

Simplifying the Business

The Baggage Improvement Programme

IATA proposal

- IATA will engage with airlines and airports around the globe to reduce the volume of mishandled baggage
- The engagement is called the Baggage Improvement Programme (BIP)
- The programme involves measuring baggage performance at key airports to understand the issues faced, and then the implementation of solutions chosen by airlines and airports to address the issues.
- IATA has successfully tested the approach in 2008 and will now launch the programme on a global basis

Structure of this presentation

- **The Challenge & The Benefits**
- The Airline Role
- Measurement of Impact
- Baggage Issues & Solutions
- Next steps



The Challenge

The industry faces a challenge

➤ Baggage mishandling presents a clear cost and financial risk to the airlines, with costs in 2007 estimated at **\$3.8 billion**

➤ **Between 2005 and 2007**, the number of mishandled baggage has increased:

➤ **by 28% in Europe** while the passenger growth has increased by 9% (AEA data source)

➤ **by 27% in the USA**, while the passenger growth has increased by nearly 10.5% (U.S. DoT data source)

➤ The key regions are the **USA, Europe and Latin America.**

Between 2005 and 2007 the number of mishandled baggage has increased 3 times faster than the passenger growth, both in Europe and in the USA.

Why IATA should answer the challenge

The Board of Governors' mandate

- At the June 2007 AGM, IATA was asked by its Board of Governors to drive a new programme to reduce baggage mishandling.
- The BoG launched the BIP at its December 2007 meeting and set IATA the target to launch the programme at 20 airports in 2009

Building on previous success

- The Simplifying the Business Programme has successfully delivered 100% e-ticket in May 2008. The StB Programme is THE delivery mechanism for industry wide change.
- IATA has also demonstrated success and savings through ISAGO and the Fuel Go Teams. IATA also has considerable baggage experience.

Vision

- To reduce the rate of mishandled baggage by improving handling processes, through an IATA lead industry wide action, to ensure passengers and their baggage are reunited at final destination

The BIP strategy & objectives

Strategy

- **The Programme strategy is to:**
 - Provide a tested product capable of addressing all the causes of mishandling (toolkit) to the entire industry
 - Drive implementation to achieve benefits by engaging stakeholders at targeted locations

Objectives

- **In 2008**
 - Launched BIP at 9 airlines and 9 airports
 - Validated the BIP product (toolkit), refined the business case and other key documents
- **In 2009 and beyond**
 - Target 200 airports responsible for 85% of passenger mishandling claims
 - Directly engage (BIP team visit) the top 80 of these at the rate of 20 per year, starting in 2009
 - Launch a self-help programme for the remaining 120 airports from 2010-2012

What benefits are there in BIP?

- A reduction in the volume of mishandled baggage
 - BIP typically recommends solutions to over 90% of mishandling issues
 - Leads to direct cost savings
- Validation of existing processes
- Benchmarking against the industry
- Learning and contributing to industry wide best practices
- Having IATA support airlines at airports where they have reduced influence
- Demonstration of a proactive stance on baggage

Summary

The Board of Governors' mandate

- IATA has set up the BIP to answer to the airlines' mandate
- By participating in BIP, the airline baggage operational top management answers its CEO's demand

An opportunity to improve the situation

- IATA will work closely together with the airlines and the airports, and will provide expertise and direct support to analyse baggage performance at airports targeted by airlines
- IATA will approach and engage further airports where an airline has identified upstream issues

Airline resource involvement

- Airlines are invited to participate as a sponsor or a supporter of BIP
- The involved airlines and airports will commit to implementing a solution from the IATA toolkit, the results of which will improve baggage performance and increase customer satisfaction

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The airline's role in BIP

- Airlines will be asked to sponsor or support BIP
- Airlines that sponsor BIP
 - What is sponsorship in a 1 to 1 engagement at airports?
 - The sponsoring airlines will introduce the BIP and IATA to the airport, arrange airside passes and allocate staff to support the diagnosis
 - They ensure all stakeholders (the airport and all participating airlines) are involved
 - They take recommendations forward for implementation and remain as the key contact
 - Whilst an airport diagnosis may involve the operations of many airlines, there will be only 1 lead airline
 - Logic to select a sponsor in an airport: if an airline wishes to sponsor (any of the selected airports), then StB will give the opportunity first to airlines with the largest passenger volumes at the airport in question

