta Sky Clubs at JFK in an effort to upgrade its pre-flight dinner options.

Enhancing its facilities at London Heathrow, an important trans-atlantic destination (Delta will begin flights from Boston and Miami in April 2011), Delta partnered with capsule hotel Yotel to provide arrivals facilities for premium passengers. Travellers can freshen up upon arrival in one of Yotel's hip cabins.

### **Marketing**

To improve the online experience for customers, Delta has given delta.com a thorough redesign. Delta.com now also shows the amenities passengers can expect on their flight, as the airline's product offering is inconsistent because of its current upgrade program. Delta also recently started providing real-time travel assistance (@deltaassist) via Twitter and is the first airline to allow fliers to book their tickets entirely through Facebook.

In a nice experiential marketing move, Delta in recent years also opened several SKY360 lounges at sports venues and film and culinary festivals in the U.S. which basically serve as a living, breathing ad for the airline.

### **Sustainability: recycling and upcycling**

In 2007, Delta started the industry's first comprehensive in-flight recycling program and by April 2010 had recycled 3.7 million pounds of paper, cardboard, plastic and aluminum. Delta also recycles carpet since 2007 and has diverted 221,000 pounds of

worn aircraft carpet from landfills, the equivalent of 12 American football fields.

As one of the few airlines to 'upcycle,' Delta has donated retired aircraft seat covers, blankets and curtains to sustainable design agency Tierra Ideas, which has turned them into messenger bags, laptop sleeves and duffle bags.

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Our blog and free newsletter is just a snapshot of what we track. Need more? Contact us for an in-house innovation session or commissioned trend report.





## 5. Finnair

In 5th place is Finnair, which has found itself a niche by focusing on transfer traffic to and from Asia. As part of a renewed strategy, announced in June 2010, the oneworld carrier's goal is to be among the three largest transit carriers between Asia and Europe. In terms of the travel experience, Finnair says it wants to be the airline of choice of the quality- and environmentally-conscious passenger, and is looking to answer customer needs and expectations with "open-minded and innovative solutions."

### Via Helsinki

Since the start of this decade, Finnair has been promoting Helsinki Airport as the ideal geographic hub to connect Europe and Asia, as well as cities like New York and New Delhi. This strategy has proved to be successful: In eight years, the number of passengers travelling back and forth between Europe and Asia via Helsinki has grown from 300,000 to 1,5 million in 2010 (out of a total of a total 6.2 million scheduled passengers). According to Finnair, about 50 percent of its revenues already comes from Asia.

Part of their strategy to accommodate transferring Asian passengers, Finnair and Helsinki Airport were one of the first to introduce Mandarin-speaking staff at terminals to greet passengers arriving from China and to have airport signage in Chinese, Korean and Japanese. Also, passengers arriving from Asian destinations with under an hour to change flights are given boarding cards with a short connection notification which allow them to fast track security.

### Full-flat beds, Helsinki Spa & Saunas

With the phase out of its ageing MD-11 and the introduction of new A330s in early 2010, Finnair

revamped its cabins on its long-haul aircraft, introducing full-flat seats in Business Class in a layout that gives 90 percent of the seats direct aisle access, while one third of the seats has no seat next to them. The airline also introduced a brighter furnishing in Economy and all classes feature mood lighting and in-seat power outlets.

Catering to the large number of Asian travellers, Finnair also has adapted its onboard offering to local tastes. Says Markku Remes, Customer Experience Manager at Finnair, "On board our flights we always offer multi-lingual cabin crew service, including at least two destination country cabin crew members (Korea, Japan, China, India, Thailand and starting May 2011 also Singapore). In Business Class we do offer meal choices which are geared for customers interested in Asian style cuisine, while our menus and wine lists are presented also in destination country languages. Our in-flight entertainment offering includes Asian movies and music." Finnair also offers a pair of travel slippers to passengers in Business Class on flights to Japan and South Korea.

To further position itself as the gateway between Europe and Asia, Finnair and Helsinki Airport in December 2009 opened a EUR143 million new terminal extension, which includes a Finnair lounge with free WiFi, iMac PCs, 'Powerkiss' wireless recharging pads and six private shower rooms.

