



The Hot Stuff on Airline Recruiting
ACI-NA Air Service Data & Planning Seminar
January 24-25, 2008, in New Orleans



Working with MIDT, ARC and BSP Data

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January 2008

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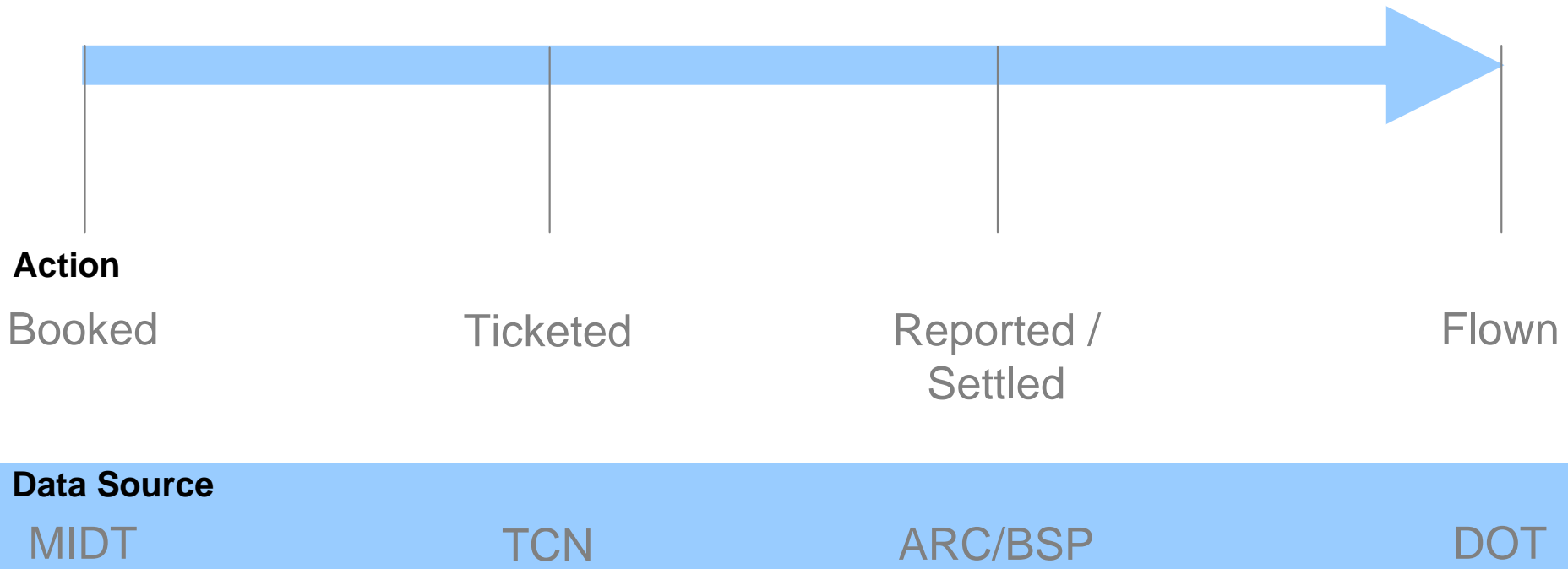
General Session Objectives

- Explain the origins of MIDT, ARC and BSP data
- Understand what information is collected and available for airports from each of the industry data sources
- Identify the strengths and weaknesses of each data source
- Demonstrate how each of these sources can be used

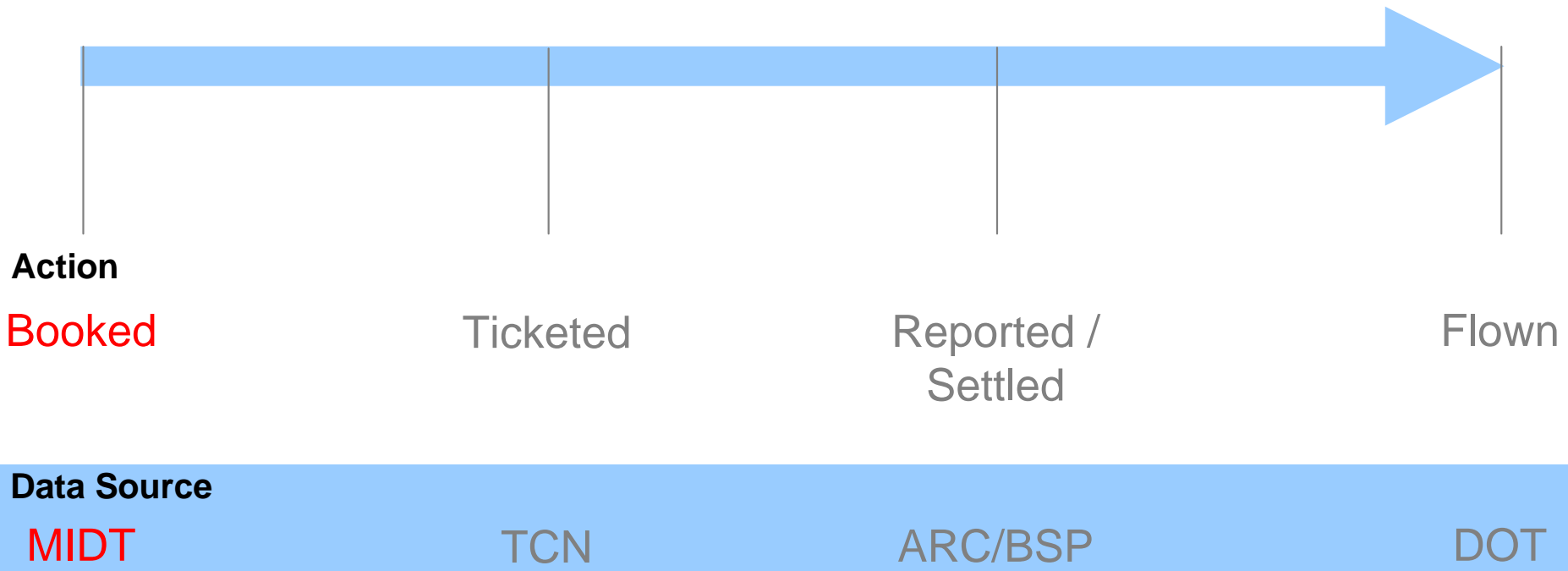
Why Are We Doing This?

- Very important to know what data is available for airports to help shape air service analytics
 - What are the strengths and weaknesses of each of the data sources?
 - How can each data source be used to support my needs?

