Global Airlines:
Strategies in Travel Insurance and Co-Branded Cards

Report prospectus

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Prospectus contents

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What is the research?

Global Airlines: Strategies in Travel Insurance and Co-Branded Cards is a report and accompanying PartnerBASE™ dataset that provides a detailed overview of the involvement and partnerships of the world's leading airline brands in three areas: stand-alone travel insurance; co-branded payment cards; and travel cover packaged with co-branded payment cards. In total, it covers 220 airline brands as listed on page 5, headquartered across 98 countries.

For each of stand-alone travel insurance, co-branded payment cards, and travel cover packaged with co-branded payment cards, the study analyses the providers of those products that have established the most partnerships with airlines, differentiating between card networks (e.g. American Express, MasterCard and Visa) and card issuers in the case of co-branded cards.

In addition, by means of Finaccord's system for weighting these relationships, it identifies the providers that hold the partnerships that are likely to deliver the greatest revenues by virtue of the fact that the airlines that they collaborate with are more substantial ones that serve a higher number of customers.

All analyses are provided both at a global and regional level with coverage of each of the following broad regions: the Asia-Pacific region and Australia; Europe, the Middle East and Africa; and North and Latin America.

What is the rationale?

At a worldwide level, air travel is increasingly popular with revenue passenger kilometres (RPKs) globally having risen at a compound annual rate of 5.5% from 2005 to 2015 but with growth in 2015 itself having reached 6.5% (in part as a consequence of lower average airfares brought about by falling oil prices).

As such, given both the growth in the outright number of consumers travelling by air and the increasing frequency with which many consumers travel by air, airlines constitute an increasingly attractive affinity distribution channel for providers of related services, including travel insurance and co-branded payment cards.

Indeed, separate research carried out by Finaccord indicates that airlines are becoming more important as a distribution channel for travel insurance in a number of countries. Furthermore, it is also known that co-branded card programs with airlines typically rank among the most profitable such programs for payment card issuers and networks for a number of reasons.

These include not only the relative affluence of airline customers but also the fact that average transaction values and volumes generated by cards related to such programs are likely to be comparatively high. This is partly a result of the fact that expenditure through such cards is normally related to an airline loyalty program, which acts as an incentive to spend.

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Which airline brands are included in the research?

Adria Airways
Aegean Airlines
Aer Lingus
Aeroflot
Aerolíneas Argentinas
Aeroméxico
Afriqiyah Airways
Air Algérie
Air Arabia
Air Asia
Air Astana
Air Berlin
Air Busan
Air Canada
Air China
Air Do
Air Dolomiti
Air Europa
Air France
Air France-KLM
Air Greenland
Air India
Air India Express
Air Macau
Air Malta
Air Mauritius
Air Namibia
Air New Zealand
Air Niugini
Air Serbia
Air Tahiti
Air Transat
AirBaltic
Alaska Airlines
Alitalia
All Nippon Airways
American Airlines
AnadoluJet
Arik Air
Asiana Airlines
AtlasGlobal
Austrian Airlines
Avianca
Azerbaijan Airlines
Azul Linhas Aereas
Bangkok Airways
Batik Air
Belavia
Blue Air
Blue Panorama
Boliviana de Aviación
British Airways
Brussels Airlines
Bulgaria Air
Cambodia Angkor Air
Cape Air
Caribbean Airlines
Cathay Pacific
Cebu Pacific
China Airlines
China Eastern
China Southern Airlines
China United Airlines
Chongqing Airlines
Citilink
Conviasa
Copa Airlines
Croatia Airlines
Cubana de Aviación
Czech Airlines
Delta Air Lines
Dragonair
EasyFly
easyJet
Edelweiss Air
EgyptAir
EL AL
Emirates Airlines
Enter Air
Ethiopian Airlines
Etihad Airways
Eurowings
EVA Airways
Fiji Airways
Finnair
Firefly
flybe
Flydubai
Flynas
Frontier Airlines
Garuda Indonesia
Germanwings
GoAir
Gol Transportes Aéreos
Great Lakes Airlines
Gulf Air
Hainan Airlines
Hawaiian Airlines
HK Express
Hong Kong Airlines
HOP!
Iberia
Iberia Express
Icelandair
IndiGo
InselAir
Interjet
Japan Airlines
Jazeera Airways
Jet Airways