Next to the lounge is the Finnair Spa and Saunas, which includes four different saunas (including a traditional Finnish one). Designed with transit passengers in mind, the spa has a cold water paddling pool and a mineral water pool to alleviate travel fatigue and the effects of

jetlag. For passengers with connecting flights there are short wellness treatments available. The Finnish sauna and the rest area provide a view of aircrafts parked at the gates.

### **Rethink Quality**

Despite the product upgrades introduced at the end of 2009, Finnair realized it had to further increase the quality of its travel experience in order to be able to attract quality-conscious Asian travellers and compete with the likes of ANA, Asiana and Korean Air. Says Finnair CEO Mika Vehvilainen, "We have studied our level of recognition in the Asian market. Success in this highly competitive international market requires that we stand out positively and boldly both externally and in terms of service content."

In December 2010, Finnair unveiled a new brand identity which includes a redesigned logo and aircraft livery as well as new staff uniforms. The airline has also just reopened its refurbished Silver Wings Lounge with furnishings of Finnish and Scandinavian furniture designers, and plans to introduce more new customer service elements in early 2011 based on Finnish/Scandinavian design.

As part of a major 'Rethink Quality' initiative, customers and staff have contributed more than 1,000 ideas for service upgrades. After last autumn's 'Quality Hunters' campaign that sent four bloggers around the world for two months to assess Finnair flights, a new group of Korean bloggers flew to Europe during December. In November 2010, Finnair also distributed iPads for free in economy and business class on select flights to and from Hong Kong. Besides entertaining content, the iPads contained a bespoke customer research application which asked passengers their opinion on a dozen new product and service ideas considered by the airline.

Details of Finnair's new product and service upgrade are still scarce, but may include a refurbished cabin interior on short-haul aircraft, additional products for a fee in Economy Class (in the airline's words: "Leisure travellers will receive a price-competitive product, which can be supplemented by the quality additional services they need.") Finnair reportedly will also announce the introduction of inflight connectivity.

### **Green Skies**

Besides emphasizing that the Nordic route via Helsinki is the most direct and therefore lowest emission way of travelling between Northern Europe and Asia, Finnair is reportedly also 'competing' with Lufthansa to become the world's first airline to use biofuels on commercial flights by the end of the first quarter of 2011.

In September 2010, the airline launched an advanced emissions calculator which uses actual quarterly updated cargo, passenger and fuel consumption figures to calculate emissions. This allows passengers to offset their real carbon impact, instead of emissions based on averages or assumptions.

In another sustainability initiative, Finnair has also teamed up with design agencies to 'upcycle' discarded seatbelts, curtains, and IFE systems into toiletry bags, shopping totes and energy efficient lamps. The airline also donated 200 yellow safety vests to two local schools to be reused as safety clothing, while old aircraft seats have been installed on Red Cross buses.



## 6. Southwest

At number 6 is Southwest Airlines (airline code: LUV), which carries more domestic passengers than any other airline in the U.S, and has evolved from a quirky regional airline to a national powerhouse without losing its startup, fun culture. Southwest is widely regarded as one of the most customer-centric airlines in the industry, encouraging its employees to make a difference.

Southwest President Colleen Barrett describes a Southwest employee as someone “who dares to make mistakes; dares to be different; finds a way to utilize people’s special talents; and lives a little on the edge” (witness the Southwest pilot who recently held his plane so a passenger on his way to a funeral could make it, or the airline’s famous rapping flight attendant David Holmes).

### LUV

Southwest is one of the very few U.S. airlines to go against the industry trend of charging for an increasing number of amenities. For example, the airline is the only major U.S. carrier that doesn’t charge to check a first and second bag which, according to a spokeswoman, is now among the top five reasons for customers to choose Southwest.

Using its most visible assets as billboards, the airline put a ‘Free Bags Fly Here’ slogan on more than 50 aircraft with an arrow pointing to the cargo bin and tagged 1,000 luggage carts across its network with banners that say “I Carry Free Bags.”

Southwest also offers passengers that happen to be onboard during specific festivities an alcoholic

beverage from the in-flight menu ‘on the house’. For example, in May 2010, Southwest offered Moms a free drink of their choice on Mothers Day, while service personal with military ID received a complimentary drink on Memorial Day.