Travel Data Life Cycle

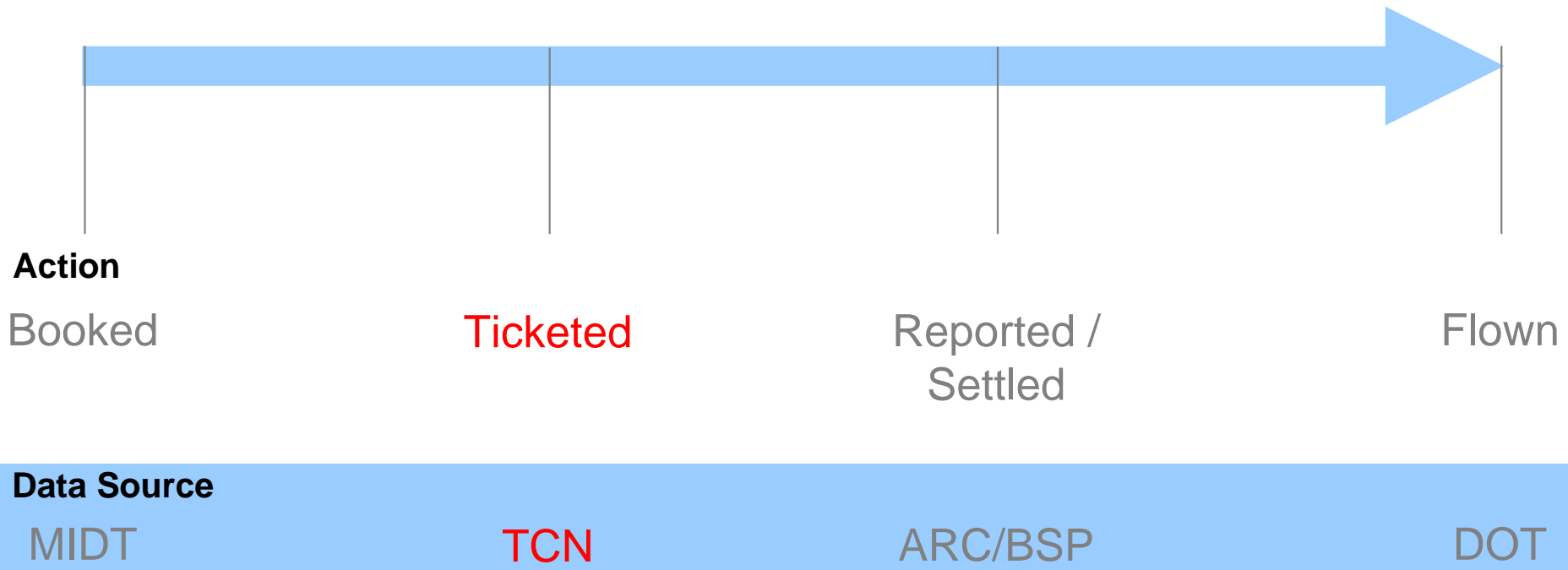


Travel Data Life Cycle – Booking Data



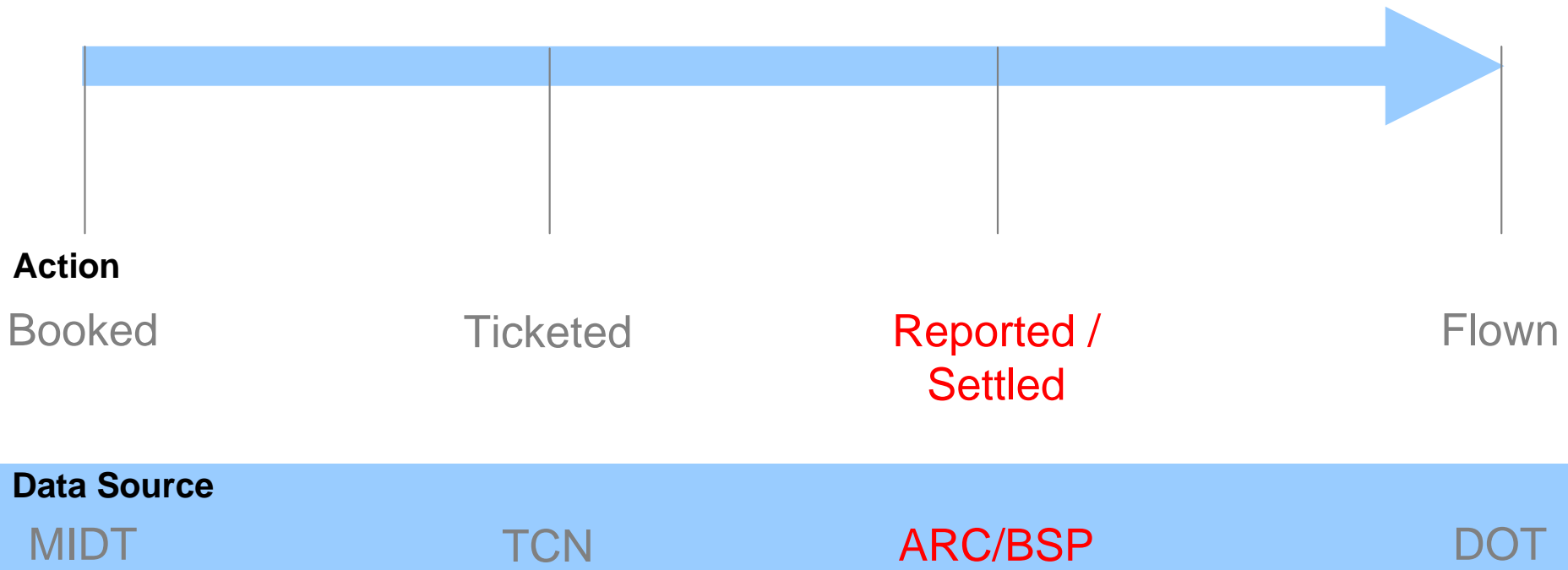
- Reservation data captured by travel agents from the major global distribution systems (GDS')

Travel Data Life Cycle – Ticketing Data



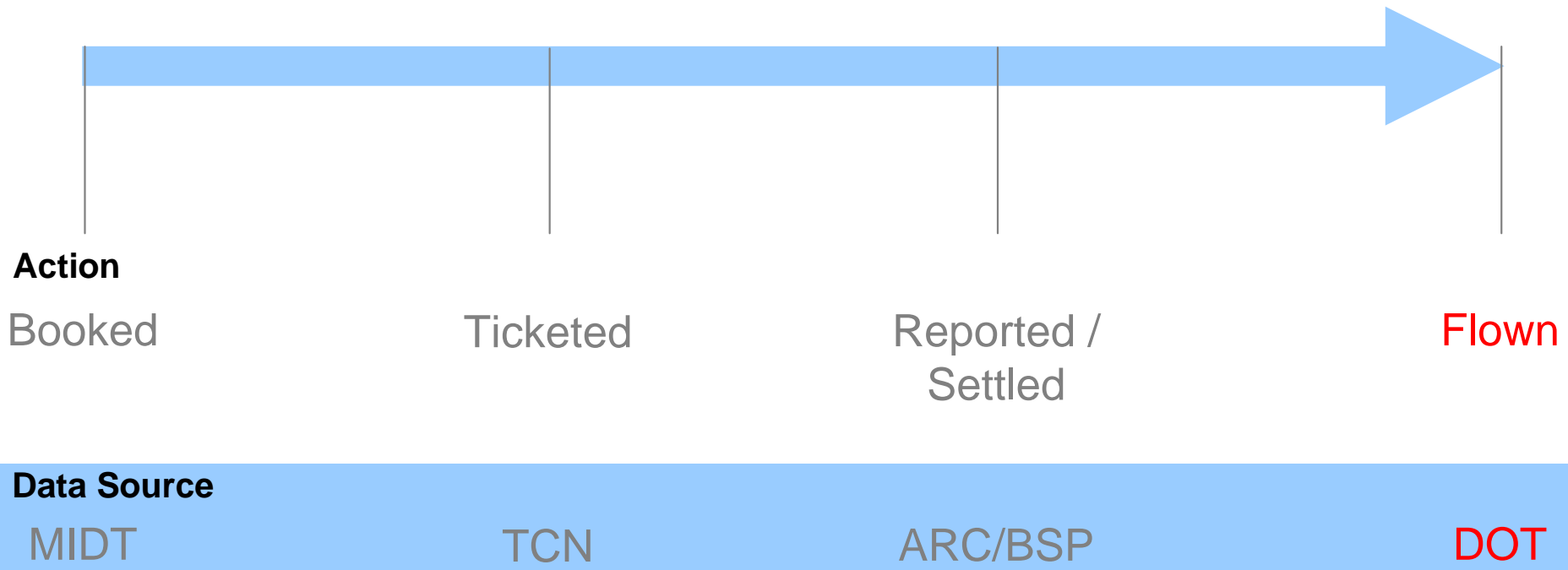
- Bookings that have been ticketed by a travel agent or an air carrier