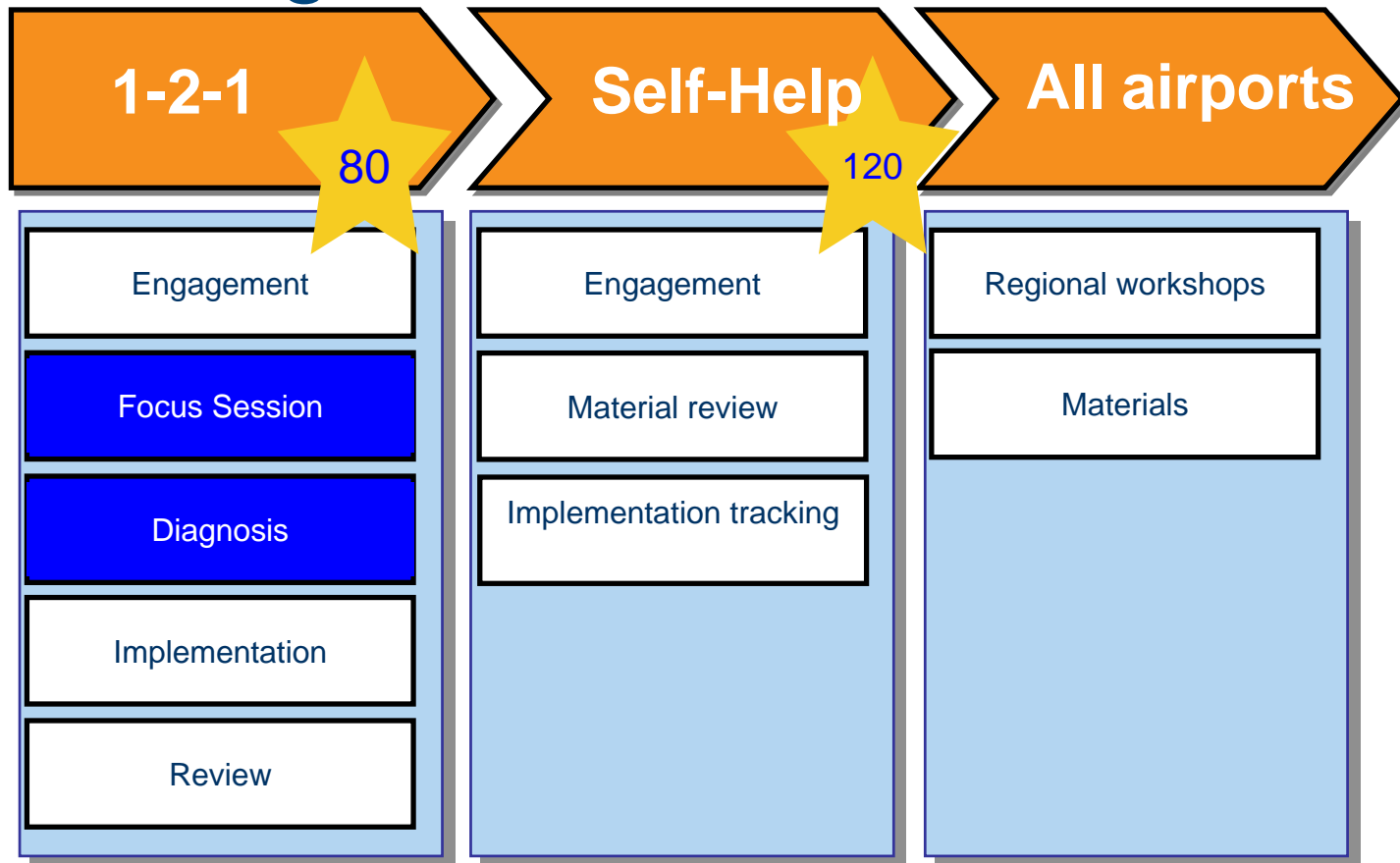
The airline's role in BIP

- Airlines will be asked to sponsor or support BIP
- Airlines that sponsor BIP
 - What is sponsorship in a self-help engagement at airports?
 - Sponsoring airlines will have to set up meetings with the airport, assist by sharing data for the self-diagnosis, agree the output of the self-diagnosis report and lead the implementation of recommendations
 - The only difference is that IATA will not be producing the report. Airlines that support the BIP at a self-help target will be expected to provide answers in the self-help guide when requested by the lead airline