As part of Southwest’s philosophy to give back to society, the airline’s ‘Share the Spirit’ program encourages employees to embrace local charities and nonprofits in destinations across its network. To pay tribute to its employee volunteers, Southwest in 2010 introduced ‘Tickets for Time’ which, for every 40 hours a Southwest volunteer dedicates to an organization, provides one complimentary roundtrip ticket on Southwest for fund-raising or transportation needs.

### ‘Dedicated to Denver’

An excellent example of Southwest’s ‘LUV’ philosophy is its recent ‘Dedicated to Denver’ campaign. As part of the airline’s push to become the unofficial ‘homecarrier’ of the city, Southwest in July 2010 launched a promotion that starred its local employees in ads and offered Denver residents free services such as complimentary pedicab rides across town.

In September 2010, Southwest also opened ‘The Southwest Porch at Skyline Park,’ an year-round outdoor lounge (inspired by a similar Southwest café at New York’s Bryant Park) where Denverites can relax and enjoy food and drinks from local suppliers. The airline recently opened a free skating rink next to the ‘porch’ venue as well.

## Business travellers

To attract more business travellers, Southwest has launched a raft of measures, including a 'Business Select' fare (which includes access to priority lanes) and inflight WiFi. 54 Southwest aircraft have currently been WiFi-equipped and installation on the airline's 540-strong fleet will be completed by 2013. A planned takeover of AirTran will give Southwest access to 37 new markets (most notably Delta's Atlanta home-base) and expand its exposure in business-traveller markets New York and Boston.

In what it described as the "single biggest new product launch" in its 40-year history, Southwest has also just revamped its frequent flyer program particularly aimed at attracting business passengers. Reward points will now be based on the ticket cost rather than miles flown, and a new level in the program, A-List Preferred, can be earned by road warriors who log 50 flights or earn 70,000 points in a year and includes perks such as free in-flight WiFi.

## 'Green Plane'

A final initiative worth mentioning is Southwest's 'Green Plane,' a 4-year old Boeing 737-700 that serves as a test-aircraft for eco-friendly cabin materials that are recyclable and lighter weight, saving up to five pounds per seat.

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## 7. KLM

In 7th place is KLM Royal Dutch Airlines. Part of Air France since 2004, the Dutch airline is the eighth largest airline in the world by international kilometers flown, transferring the majority of its passengers through its Amsterdam Schiphol hub, which is regarded as one of the best airports in the world. We have featured KLM several times on [airlinetrends.com](http://airlinetrends.com) because of its innovative way of harnessing its Dutch origins, its focus on sustainability and several interesting social media campaigns.

### Dutch Design

For nearly 60 years, KLM has handed out small ceramic replicas of historical Dutch houses filled with Dutch 'genever' to passengers in Business Class. As KLM has produced almost a hundred different models since 1952, but carries only about 30 of the popular 'status' souvenirs on each flight, the airline recently launched an iPhone/Android app that lists all KLM houses, so passengers no longer have to bring crumpled notes with them in order to pick their favourite house.

KLM is further emphasizing its Dutch origins by teaming up with Dutch designers such as Marcel Wanders (of Droog Design fame), who just created the airline's Business Class tableware in his signature style (to be introduced in March 2011). KLM will also introduce an amenity kit designed by a well-known Dutch designer in Business Class in March 2011, while the airline's crew in early 2010 changed into new uniforms designed by Dutch couturier Mart Visser.

### Sustainable catering

KLM is undertaking serious efforts to make its inflight catering more sustainable, opting for eco-friendly

alternatives wherever possible. KLM is one of the few airlines that serve Rainforest Alliance-certified coffee on board as well as tea cultivated in a sustainable way. Other foodstuffs include organic eggs, bread, butter and wine, as well as meat sourced from farms that take the well-being of animals into account.

KLM is also the only airline that regularly serves fish that has been caught in a sustainable manner, as certified by the Marine Stewardship Council. Catering to the 'locavore' trend, KLM in the last two months of 2010 served Business Class passengers on long-haul flights out of Amsterdam meals based on seasonal Dutch home-grown ingredients.

### Sustainable operations

In November 2009, KLM became the first airline to carry out a biofuel test flight in which passengers were onboard – including KLM CEO Peter Hartman - flying a B747-400 with one engine powered by a 50:50 mix of a camelina-based biofuel and traditional kerosene. To reduce CO2 emissions for ground operations KLM has also been testing the 'AirPod', a zero-emission vehicle that runs on compressed air to transport people and light cargo at Schiphol Airport.