Travel Data Life Cycle – Settled Ticketing Data



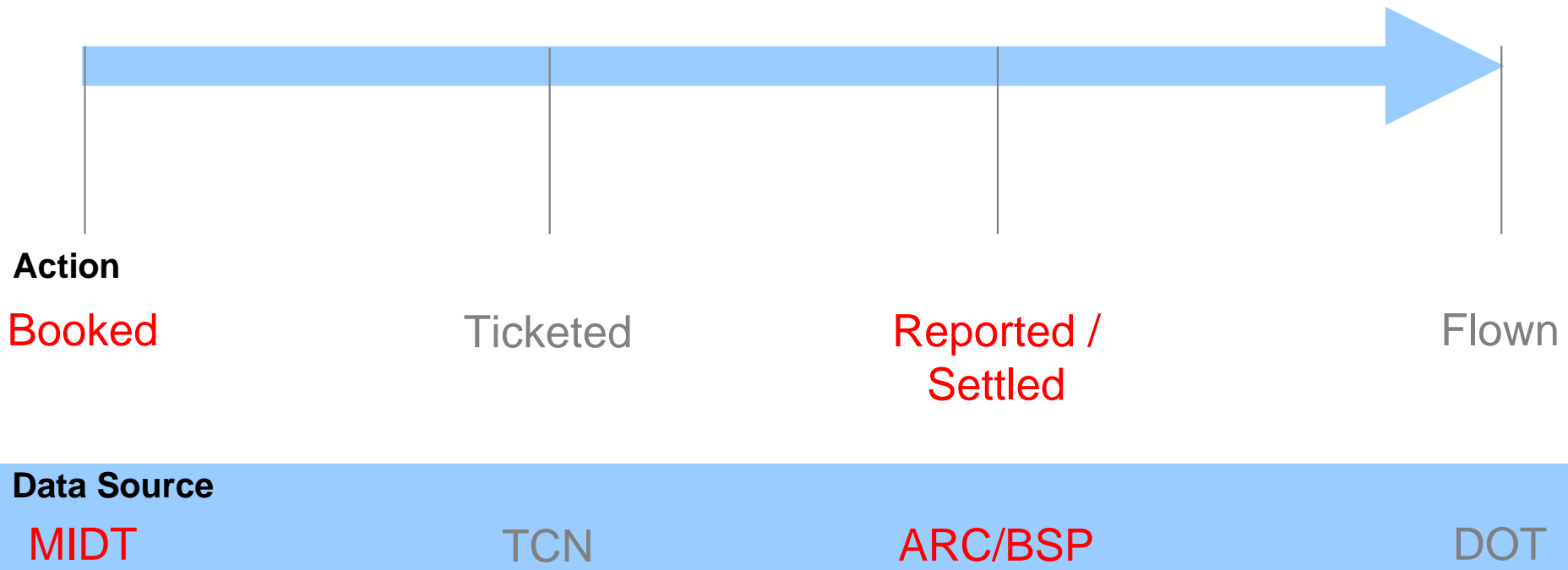
- Tickets that have been “netted” of refunds and exchanges

Travel Data Life Cycle – Lifted/Used Data



- Actual “lifted” flight coupons reported by the air carriers

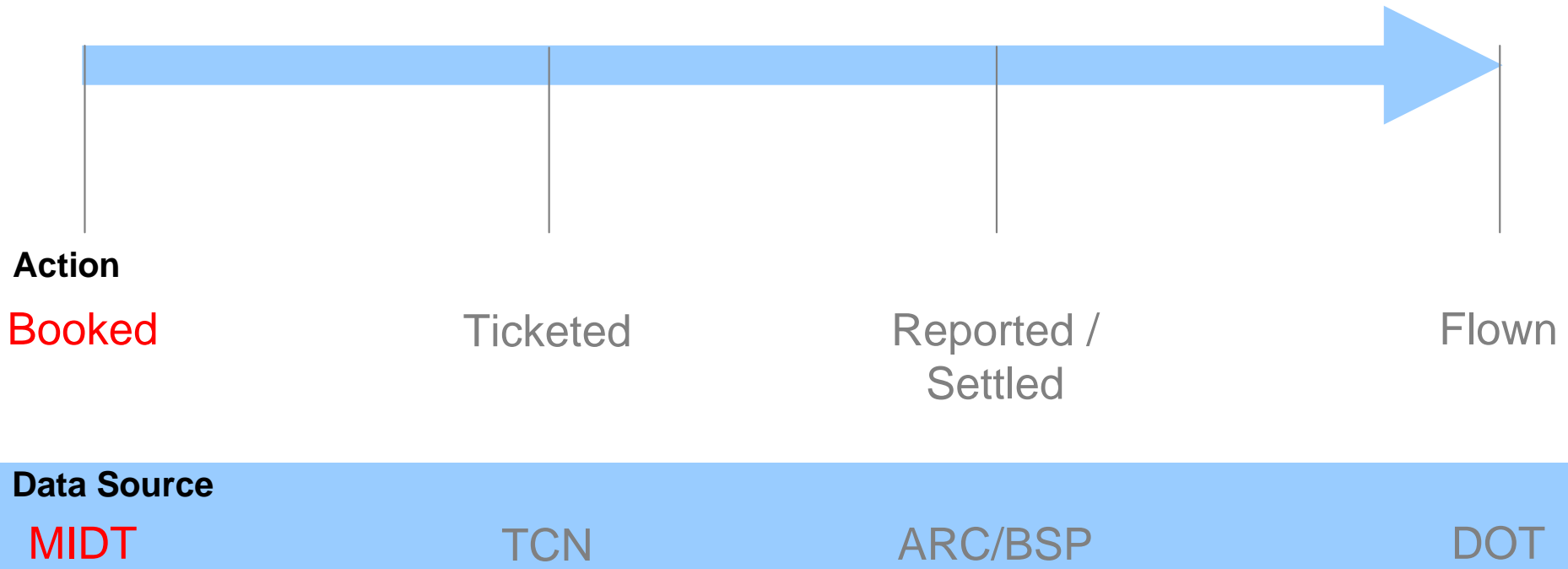
What We Will Cover in this Session



Frame of Reference – DOT Data

- The DOT releases a 10% sample of tickets flown on a quarterly basis
- When released, the data has a lag of approximately 4+ months
- Data is limited to U.S. flag carriers and does not include foreign flag carriers
- Most prominently used data elements include:
 - Passenger Origin and Destination
 - Passenger Routing
 - Airline
 - Passenger Count
 - Fare Amount

MIDT



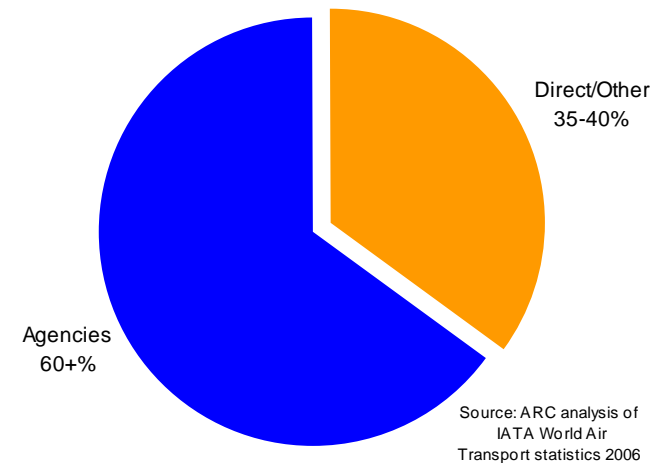
What is MIDT Data?