 - The IATA role for self-engagement is to provide a "how to" guide, review the outputs, make recommendations for solutions (in addition to those that the airlines and airport produce) and track progress just like a one-to-one engagement

The airline's role in BIP

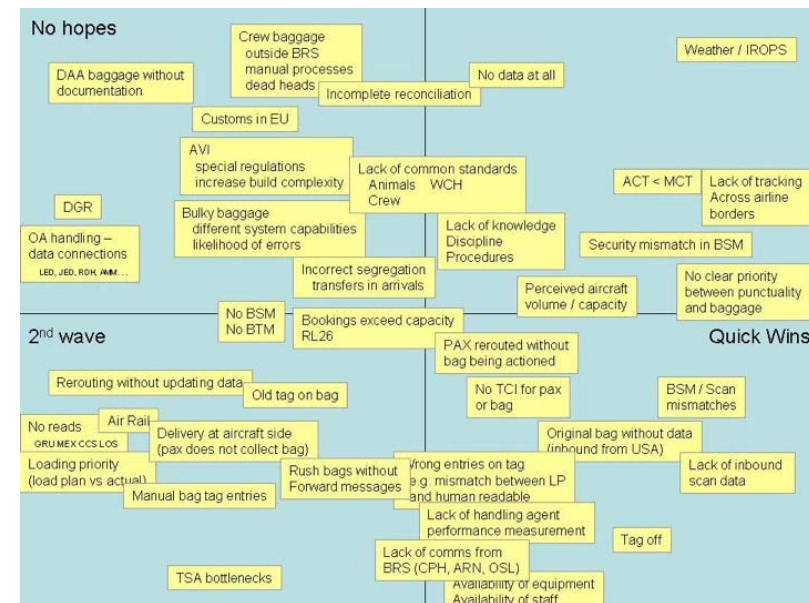
- Airlines that support BIP
 - The supporting airlines will show their processes during a diagnosis at the airport
 - They will share baggage mishandling data with IATA
 - Logic to select support airlines in an airport: if an airline only wishes to support (but not sponsor), then it will be given the opportunity to support BIP in all the airports they have selected