In 2010, KLM launched an 'upcycling' initiative in which it discarded old uniforms from 11,000 airline staff in a sustainable way. 90,000 kilo of fabric will be cutted into basic material which in turn will be re-used to create new products. To stimulate the use of bicycles by employees for commuting, KLM in 2008 asked design agency Johnny Loco to create a hip 'KLM cruiser bike' which could be purchased at a reduced price.

## **Luggage**

KLM has been one of the first airlines to let passenger self-label and check-in their baggage. Passengers at Amsterdam Airport Schiphol can place their luggage into a large, white pod-shaped machine, scan their boarding pass and answer the usual security questions via a touch-screen. The machine then weighs the luggage and prints out a label that passengers attach to their suitcase.

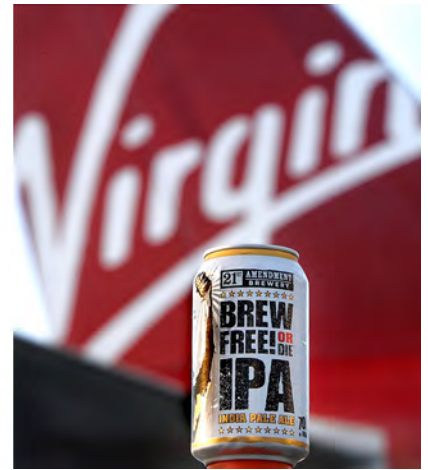
In a separate initiative, KLM passengers in various campaigns around the world could personalize their luggage tags by uploading a personal picture or design. The personalized tags are a smart branding tool since passengers flying with other airlines often still keep the KLM-branded tag attached to their luggage.

## **Social media: KLM Surprise, Fly2Miami, co-creation**

In one of the most innovative social media campaigns of 2010, KLM combined social media with real-world interactions. A 'KLM Surprise Team' at Amsterdam Schiphol Airport randomly surprised passengers that checked-in virtually at KLM venues on Foursquare. The team used information found on the passenger's social network profile or in recent tweets to come up with a personal gift.

A new twist on crowd-buying is Fly2Miami. The initiators of Fly2Miami made a bet with KLM on Twitter to organize a non-stop flight from Amsterdam to Miami specifically for people attending the Ultra Music Festival, if Fly2Miami could get 351 seats reserved before a certain date. Exceeding everyone's expectations, the flight was fully booked within five hours, and in March 2011 KLM will carry out the flight.

KLM has also been actively asking consumers for their ideas in a number of campaigns, such as 'Battle of Concepts,' 'Creative Challenge,' and 'Young Designers Competition,' in which it asked students to come up with creative ideas to respectively enhance the gate experience at Schiphol, a vision for the future of the airline industry, and a new concept for a meal tray and associated tableware.



## 8. Virgin America

Number 8 on our list is boutique low-cost carrier Virgin America. Launched in August 2007, the airline just reported its first net income and currently operates 34 aircraft with another 17 to be delivered in 2011. Virgin America has also just placed a 60-plane order which makes it the launch customer for the Airbus' new A320neo jet, and expects to have a fleet of 80 to 110 planes by 2016.

### Tech-trendy

With its iconic mood lighting, RED inflight entertainment system and social media savviness, Virgin America has quickly established itself as a hip operation tuned into the 'digital lifestyle'. The 'un-official airline of Silicon Valley' is also the only U.S. carrier to install power outlets in all seats, and in May 2009 became the first U.S. airline to offer inflight WiFi fleetwide. In the past two years, Virgin America has also teamed up with Google to provide its passengers free WiFi during the holiday travel season.

### 'Red'

Further emphasizing its tech roots is Virgin America's inflight entertainment system, called 'Red'. Passengers can use 'Red' to watch live satellite television, chat with other passengers, play 3D games such as Doom, and offset carbon emissions for their flight. The system also allows passengers to purchase snacks, meals, and alcoholic beverages from their seats via Red. Flight attendants receive the orders via a tablet PC on the food cart and bring the ordered items to the seat, thereby eliminating the traditional food and beverage service.