- MIDT stands for **M**arketing **I**nformation **D**ata **T**ransfer
- MIDT data are the bookings made in the major global distribution systems (GDS's) including but not limited to:
 - Sabre, Amadeus, Worldspan, Galileo, Abacus and TravelSky
 - Includes U.S. and foreign flag carriers for all regions of travel
- A booking is a “record” (reservation) of a passenger’s intent to fly
 - A booking occurs before a ticket is driven
 - Bookings can be held, changed or cancelled

What is MIDT Data?

- MIDT captures approximately 60% of global bookings
 - IATA and non-IATA Travel Agencies
 - Excludes passengers who book directly with an airline (online, ATO/CTO, Phone #) - Many tickets purchased for travel on a Low Cost Carrier (LCC) such as Southwest, JetBlue, etc. fall within this category
 - While bookings made through third party internet sites (such as Orbitz) are included, some carrier's "direct-connect" bookings are not captured

Distribution of Global Airline Tickets



MIDT Data

- MIDT data is available through several vendors
- Vendors may offer “grossed-up” MIDT figures to reflect a markets “true demand”
 - This is accomplished through sophisticated algorithms
 - If not “grossed-up”, consultants/others tend to adjust the data higher based on calibrations with DOT data to estimate “true demand”
- Some vendors also provide fare information
 - Although this is based on a sub-set of the GDS’s
- Data is updated monthly and is available within three weeks after the close of the month
 - Number of months of historical data varies by vendor
 - Data for future months of travel is also available

Data Availability for Airports

- Data elements that can be utilized
 - Point of Origin Airport
 - Where did trip originate?
 - Agency Zip/Postal Code
 - Travel Date (Year and Month)
 - Origin, Destination and Routing
 - Marketing/Operating Airline
 - The airline booked versus the airline operated
 - Booking Class/Booking Class groupings
 - Passenger count

MIDT Strengths

- Available from multiple vendors
- Data lag is considerably less than that of the U.S. DOT O&D Survey
- Historical and future travel data is available
 - Although there is little need for looking at future travel data
- Available by travel month to better delineate market seasonality (O&D Survey is quarterly)
- Classification of bookings into various fare categories (First, Business, etc.)
- Captures U.S. and foreign flag carrier bookings
 - O&D Survey does not capture foreign flag carriers, making MIDT a credible source for International demand

MIDT Weaknesses

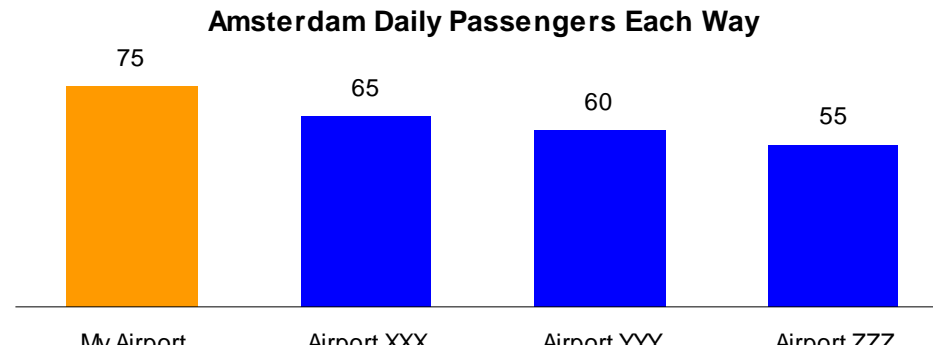
- Cost can be expensive depending on data needs
- Unadjusted MIDT does not reflect true market size
 - Excludes airline direct bookings, making this data less valuable for domestic travel given the growth of LCC's and the shift of Network carriers towards direct bookings
 - Content value has been shrinking over time, although some LCC's are considering content agreements in order to gain better access to corporate/business bookings
 - However, estimates can be made for true market size
- Fare data is limited
-
- Despite the lack of airline direct bookings, MIDT can still play an important roll by focusing on trends
 - Are volumes/shares/mix going up/down over time? Do trends look better or worse?

Potential Analysis with MIDT

■ International Market Demand

- MIDT provides a more accurate picture of O&D demand for airports with foreign flag carriers
- U.S. DOT does not capture foreign flag traffic on an O&D basis
- If working with un-adjusted MIDT data, numbers should be “grossed-up” to account for carrier direct bookings and reflect “true demand”
- Data will allow you to identify and rank your top International markets and compare your airport’s market sizes to other airports

– Example:

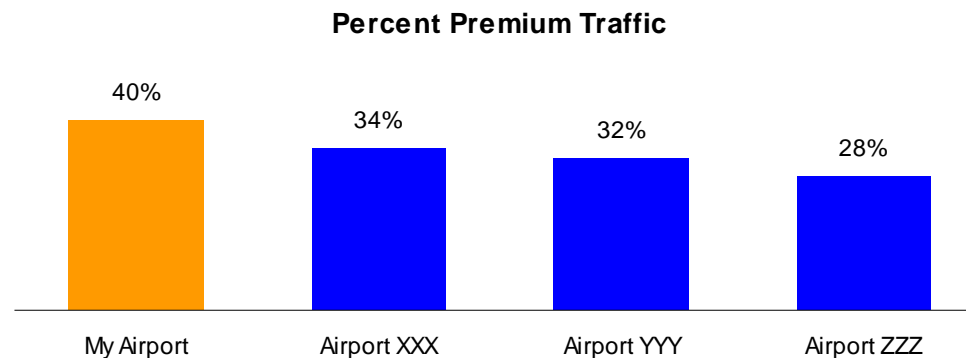


Potential Analysis with MIDT

■ Premium Traffic Analysis

- MIDT data is broken down by fare category and can be rolled up in to a “premium traffic” category
 - First, Business, Full Coach, Premium Coach
- Relevant when looking at demand out of your airport or nearby airports
 - Remember, airlines love premium paying passengers!
- Data will allow you to measure what percentage of your airport’s traffic is potentially “higher yielding” and compare your airport’s mix of premium traffic to other U.S. airports

– Example:

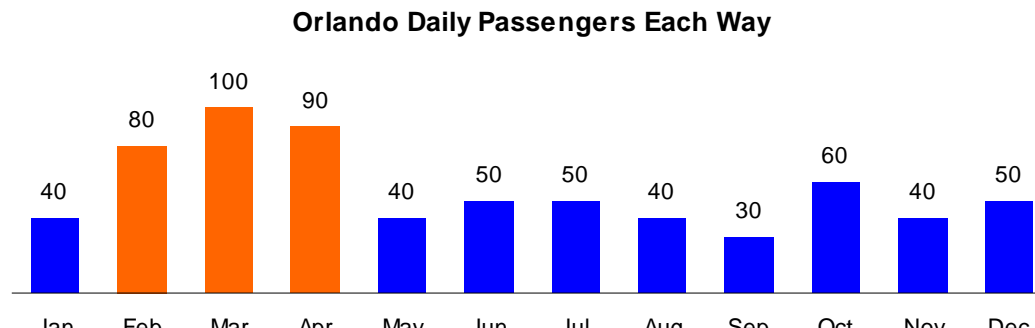


Potential Analysis with MIDT

■ Seasonality Analysis

- MIDT data is available by travel month
- U.S. DOT data is available by quarter
- Data will allow you to measure the seasonality of your airport's traffic on a more granular level
 - Example: Florida demand historically picks up in mid-February and falls off in mid-April, yet looking at an average daily traffic for a year, or for a quarter (from O&D Survey) will under-reflect actual demand at certain times of the year. Seeing seasonal peaks and valleys may help you in seeking seasonal air service opportunities