Delivering BIP



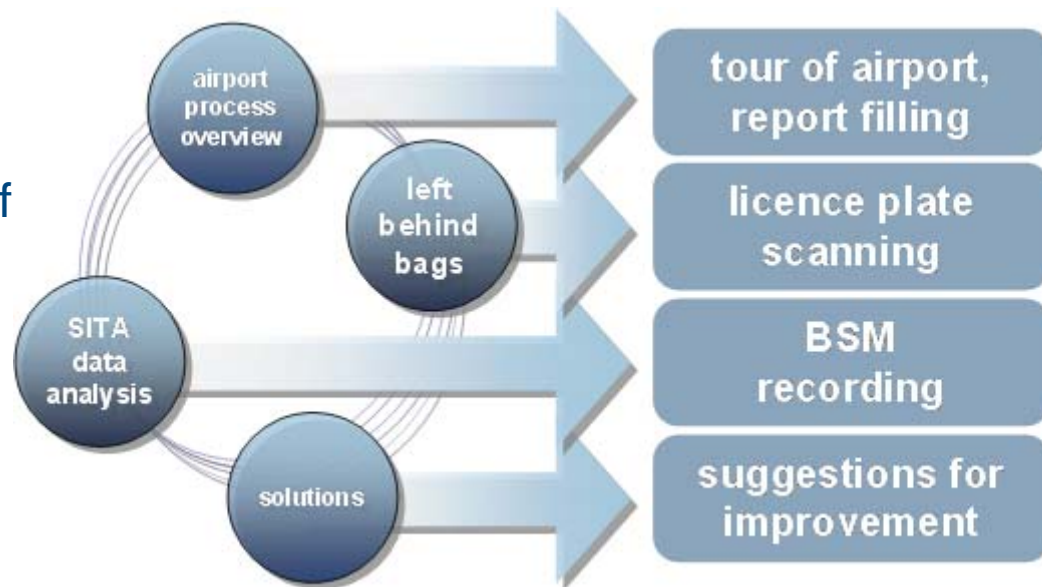
The Focus Session

- For BIP Sponsors
- A briefing on the Baggage Improvement Programme
- Exercises designed to:
 - align BIP with airline goals
 - gather baggage issues
 - learn where baggage issues are perceived to occur
 - nominate key contacts for further stages.
- Summary delivered to airline promptly



The Diagnosis

- For sponsors and supporters
- Documentation and analysis of baggage processes
- Analysis of baggage issues
 - Transfer focus between sponsoring and supporting airlines
- Recommended solutions from the IATA toolkit
- Sponsor and airport choice of solutions for implementation



BIP Project Diagnosis Report

- Standard diagnosis templates will be used to facilitate co-ordination and consolidation of the analyses
- Potential solutions to be implemented will be identified and a set of solutions will be selected with the agreement of involved parties

Issue	Sol ⁿ	Cont ⁿ	Sol ⁿ	Cont ⁿ	Sol ⁿ	Cont ⁿ	Sol ⁿ	Cont ⁿ	Sol ⁿ	Cont ⁿ	Sol ⁿ	Cont ⁿ	Cont ⁿ Total	Prob Size	Pot Red ⁿ
I1.1	S51	100%	S12	5%									100%	2.5%	2%
I1.2	S5	25%	S52	100%									100%	1%	1%
I1.3	O1	75%	S52	100%									100%	1%	1%
I2.1	S17	50%	S29	10%	S38	40%							100%	10%	2%
I2.2	S53	100%											100%	1%	1%
I3.1	O2	90%											90%	10%	9%
I4.1	S14*	20%	S54	45%	S42	10%	S49	10%	S12	5%	S55	10%	100%	5%	5%
I4.2	O3	100%	S23	100%	S56	100%	S18	100%					100%	10%	10%
I7.1	O4	20%	S57	50%									70%	1%	0.7%
I7.2	O5	30%											30%	1%	0.3%
I17.1	S36	100%											100%	1%	1%
I17.2	S25	100%	O4	100%									100%	1%	1%
I10.1	S8	5%	S11	10%	S19	100%	O2	50%	S20	100%	A1	75%	100%	10%	5%
I10.2	A2	100%	S11	100%									100%	12.5%	10%
I10.3	S17	50%	S20	100%									100%	12.5%	10%
I11.1	S42	100%											100%	1%	1%
I11.2	O2	100%											100%	1%	1%
I11.3	O6	50%											50%	5%	2.5%
I11.4	S17	50%	O6	100%	S5	50%							100%	2%	2%
I13.1	O6	100%	S48	50%	S50	100%							100%	10%	10%

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Industry Progress Tracking

➤ BIP report on progress at the Industry level

Stakeholder tracking

- BIP analysis and progress results with the engaged airlines, airports
- Regular progress tracking with stakeholders:

Colour	Definition	Measurement
Green	BIP implemented	Airline has implemented BIP
Yellow	BIP partially implemented	Airline has implemented at least one component of BIP
Orange	BIP planned	Airline plans to implement BIP (plan includes an implementation date and the appointment of a champion)
Red	No sponsorship nor Support for BIP	Airline answered no to sponsoring BIP and no to supporting* BIP

Baggage Performance

- Together with SITA, IATA will provide Baggage Performance at Industry level
- SITA believe WorldTracer is representative of the industry (approx. 80% participation)