Which airline brands are included in the research? (continued)

Jet2.com	Malindo Air	Ravn Alaska	Spirit Airlines	TWay Air
JetBlue Airways	Mango	Regional Express Holdings	Spring Airlines	Ukraine International Airlines
Jetstar	MASWings	Royal Air Maroc	SriLankan Airlines	UNI Air
Jin Air	Meridiana Fly	Ryanair	StarFlyer	United Airlines
Jordanian Airlines	Middle East Airlines	S7	Sudan Airways	Ural Airlines
Juneyao Airlines	Monarch Airlines	SAS	Sun Country	UTair Aviation
Kenya Airways	Niki	Saudia	Sunexpress	Uzbekistan Airways
KLM	Nok Air	Scoot	Sunwing Airlines	Vanilla Air
Korean Air	Norwegian Air Shuttle	Shandong Airlines	Swiss Global Air Lines	VietJet
kulula	Oman Air	Shenzhen Airlines	TAAG Angola Airlines	Vietnam Airlines
Kuwait Airways	Onur Air	Sichuan Airlines	TAM	VIM Airlines
La Compagnie	Pakistan International Airlines	SilkAir	TAME	Virgin America
LAN	PAL Express	Silver Airways	TAP Express	Virgin Atlantic
LATAM	Peach	Singapore Airlines	TAROM	Virgin Australia
LIAT	Pegasus Airlines	Sky Airline	Thai Airways International	Vistara
Libyan Airlines	PenAir	Skymark Airlines	Thai Lion Air	Vivaaerobus.com
Lion Air	Philippine Airlines	Small Planet Airlines	Tigerair	Volaris
LOT Polish Airlines	Pobeda	Solaseed Air	transavia.com	Volotea
Lufthansa	Porter Airlines	South African Airways	TUIfly	Vueling
Luxair	Precision Air	South African Express	Tunisair	WestJet
Mahan Air	Qantas	Southwest Airlines	Turkish Airlines	Wizz Air
Malaysia Airlines	Qatar Airways	SpiceJet	Turkmenistan Airlines	Xiamen Airlines

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What is the report structure?

0. Executive Summary: providing a concise evaluation of the principal findings of the report.

1. Introduction: offering rationale, description of methodology, definitions and other related notes.

2. Stand-alone Travel Insurance: an analysis of provision rates for stand-alone travel insurance by airlines, including the operating models used by them and a segmentation between opt-in and opt-out online distribution, plus graphics depicting the unweighted and weighted partnership shares of providers of stand-alone travel cover at both a worldwide level and for each of the following broad regions: the Asia-Pacific region and Australia; Europe, the Middle East and Africa; and North and Latin America.

3. Co-Branded Cards: an analysis of provision rates for co-branded cards among airlines, including the operating models used, plus graphics depicting the unweighted and weighted partnership shares of both card issuers and card networks at both a worldwide level and for each of the same three broad regions.

4. Travel Cover Packaged with Co-Branded Cards: results concerning the packaging of types of travel cover across almost 300 airline co-branded card products including penetration by type of cover – with a split between travel accident insurance, travel assistance, travel health insurance, travel inconvenience insurance and comprehensive travel cover – plus graphics depicting the unweighted and weighted partnership shares of providers at both a global level and for each of the same three broad regions.

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What are the key features of the research?

Key features of this research include:

• coverage of all significant airline brands and groups worldwide including fast-growing, low-cost airlines in the Asia-Pacific region and Latin America such as Air Asia, Cebu Pacific, IndiGo, Interjet and Volaris as well as long-established, full-service airlines;

• analysis of the involvement of airlines in stand-alone travel insurance, co-branded payment cards and travel cover packaged with co-branded payment cards – for travel insurance providers, the vast number of cards issued through some airline co-branding programs can make this form of distribution as attractive as selling stand-alone policies through airline online booking systems;

• provision of an accompanying PartnerBASE™ dataset that details over 160 initiatives for distribution of stand-alone travel insurance via airlines plus close to 300 airline co-branding programs, and that logs the different types of travel cover (plus the providers used) across a similar number of individual airline co-branded card products;

• where known, commentary concerning contract renewal dates and durations for each of the three types of service in scope.

