

History of Modern Day's Successful Loyalty Card Program; TAV Passport Card

Passengers waste their most valuable times in the airport before their flights. Today airports most likely focus on meeting the demand of frequent passengers while acquiring the “big data” to support and enrich their loyalty programs.

One of the most successful loyalty card program based in Turkey called as TAV Passport Card selected to present how loyalty programs operated within airport management.

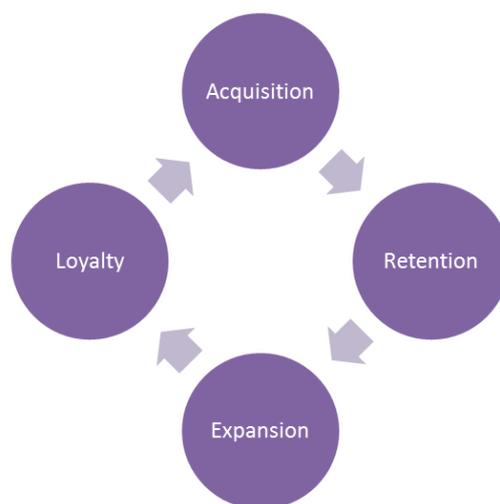
1. About Loyalty Card Programs

Loyalty programs are basically considered as reward programs by a company providing to their customers who make purchases frequently. It has actually one more key function much more important for companies as providing meaningful customer information for further improvements.

The modern day loyalty program was first launched by American Airlines' Frequent Flier Program in the late of 1900's, even some believe the roots of customer loyalty programs started with the late 18th century.

In 1990's, in parallel with American Airlines, card based loyalty programs such as loyalty cards, advantage cards, reward cards, discount cards were also adapted to the market. These types of loyalty programs are still popular today as people still used to pull out these cards in their wallets. On the other hand, modern day's loyalty programs enrich its functions to e-commerce infrastructures. There has been a move from traditional magnetic card based systems to online and mobile loyalty programs. It enables consumers to join loyalty programs from websites.

To become a successful and powerful loyalty program owner, it is needed to be proceeding the longtime customer life cycle. Increasing new customer acquisition is the first step of your roadmap to gain your customer's retention and loyalty.



To exist in the market, loyalty program owners should maintain more segment base managements targeting consumer's lifestyles and their interests.

2. Development Process of TAV Passport Card

2.1 Who is the founder?

TAV Operation Services is the founder and the owner of TAV Passport Card Loyalty Program, manages non-aeronautical revenues of 14 airports in 7 countries operated by TAV Airports through; Commercial (Concession Management) & Advertisement Consultancy, TAV “primeclass”, Lounge Operations and Management, TAV Passport Loyalty Card Program, TAV Tourism Travel Agency & TAVPort.com Online Travel Agency, “primeclass” Lounge Card, AirportEasy.com, The Gate Magazine and etc.

The company offers 24/7 service at Istanbul Atatürk, Ankara Esenboğa, Izmir Adnan Menderes, Antalya Gazipaşa and Milas-Bodrum Airports in Turkey, as well as at Tbilisi and Batumi Airports in Georgia, Enfidha Airport in Tunisia, Ohrid and Skopje in Macedonia, Riga Airport in Latvia, Madinah Airport in Saudi Arabia, Zagreb Airport in Croatia, Frankfurt, Munich, Stuttgart in Germany.

The company launched loyalty card program in order to make airports not just a transit points, but also a location in which all kinds of conveniences are offered.

2.2. How TAV Passport card evolved?

In the middle of 2010, the company decided to manage effectively its non-aeronautical areas to create a loyal brand and make passenger time more pleasant in the airport.

Business development team, a group of 5 people, gathered all customer satisfactions survey results and focus group workings outcomes together and had finalized the features of the card.

Customer satisfaction survey made with 300 people in a 1 week time limit with an objective of specifying the passenger expectations before their flights. In the meantime, developers were agreed with a research companies to gather target group of people who were flying at least three and at most five times a year. They discussed about the problems that they encountered within the airport and expectations regarding as airport services.

After all these researches, three most important outcomes founded out to be focused;

Economic Benefits

Fast Track Services

Comfort

To meet these major requirements, all processes are observed that passengers experienced before and after their flight and finalize their loyalty card program named as “TAV Passport Card”

Objective

The card was imagined a type of card that would;

- Provide comfort and privileges at airports,
- Aims to remove the limitations for the services the passengers are offered and
- Expand the usage of card globally in line with member’s expectations.