Taking the RED system to a next level, Virgin America in mid-2010 added a number of innovative features to

the system, including the first-ever seatback digital shopping platform, an open tab service, and Google Maps with terrain view. Virgin America worked with external suppliers to take Red to the next level, but the ideas came from Virgin America. Says Virgin America's CEO David Cush. "If we were relying on CoKinetic and Panasonic to generate the ideas then everyone is going to have it. Inflight entertainment is a differentiator for us. We have creative people here, who probably think a little different than others."

### Local food

In keeping with its California roots, San Francisco-based Virgin America's inflight menus focus on seasonal, organic and locally-sourced ingredients. The airline also offers local micro-brew beers, wines and premium alcoholic drinks from California for sale.

### Social media

Virgin America is usually one of the first airlines to experiment with new social media techniques. For example, to promote its new service to Mexico, the airline in August 2010 offered people who used location-based rewards network Loopt Star to check-in virtually at SFO and LAX airports or at two taco trucks in LA and San Francisco, two tickets to Mexico for the price of one.

Virgin America also just partnered with Topgust to award real frequent flier points to travellers that use their cellphone to 'check-in' virtually at Virgin America's airport facilities. Meanwhile, for the launch of its new route to Toronto, the airline teamed up with social media ranking website Klout to give away free tickets to social media influentials in order to let them review the airline's inflight experience.





Cathay Pacific presents  
**The Art of Dessert**  
Contest

Take your culinary genius  
to new heights—30,000 feet in the air

1. Create your own Asian-inspired dessert
2. Submit a photo and recipe on Facebook
3. Tell us why your entry deserves to win

A pair of Business Class tickets to Hong Kong.  
Plus the opportunity to have your recipe served on our international flights.



## 9. Cathay Pacific

At number 9 we find Cathay Pacific, winner of the 'Airline of the Year' award in 2009, and also one of the just six 5-star airlines in the world. Cathay was hit hard during the financial crisis as it is heavily exposed to business travellers from the financial sector. Cathay responded by parking aircraft, reducing routes and frequencies, and asked its staff to take unpaid leave. The airline also reconfigured its business class cabin on a number of aircraft and introduced a fee for extra-legroom seats in Economy.

### Seats

As its performance has improved sharply recently, thanks to the economic growth in Asia, Cathay is investing again in its product and has launched an USD129 million upgrade program that includes a new Business Class cabin. Cathay's new full-flat seats have a novel feature called 'Bed Extension,' which significantly increases the bed width.

Cathay Pacific earlier also announced it will introduce a Premium Economy product by 2012 as such a cabin would help capture passengers trading down from Business Class. Not all seating innovations turn out well however. The airline's 'fixed shell' economy seats, which were introduced between 2007 and 2009, proved to be uncomfortable when put into the recline position, and following passenger complaints Cathay is changing them for a new economy seat.

### Service

To emphasize its service expertise, Cathay Pacific launched a book called 'Service in the Sky' in mid-2011. Written by training instructors from the airline's 'Inflight Services Training & Development' department, the book contains cabin crew training

modules, including 24 real case studies depicting difficult situations and recommended approaches, as well as articles on different aspects of Cathay Pacific's service beliefs and its training philosophy and techniques.

### Catering

Cathay Pacific is among a limited number of airlines that prepare parts of the menu fresh on board. The airline's long-haul aircraft feature an onboard rice cooker, as well as a toaster oven and an espresso machine. In an interesting co-creation initiative, Cathay Pacific also recently held a contest in the USA, called 'The Art of the Desert,' in which it asked its Facebook fans to come up with an Asian-inspired dessert, snap a photo of their creation, and submit it online for voting. The winner will be announced in February 2011 and will have his or her dessert served on the airline's flights out of North America during 2011.

### Connected travellers

Catering to the connected traveller, Cathay Pacific will fit its entire fleet with broadband Internet and cellphone connectivity by early 2012 in partnership with Panasonic. The service will also include an inflight entertainment portal which passengers can access via their mobile devices or via the seatback IFE screen for free.

On the ground, Cathay in October 2010 opened a new departure lounge at Hong Kong International Airport, called 'The Cabin'. Designed by Foster + Partners, the lounge features an IT Zone with free WiFi, iPads, a 'Techno Bar' with 6 iMacs, and so-called 'Solus Chairs' – a futuristic bubble-like chair that provides each person with a private space to eat, work and relax.