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How can the research be used?

You may be able to use this report and the PartnerBASE™ dataset that accompanies it in one or more of the following ways:

• to gain access to a comprehensive source of worldwide information outlining current initiatives and opportunities for marketing travel insurance and co-branded cards through all significant airline brands and groups – air travel is destined to carry on becoming increasingly popular in future years which means that airlines should be increasingly valuable partners for these services;

• to utilise the unweighted and weighted analysis of partnerships to understand which product providers have been successful in establishing relationships with leading airline brands and groups for each of the three types of service in scope plus the degree to which these partnerships exist across multiple countries;

• to identify airline brands that currently lack partnerships for travel insurance and co-branded cards – at the time of the research, over 80 of the airline brands investigated were not selling travel insurance via their online booking systems and over 100 had not yet launched a scheme for co-branded cards.

How can the PartnerBASE™ be used?

View results by airline

Identify online sales model

Identify partners

			STAND-ALONE TRAVEL INSURANCE				
Airline brand	**Country**	**Group**	**Offered?**	**Model**	**Operating model**	**Partner(s)**	**UHC(s) of partner(s)**
AnadoluJet	Turkey	Turkish Airlines Group	Yes	Opt-in	External underwriter	AIG	AIG
Arik Air	Nigeria	Ojemai Investments (Nigeria)	No				
Asiana Airlines	Korea	Kumho Asiana Group	No				
AtlasGlobal	Turkey	ETS	Yes	Opt-in	External underwriter	Life Sigorta	MAPFRE
Austrian Airlines	Germany	Lufthansa Group	Yes	Opt-in	External underwriter	Europäische Reiseversicherung	Generali / Munich Re

			CO-BRANDED CARDS				
Airline brand	**Country**	**Group**	**Offered?**	**Operating model**	**Issuer(s)**	**UHC(s) of partner(s)**	**Network(s)**
Spring Airlines	China	Shanghai Spring International	Yes	External issuer	China Construction Bank	China Construction Bank	UnionPay, Visa
SriLankan Airlines	Sri Lanka	SriLankan Airlines	Yes	External issuer	Standard Chartered	Standard Chartered	Visa
StarFlyer	Japan	StarFlyer	Yes	External issuer	JACCS	JACCS	Visa
Sudan Airways	Sudan	Government of Sudan	No				
Sun Country	USA	Cambria	Yes	External issuer	First National Bank of Omaha	First National of Nebraska	Visa

Search by country

See operating model

Select ultimate owners of partners

Note: a PartnerBASE™ also exists for travel cover packaged with co-branded cards

Who can use the research?

1. *Travel insurance and assistance providers:* globally, stand-alone travel insurance was worth close to USD 16 billion in gross written premiums in 2015 and Finaccord's research indicates that airlines may hold a distribution share of upwards of 10% of this market – as such, they represent an important distribution channel for providers of travel cover;

2. *Payment card issuers and networks*: due in part to the vast membership of frequent flyer programs with which airline co-branded cards are usually linked, such co-branding programs are likely to be among the most profitable for payment card issuers and networks;

3. *Airlines:* successfully persuading passengers to take out ancillary products and services such as travel insurance and payment cards is key to the profitability of airlines given the often fierce competition in their core business of selling flights – this research will show them what their competitors are doing and who they are working for each of the three services in scope;

4. *Management consultancies*: if you are assisting a travel insurer or card company with its airline partner strategy, or if you are helping an airline to define the correct approach to travel insurance and payment cards, then this research will provide you with a worldwide overview of current activity in these fields, saving time and effort on researching the subject yourself.