Target group

- A+, Company Owner, Partner, Senior Manager & Executive,
- Have an international flight 10 times and domestic flights 4 times a year,
- Arriving the airport approximately 1.5 hours before the flight,
- Having a spare time for themselves (Duty Free shopping, Lounge service)
- Number of 11.000 and more members

3. Features of TAV Passport Card

Features of the card categorized regarding as most important outcomes; *economic benefits, fast track services and comfort.*

Economic Benefits;

- Car park and valet services with a 30 days limit
- Transfer services with high segment cars and best prices
- Discounts and payment points in Duty Free shopping
- %30 discounts at the restaurants and cafes within the airport
- Discounts for regular or chauffeur driven car rental services at contracted companies throughout Turkey
- Discounts for “primeclass” meet & assist services in Turkey
- Discounts in Airport Hotels

Fast Track Services;

- Fast track service through all passport and security control
- Ring service from/to flight gate
- Check-in at the business class counters of contracted airlines regardless of flight class

Comfort;

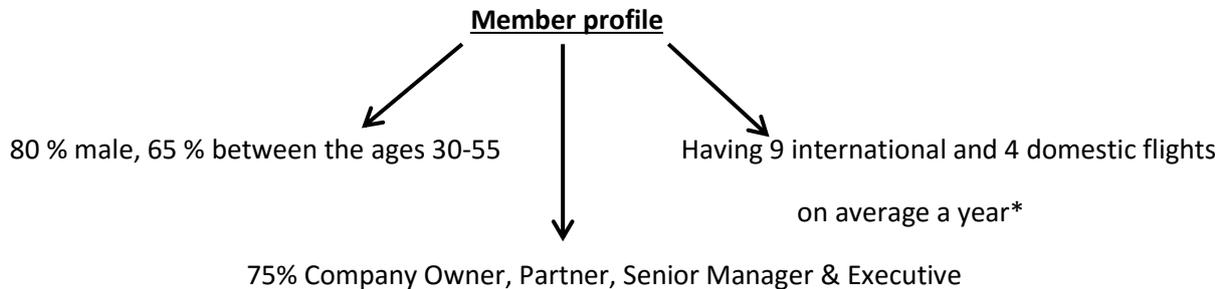
- Free entrance to private lounges at domestic and contracted international airports (more than 100 airport lounges) lounges with 1 accompanying guest

TAV Passport Card members, his/her 1+ guest and children up to 18 benefit from service offered free of charge. The card is valid at Istanbul Ataturk, Ankara Esenboga, Izmir Adnan Menderes and Milas-Bodrum Airport in Turkey.

4. Figures of TAV Passport Card

4.1 Member Profiles

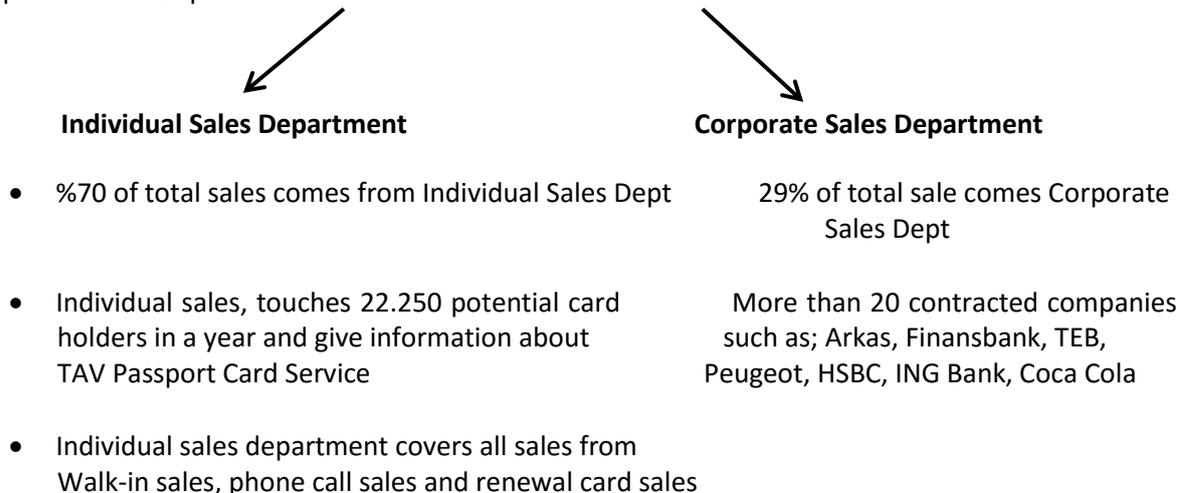
As of today, TAV Passport Card has more than 17.000 active card members.