– Example:



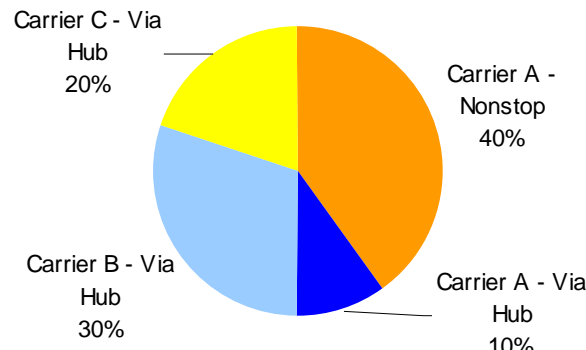
Potential Analysis with MIDT

■ Routing Analysis

- MIDT data can show a passenger's itinerary from Origin to Destination
- This is similar to U.S. DOT data, however it includes foreign flag carriers
- Data will allow you to show how your airport's passengers fly and who they fly on
 - This is very important if you want to make an analytical case that a potential market's traffic would be "net new" to a carrier rather than self-diverting from that carriers existing service

– Example:

Carrier/Hub Distribution of Amsterdam Traffic

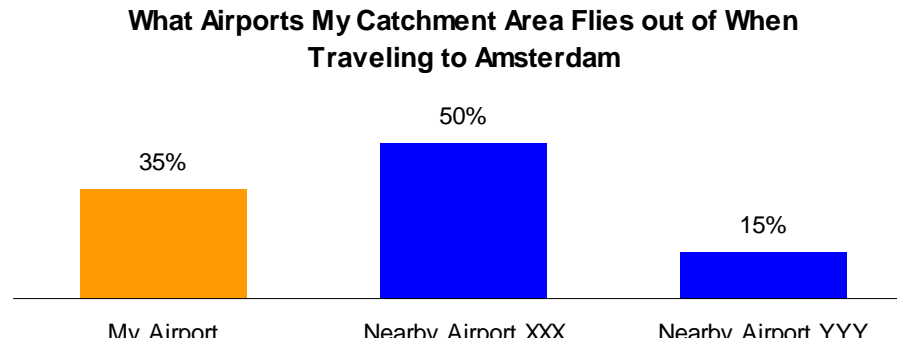


Potential Analysis with MIDT

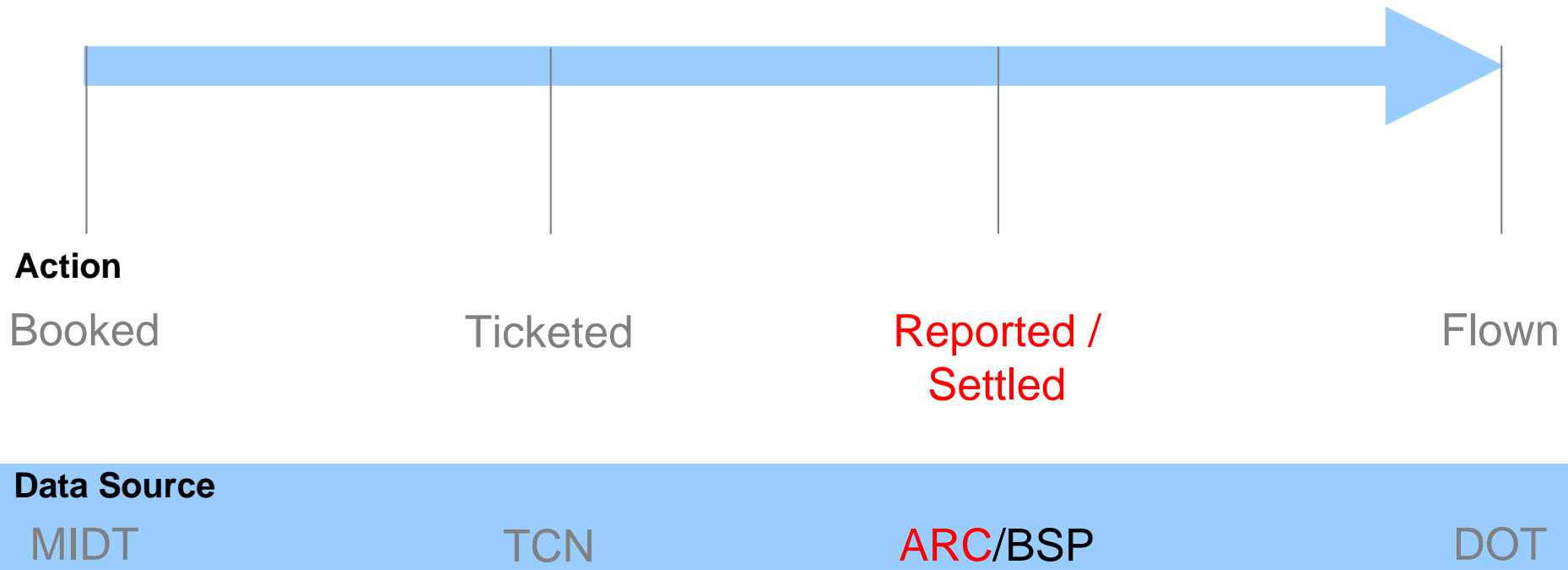
■ Passenger Diversion (Leakage)

- MIDT data can be broken down by Agency zip/postal code
- This is not available with U.S. DOT data
- Data will allow you to measure which airport your local agencies book their travelers out of
 - Keep in mind if traffic is diverting (leaking) to a nearby airport with an LCC presence, your diversion number is most likely larger than what MIDT is reporting
 - Ability to look at this by fare class can help identify what type of traveler is diverting, business, leisure or both
 - Data useful for both domestic and international analysis

– Example:



ARC



What is ARC?

- ARC is the **A**irline **R**eporting **C**orporation
- ARC provides ticket distribution, reporting, and settlement services for
 - Every major US carrier and passenger railroad and a growing number of foreign flag carriers, with approximately 170 carriers in all
 - Nearly 20,000 travel agency locations nationwide, from solo home offices, leisure and business specialists to Internet and global multinationals
 - Over 150 Corporate Travel Departments
- ARC processes 20+% of global airline tickets, handling 50-55% of U.S. tickets (may vary more by market)
 - Excludes tickets purchased directly from an airline
 - Such as most tickets purchased for travel on a Low Cost Carrier (LCC)

Who is ARC?

- ARC is the Airlines Reporting Corporation – an airline-owned company serving the travel industry with financial services, data products and services, ticket distribution, and settlement with points-of-sale in the United States, Puerto Rico, the U.S. Virgin Islands and American Samoa
- ARC began as part of the Air Transport Association (ATA) operating the Area Settlement Plan (ASP), a clearinghouse established in 1964
- With deregulation of the airline industry, ASP functions were separated from ATA and were incorporated in 1984 as Airlines Reporting Corporation
- ARC processes nearly \$80 billion in tickets annually

What Exactly is the Settlement Process?