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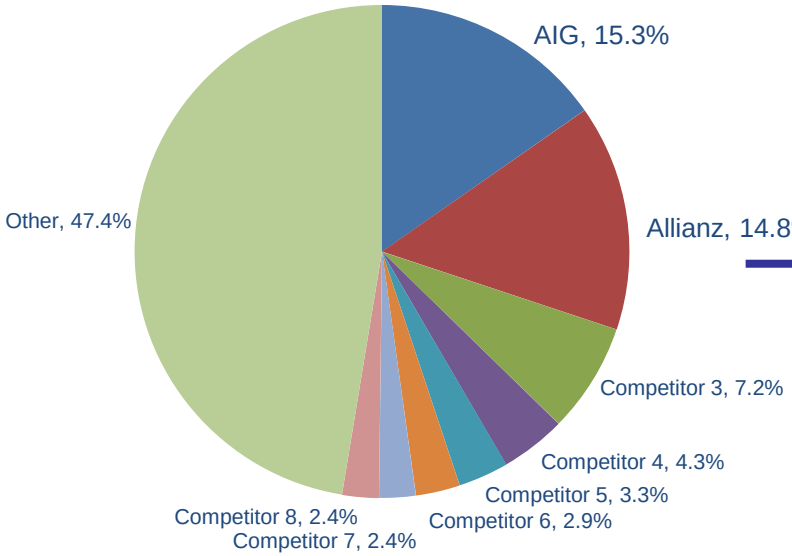
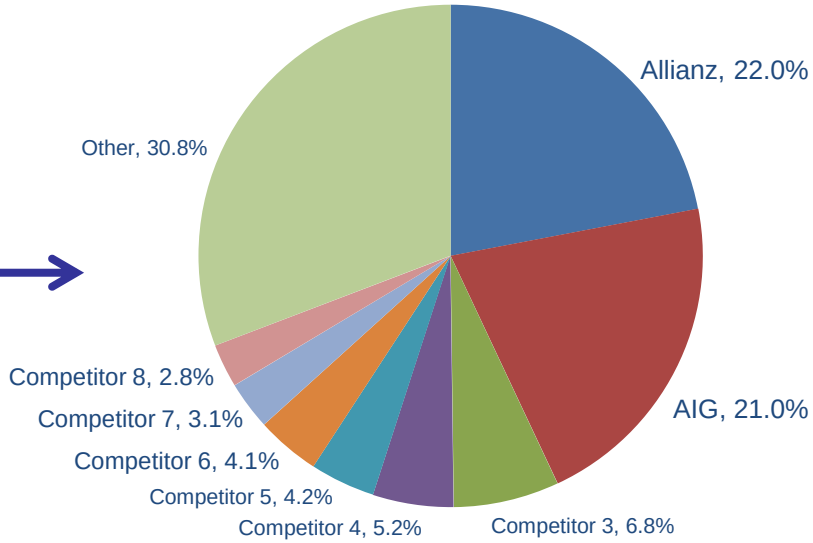
What are some of the key findings?

1. Allianz and AIG are the leading providers of stand-alone travel insurance to airlines in both the unweighted and weighted analyses albeit their positions strengthen (and reverse) in the latter case