**Usually making domestic flights 50% alone and mostly having an accompanying guest during international flights.*

4.2 Sales Channels

TAV Passport Card sales channels categorized under two major department; Individual Sales and Corporate Sales Department.



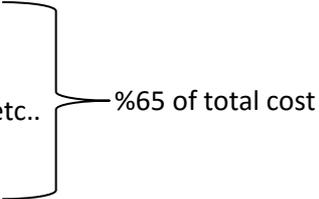
4.3 A Quick Brief on Financial Figures

Profitability is a main aspect in a company's financial reporting. Management of any business/enterprises requires a flow of information about financial figures in order to decide whether its service/product is successful or not.

Since 2010, cumulative financial figures show that TAV Passport Card Loyalty Program has an approximately %20 profit margin even the cost items have considerable importance on the card's profitability.

To start a business regarding as loyalty card programs, some should firstly focus on major cost items in order to succeed.

Business development team of TAV Passport Card gathered all cost items in 5 major titles;

- Staff cost - %35 of total cost comes from staff related expenses
 - Operational expenses - Catering for lounges, Car park & Valet, Transfer, etc..
 - Administrative expenses
 - Marketing expenses – communication expenses, advertisements, campaigns, etc..
 - Other cost – IT expenses, taxes, security, etc.
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5. Benefits of Airport Loyalty Card Program

Today, airport management companies generally focus on what they are doing keeping their customers coming back and what will be the benefits if they integrates a loyalty program into their business. A business could encourage loyalty by offering exclusive services, experiences to people on loyalty program, that’s what exactly TAV Passport Card do.

One – to – one relationship: Loyalty card programs can be considered as breaking down the barriers between airports and customers. Airports can able to understand their frequent customer’s behavior in regard to their lives in airports. Understanding the customer means understanding their values.

Statistics show that customers feel much more comfort when they pay one – time fee for membership programs. In the case of TAV Passport Card, members pay an annual membership fee (1.500 TL) and benefit all complimentary privileges within the airport. Fee-based supplementary services supports this type of membership with its special discounts to create a value for customers.

Additional Purchases: Integrating the loyalty card program within the airport system enables the company to growth both their operations and revenues in all type of businesses. Loyalty programs prompt customers to make additional purchases. Based on TAV Passport Card example, members have much more valuable time to spend in the airport. In light of statistics, card members tend to spend more in duty-free stores, food & beverage stores, car park and valet services and etc.

A meaningful “Big data”: Once the airport has its frequent / loyal customer’s information, it is accepted that the airport’s “big data” has already created to be structured and analyzed with a meaningful outcomes. TAV Passport Card Loyalty Program has a dynamic management system supported by their “big data” that understand their members’ need and add value for them. In the year 2013, big data gave a meaningful outcome; TAV Passport Edition and Plus Card. Both of these cards are launched to satisfy member’s need. TAV Passport Edition and Plus Card were launched to upgrade privileges offered by TAV Passport Card in regard to member’s expectations.

	Car Park & Valet Service	Airport Transfer	Meet&Assist Service
TAV Passport Card	30 days free	Discount	% 50 Discount
TAV Passport Plus Card	60 days free	12 days free	12 pax free
TAV Passport Edition Card	Unlimited	Unlimited	40 pax free

4.2 What are other advantages?

Early of 2015, TAV launched four more lounges in different terminals beside with airport terminals. IDO Yenikapı Port Terminal “primeclass” Lounge, Ankara TCDD Vakıfbank Rails&Miles CIP Lounge, Eskisehir TCDD Vakıfbank Rails&Miles CIP Lounge and Konya TCDD Vakıfbank Rails&Miles CIP Lounge welcome their guests who are travelling by sea and train. Card members have also unlimited complimentary access to use these new lounges with their guests.

Careful tracking of customer purchases can help not only identify profitable customers, but also assist in the evaluation of specific promotions. Not only the advantages limited within the airport, but also members are rewarded with special discounts at well-known hotels, gourmet restaurants, tailor-made tours, high segment brands, cultural organizations (art festivals, concerts, musicals) and sports centers in city centers.

TAV Passport Card Loyalty Program keeps itself up-to-date with the latest developments. In parallel with modern day’s loyalty programs, some can easily buy a TAV Passport Card from www.tavpassport.com website and track his/her each transactions.

6. The Road Ahead

TAV Passport Card still continues its improvement year by year with maximizing privileges offered by the card. It aims to be a worldwide known loyalty card acquiring all around the world airport’s privileges.