- An ARC-accredited travel agency issues an airline ticket
 - Approximately 98% now e-tickets
- ARC receives a daily feed of initial ticket transactions (sales, voids, refunds, exchanges) from all GDS/GNE and Direct Connect system providers
- Travel Agent reviews transactions, performs any changes, and submits report, thereby authorizing ARC to debit the agent and credit the carrier; the transaction is now considered “settled”
- ARC performs the financial exchange between the agent and carrier on the transaction

ARC Data

- ARC database
 - Data warehouse with 39 months of travel transactions
 - Database is updated daily
 - Each ticket's complete itinerary detail is accessible
 - Data is unadjusted, reflects actual counts not "sized up" to approximate true market size
 - Complete data for prior month's travel available within 2-3 weeks after close of that month
 - Forward-looking snapshots also available (subject to aggregation)

Data Availability for Airports

- Primary data elements that can be utilized by Airports
 - Agency Zip Code
 - Origin, Destination and Routing
 - Ticket Issue and Travel Date (Year, Month and Day)
 - Marketing Airline
 - Fare Class Categories
 - Standard IATA mapping between class letters and categories
 - Passenger Count
 - Industry average fare provided if 3 or more marketing carriers in the market

ARC Strengths

- Data lag is considerably less than that of the U.S. DOT O&D Survey
- Tickets sold rather than just tickets booked
- Available by travel day to better delineate market seasonality or day-of-week tendencies (U.S. O&D Survey is quarterly)
- Classification of tickets into various fare categories (First, Business, etc.)
- Industry fare data available (subject to 3+ carriers in the market)
- Offers standard file specification in order for U.S. and non-U.S. point-of-sale information to be available in a single format

ARC Weaknesses

- Only available from ARC

- Does not reflect true market size
 - Excludes tickets directly purchased from an airline
 - Content value has been shrinking over time, although some LCC's are considering content agreements in order to gain better access to corporate/business bookings
 - Excludes tickets purchased outside of the U.S.
 - Making this data less valuable (unless combined with BSP data) for International demand analysis
 - Data good for U.S. origin International demand analysis

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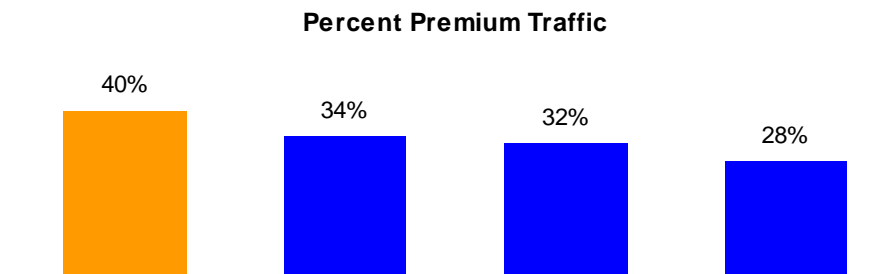
- Despite the lack of airline direct tickets, ARC can still play an important roll by focusing on trends
 - Are volumes/shares/mix going up/down over time? Do trends look better or worse?

Potential Analysis with ARC

■ Premium Traffic Analysis

- ARC data is broken down by fare category and can be rolled up in to a “premium traffic” category
- Relevant when looking at traffic demand out of your airport or nearby airports
 - However limited to U.S. point of sale tickets
 - Remember, airlines love high fare paying passengers!
- Data will allow you to measure what percentage of your airport’s traffic (purchased in the U.S.) is potentially “higher yielding” and compare your airport’s mix of premium traffic to other airports

– Example:

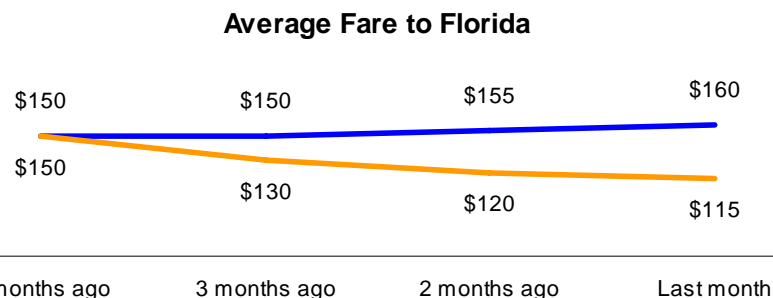


Potential Analysis with ARC

■ Fare Analysis

- ARC data has industry average fare data
 - Subject to number of carriers in the market
- U.S. DOT data also has fare information, but with a lag in reporting
- Most relevant when looking at recent fare trends out of your airport or nearby airports
- Data will allow you to see very recent fare trends that may have an impact on your airport's traffic

– Example:

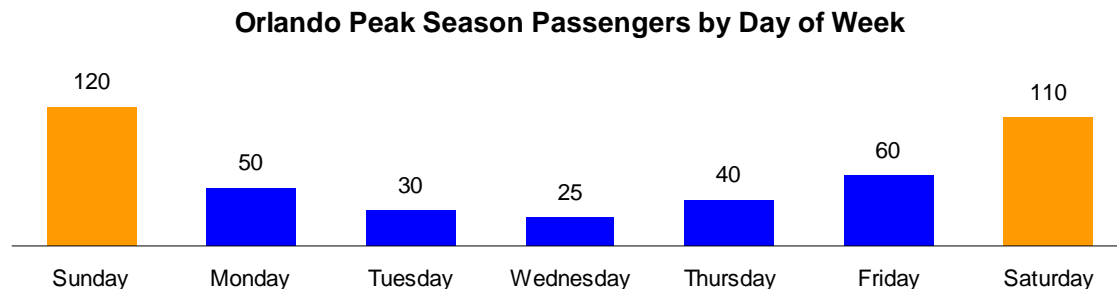


Potential Analysis with ARC

■ Seasonality Analysis

- ARC data is broken down by travel day
- U.S. DOT data is broken down by quarter, MIDT/BSP by month
- Data will allow you to measure the seasonality of your airport's traffic on a more granular level
 - Example: Florida demand historically picks up in mid-February and falls off in mid-April, yet looking at an average daily traffic for a year, or for a quarter (from O&D Survey). Seeing seasonal peaks and valleys may lead you to seek seasonal air service opportunities. Would allow you to look at day-of-week trends for potential day-of-week service

– Example:



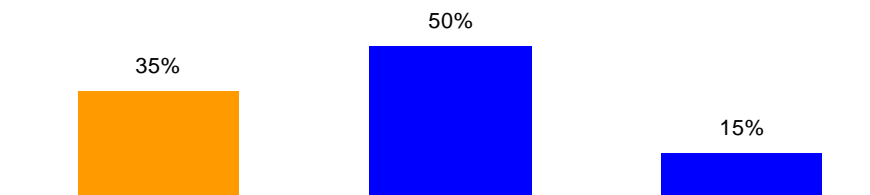
Potential Analysis with ARC

■ Passenger Diversion (Leakage)

- ARC data can be broken down by Agency zip code
- This is not available with U.S. DOT data
- Data will allow you to measure which airport your local agencies book their travelers out of
 - Keep in mind if traffic is diverting (leaking) to a nearby airport with an LCC presence, your diversion number is most likely larger than what ARC is reporting
 - Ability to look at this by fare class can help identify what type of traveler is diverting, business, leisure or both
 - Data useful for both domestic and international analysis

– Example:

What Airports My Catchment Area Flies out of When
Traveling to Las Vegas



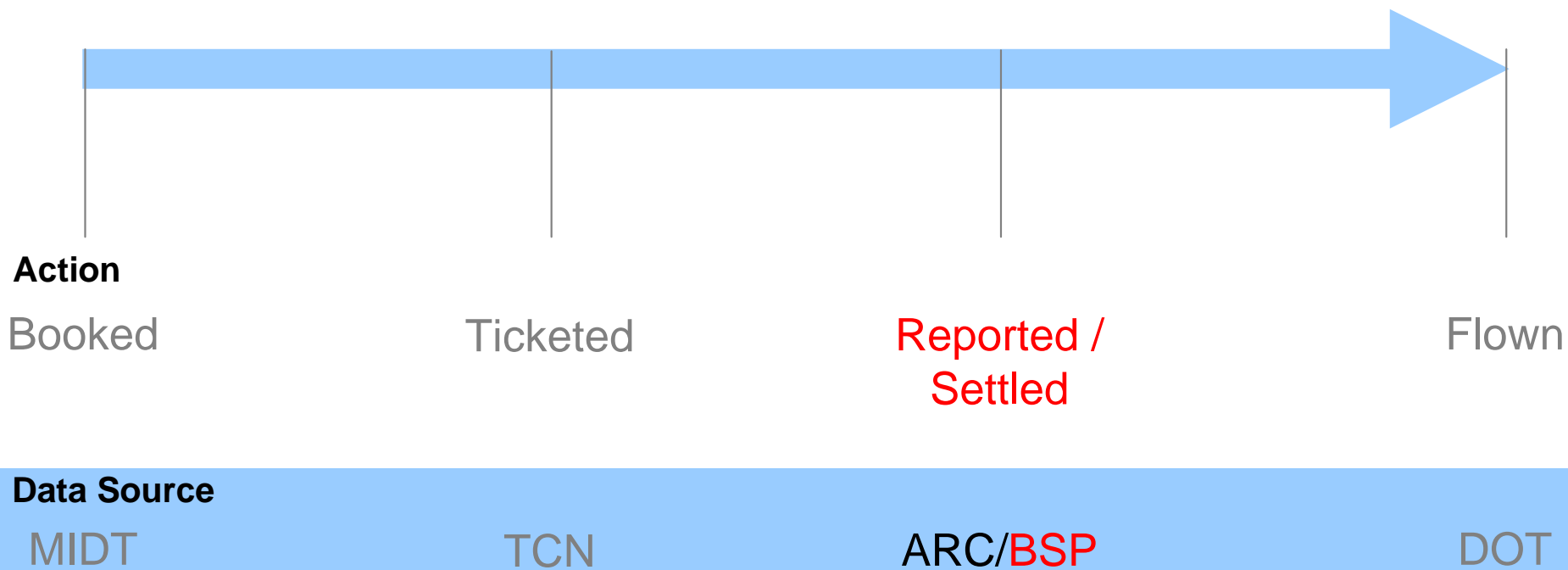
Potential Analysis with ARC

■ Agency Targeting

- ARC has the capability to group an airport's top selling Travel Agencies
 - Although it will not show individual agency volumes or rank them
- This is not available with U.S. DOT data
- Data will allow you to identify which local agencies sell your airport the most
 - Will allow you to target specific agencies for any special marketing you might want to undertake
- Example:

| Top X Agencies | Change in Tickets Sold from XYZ: Jan-08 vs. Dec-07 | Change in Tickets Sold from XYZ: Jan-08 vs. Jan-07 | Share of Total Tickets from XYZ: (Jan-08) |
|----------------|---|---|--|
| Agency Name 1 | ▲ | ▲ | 25.4% |
| Agency Name 2 | ▼ | ▲ | |
| Agency Name 3 | ▲ | ▼ | |
| Agency Name 4 | ▲ | ▲ | |
| Agency Name 5 | ▼ | ▼ | |

BSP



What is BSP?

- BSP stands for **B**illing and **S**ettlement **P**lan
- BSP is a system administered by IATA (International Air Transport Association)
- BSP is a system designed to facilitate and simplify the selling, reporting and remitting procedures of IATA Accredited Passenger Sales Agents
 - BSP is a system (clearinghouse) through which data and funds flow between travel agents and airlines
 - Agents remit a single payment to BSP, covering sales made on all BSP airlines
 - BSP makes a single payment to each airline, covering sales made by all agents within a country/region

What does BSP Cover?

- BSP operates similarly to ARC, but captures tickets for the rest of the world (non U.S.)
- BSP operates in approximately 160 countries and territories
 - Covering 65,000+ Travel Agencies
 - Selling hundreds of IATA and non-IATA member airlines
 - Covers tickets issued through 30 CRS
- A vast majority of worldwide airline revenues are ticketed via IATA travel agencies in the BSP system

BSP Data

- **BSP Database**
 - Captures tickets on nearly 400 airlines
 - Is updated monthly, 25 days after the close of the month
 - Data available from January 2005 onwards

Data Availability for Airports

- Data elements that can be utilized by Airports
 - Point of sale data down to city name and postal code level (when available)
 - True Origin, Destination and Routing
 - Travel Month
 - Marketing/Operating Airline
 - Fare Class Categories
 - Standard IATA mapping between class letters and categories
 - Passenger count – estimate numbers and reported ticketed passengers
 - Average fare information and estimated revenues (per class category)

BSP Strengths

- Data lag is considerably less than that of the U.S. DOT O&D Survey
- Tickets sold rather than just tickets booked
- Available by travel month to better delineate market seasonality (O&D Survey is quarterly and limited to U.S. Flag carriers)
- Classification of bookings into various fare categories (First, Business, etc.)
- Actual average fare information
- Captures data for O&D markets worldwide – largest source of ticket data
 - Good for analyzing foreign visitors to the U.S.
- Offers standard file specification in order for U.S. and non-U.S. point-of-sale information to be available in a single format

BSP Weaknesses

- Only available from IATA

- Does not reflect true market size
 - Excludes tickets directly purchased from an airline
 - Content value has been shrinking over time, although some LCC's are considering content agreements in order to gain better access to corporate/business bookings
 - Excludes tickets purchased inside the U.S.
 - Making this data less valuable (unless combined with ARC data) for in-depth U.S. origin International demand analysis
 - Data meaningless for in-depth domestic U.S. demand analysis

- Vendors estimate non-BSP tickets to reflect true market size
 - Includes detailed estimates on non-BSP markets and participants

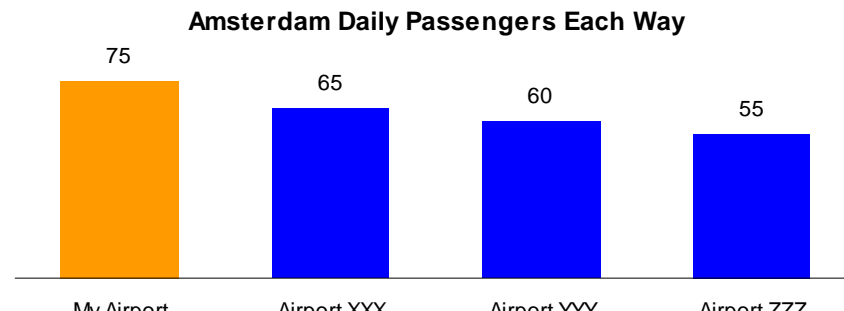
- BSP can still play an important role by focusing on trends
 - Are volumes/shares/mix going up/down over time? Do trends look better or worse?