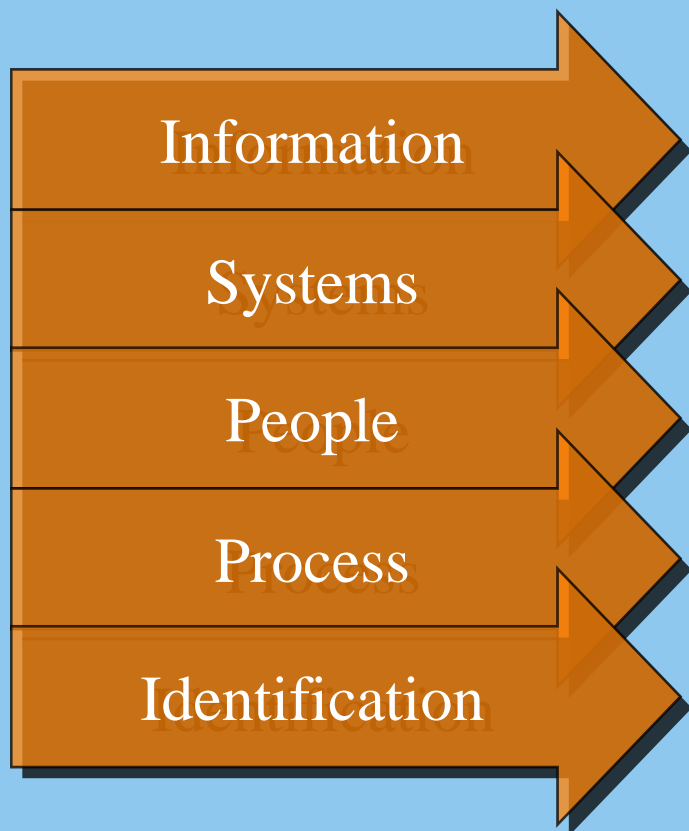
* Airlines will be assigned a colour **red** at the end of 2008 if they are not participating

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Baggage Issues



- ↗ Bags are delayed because:
 - ↗ A lack of knowledge of passenger intentions
 - ↗ Airline baggage system integration issues
 - ↗ Staff and passengers make mistakes (overstuffing bags, typing errors)
 - ↗ Baggage processes are overly complicated
 - ↗ Bags needing extra help to make tight connections cannot be identified

An example of a solution

- 800,000 bags per year are lost, forever, due to the baggage tag falling off
- A simple solution is to place the passenger itinerary inside the bag
- The best way to do this is to print the itinerary as part of the web check-in process
- This can be implemented centrally, quickly and cheaply
- This brings benefits of US\$72 Million to the industry

Status:	Confirmed	Geneva check-in options: > online > airport self-service • airport desk > Seating
From:	Geneva Terminal M	
To:	Heathrow (London) Terminal 5	
Depart:	Wed 17 Sep 2008, 15:20	
Arrive:	Wed 17 Sep 2008, 16:05	
Duration:	1hr 45mins	
Class:	Club Europe	
Operated by:	British Airways	
Seats:	01F, 01E	
▶ Heathrow (London) Terminal 5 - Cape Town, Wed 17 Sep 2008, 19:20 ▶ Cape Town - Heathrow (London) Terminal 5, Tue 30 Sep 2008, 20:15 ▶ Heathrow (London) Terminal 5 - Geneva Terminal M, Wed 1 Oct 2008, 10:15		
> Print / view 'Your Itinerary' > Email itinerary > Print/email e-ticket receipt		> Change date/time of my flight × Upgrade my class of travel with money × Upgrade my class of travel with miles > Cancel/refund my flight
Baggage		
Adult/child allowance:		
<ul style="list-style-type: none"> • Checked baggage: 3 bags at 23kg each (max. bag weight 23kg) • Hand baggage: Passengers travelling to and from UK Airports may take 1 bag, maximum size 56x45x25cm (22x17.5x9.85 inches). PLUS one laptop, handbag or briefcase. 		
<ul style="list-style-type: none"> • All baggage in excess of the standard allowance will be charged for • Purchase excess baggage online in advance and receive a 20% discount on airport charges. • Additional baggage allowances cannot be carried in the cabin > Pay for extra checked baggage allowance 		
> Baggage tips		

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Interested in BIP?

- Latest BIP status available on the [BIP homepage](#)
- For more information, or to get involved please contact the BIP Team:
BIP@iata.org