# 10. Emirates

Number 10 on our innovative airlines list is rapidly growing Emirates, already the largest airline in the world in terms of international passenger kilometers, and mostly known for its aggressive fleet expansion. For example, Emirates' total order book in November 2010 stood at 201 widebody aircraft (including 76 A380s, 48 B777s and 70 A350s). Other well-known amenities of the airline include its state of the art 'ICE' IFE system and the inflight extravaganza (suites, showers, and a staffed lounge bar in First) on its A380 flagships.

Besides its dazzling growth and premium amenities, Emirates has also introduced some smaller, lesser known innovations in response to trends such as the growing middle class in emerging economies, the need for connectivity, and co-creation.

## More diverse travellers

The growth of the middle class in emerging economies such as the BRICs and the 'Next 11,' as well as the growing economic importance of these countries is resulting in airline passengers with more diverse cultural backgrounds and tastes. Emirates' wide range of cabin crew nationalities – now numbering more than 130 – allows the airline to roster cabin crew on each flight who speak English, Arabic and the language of the destination.

On a related cultural note, during the holy month of Ramadan Emirates provides fasting passengers observing Ramadan with small 'Iftar' snack boxes at the boarding gates of Dubai Airport on flights departing close to sunset, so that passengers can break their fast immediately.

## Inflight connectivity, e-zone

In March 2008, Emirates was the first carrier to introduce inflight GSM connectivity on a large scale, and currently passengers on 87 of its 145 aircraft can use their cellphones and pda's to make voice calls and send sms-messages. Emirates is also in the process of rolling out inflight WiFi on its A380s.

Enhancing its digital entertainment offering on the ground, Emirates in 2009 teamed up with Microsoft to create an entertainment zone in its Business Class Lounge at Dubai Airport. The so-called 'e-zone' features several Microsoft Surface tables, a 3-screen Xbox 360 car racing simulator, and a Xbox 360 'pentapod'.

## CRM/loyalty innovations

Emirates is one of the very few airlines to provide its cabin crew with real-time customer information. Cabin crew can access the airline's CRIS CRM system via a digital device called KIS ('Knowledge-based Inflight Service'), which allows them to learn about passengers preferences, register possible complaints and let passengers pay for a last-minute inflight upgrade with miles (known as 'Skywards Instant Upgrade Reward').

Last but not least, in one of the most ambitious co-creation initiatives launched by an airline sofar, Emirates in August 2010 held a 'Our Future Artists' competition, asking artist around the world to submit their artwork for a chance to be featured on the more than 5 million membership cards of the airline's frequent flyer program.



# 11. Asiana

Completing our '11 innovative airlines' list is Korea-based Asiana Airlines, the 'Airline of the Year 2010,' and one of the just six '5-star airlines' in the world. Asiana has been covered several times on [airlinetrends.com](http://airlinetrends.com), for example because of its introduction of thoughtful services like 'PreMom' and 'Happy Mom,' which make life easier for expectant mothers and families travelling with infants.

Since 1999, Asiana also offers a 'coat storage service' at Seoul Incheon Airport during the winter season for passengers travelling to sunny destinations.

## Cabin crew as differentiator

Other innovative services from Asiana include an onboard chef and sommelier, introduced in November 2010, as well as a sushi chef on select flights to Los Angeles. During summer holiday season of 2009, Asiana cabin crew offered in-flight make-up services and performed magic shows for kids.

In fact Asiana's service standards are so well regarded the airline was asked by the Korean government to share its service expertise with Korean restaurants in Japan, China and the United States in a series of education seminars.

## Seats and AVOD upgrade

Besides its focus on the softer human-side of the travel experience, Asiana in June 2010 started a USD70 million upgrade program, introducing new flat-bed seats in Business Class – which reduced the number of business-class seats from 32 to 24. The upgrade program also includes a new AVOD IFE system on both long and short-haul aircraft, making

Asiana one of the few airlines to offer free AVOD on short-haul flights.

## A380

Although the airline is currently facing some serious liquidity problems due to an overly ambitious acquisition by its parent company Kumho of a logistics company, Asiana just announced it will buy six A380s as it challenges larger rival Korean Air on intercontinental routes. Deliveries of the A380s will begin from April 2014, and Asiana in 2016 will also receive the first of 30 A350s it has on order.

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