Potential Analysis with BSP

■ International Market Demand

- BSP provides a good picture of O&D demand for airports with foreign flag carriers
- Good for International point-of-sale picture, which U.S. DOT severely lacks
 - Combining BSP data with ARC data can give a much more in-depth picture
- U.S. DOT does not capture foreign flag traffic on an O&D basis
- Data will allow you to identify and rank your top International markets and compare your airport's market sizes to other airports

– Example:



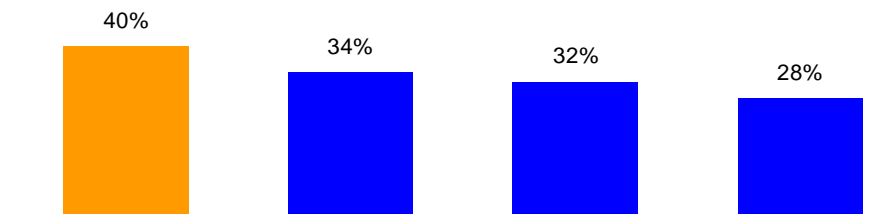
Potential Analysis with BSP

■ Premium Traffic Analysis

- Data is broken down by fare category and can be rolled up in to a “premium traffic” category
- Particularly relevant when looking at International demand out of your airport or nearby airports
 - However limited to International point of sale tickets
 - Remember, airlines love premium paying passengers!
- Data will allow you to measure what percentage of your airport’s traffic (purchased outside of the U.S.) is potentially “higher yielding” and compare your airport’s mix of premium traffic to other airports

Percent Premium Traffic

– Example:

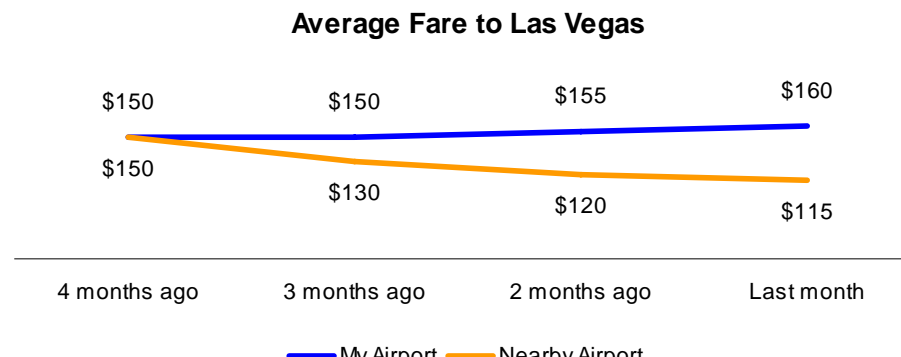


Potential Analysis with BSP

■ Fare Analysis

- BSP data has average fare data, including foreign flag carriers
- U.S. DOT data also has fare information, but only for U.S. flag carriers and with a longer lag in reporting
- Relevant when looking at recent fare trends out of your airport or nearby airports
 - Very good source for foreign flag fare data
- Data will allow you to see very recent fare trends that may have an impact on your airport's traffic

– Example:

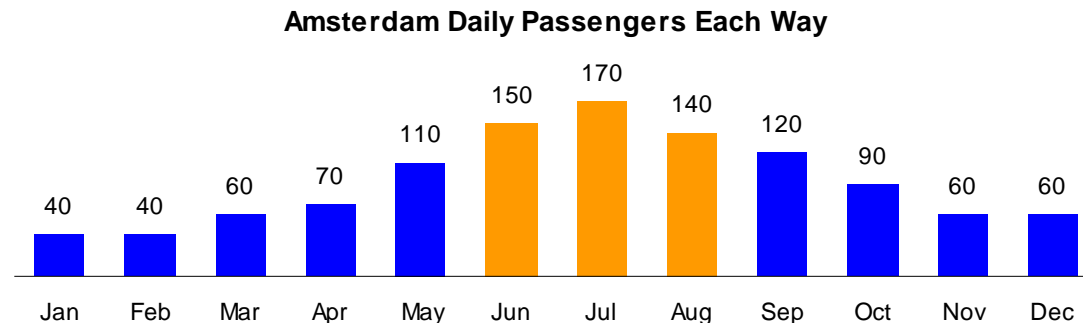


Potential Analysis with BSP

■ Seasonality Analysis

- BSP data is available by travel month
- U.S. DOT data is available by quarter
- Data will allow you to measure the seasonality of your airport's traffic on a more granular level
 - Example: European demand historically picks up in the spring and drops off in the fall, yet looking at an average daily traffic for a year, or for a quarter (from O&D Survey) will under-reflect actual demand at certain times of the year. Seeing seasonal peaks and valleys may help you in seeking seasonal air service opportunities

– Example:



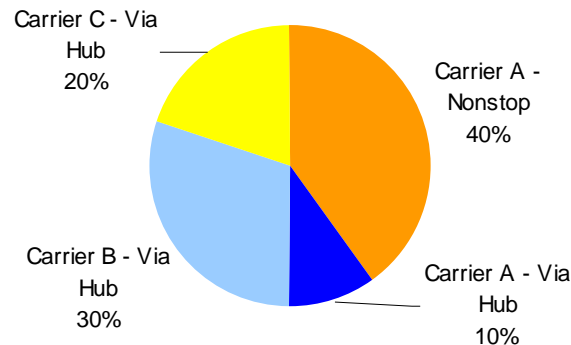
Potential Analysis with BSP

■ Routing Analysis

- Data can show a passenger's itinerary from Origin to Destination
- This is similar to U.S. DOT data, however it includes foreign flag carriers
- Data will allow you to show how your airport's passengers route to their destination
 - This is very important if you want to make an analytical case that a potential market's traffic might be "net new" to a carrier rather than self-diverting from that carriers existing service

Carrier/Hub Distribution of Amsterdam Traffic

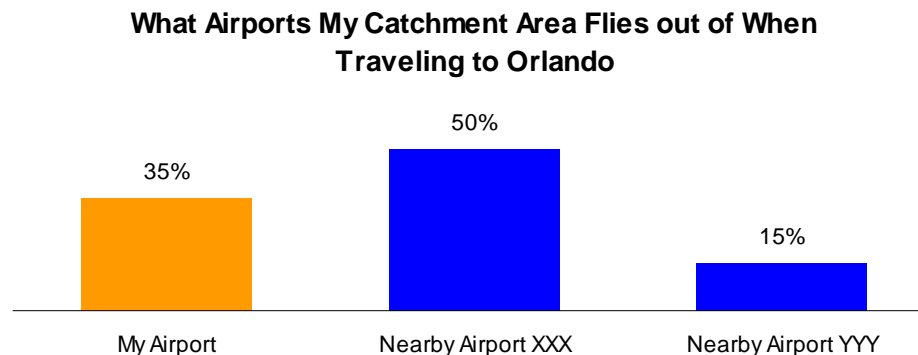
– Example:



Potential Analysis with BSP

- Passenger Diversion (Leakage) for non-U.S. airports
 - BSP data can be broken down by Agency city name postal code (when available)
 - Data will allow you to measure which airport your local agencies book their travelers out of
 - Keep in mind if traffic is diverting (leaking) to a nearby airport with an LCC presence, your diversion number is most likely larger than what BSP is reporting
 - Ability to look at this by fare class can help identify what type of traveler is diverting, business, leisure or both
 - Data useful for international analysis

– Example:



Data Source Overview

| | U.S. DOT O&D Survey | MIDT | ARC | BSP |
|--------------------|--|---|---------------------------------------|--|
| Data Contents | 10% Sample of tickets flown | Agency Bookings by large GDS's True size estimates available | Tickets sold by U.S. Travel Agencies | Tickets sold by Travel Agencies outside of the U.S. True size estimates available |
| Data Lag | 4+ months | less than month | less than month | less than month |
| Travel Date Detail | Quarterly | Monthly | Daily | Monthly |
| O&D Detail | Yes | Yes | Yes | Yes |
| Airline | U.S. Flag only | U.S. and Foreign | U.S. and Foreign | U.S. and Foreign |
| Passenger Count | Yes | Yes | Yes | Yes |
| Fare Category | No | Yes | Yes | Yes |
| Average Fare | Yes | vendor estimate | if 3 or more carriers in market | Yes |
| Point of Sale | No breakdown U.S. and foreign POS | Zip/Postal code level U.S. and foreign POS | Zip/Postal code level U.S. POS | City name/Postal code Foreign POS |

Wrap-Up

- MIDT, ARC and BSP data all have limitations
 - Each excludes airline direct bookings
 - ARC and BSP have geographic point of sale drawbacks

- This does not mean you should not be using these sources of data
 - These data sources can address specific analytic needs and help build your case
 - Good data and analysis helps build credibility
 - Airlines like and want facts, not anecdotes