Unweighted provider share of partnerships



Weighted provider share of partnerships

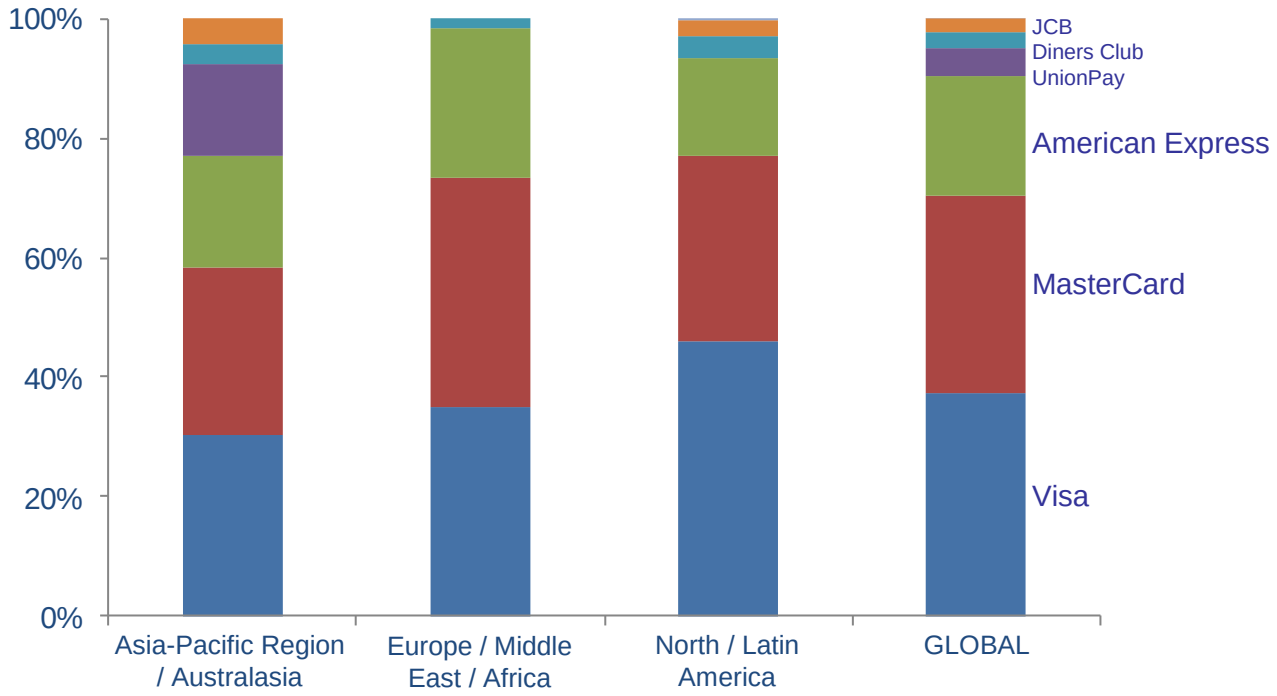


Note – competitors 3 to 8 are identified in the report as are all other providers of stand-alone travel insurance to airlines (in the accompanying PartnerBASE)

Source: Finaccord PartnerBASE™ for Global Airlines

What are some of the key findings? (cont.)

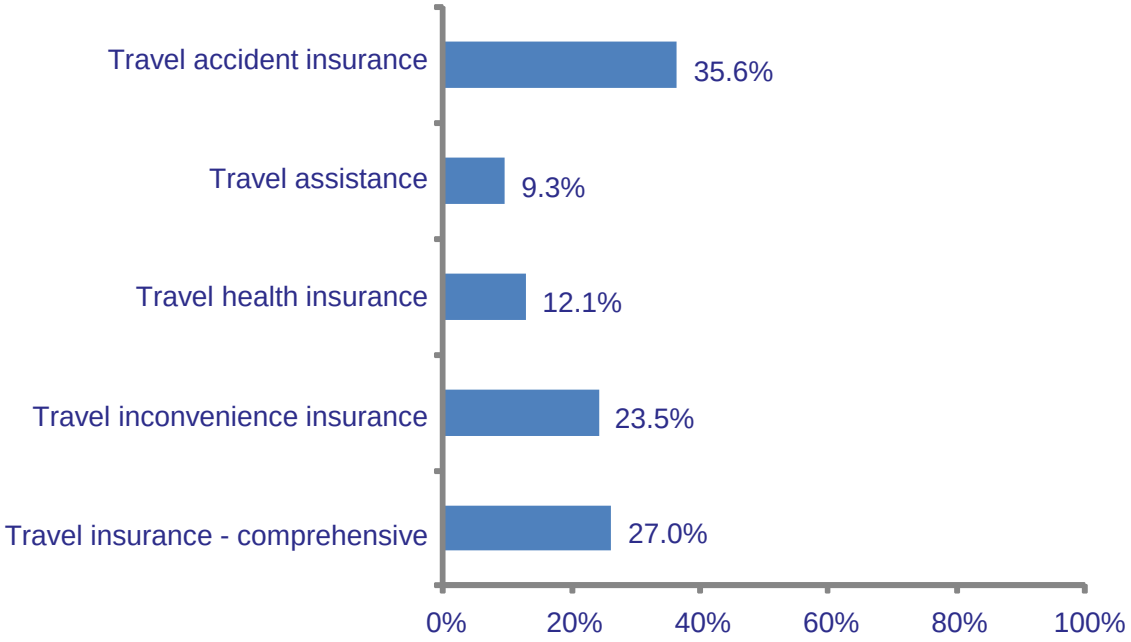
2. In terms of its weighted share of partnerships for airline co-branded cards, Visa is just ahead of MasterCard at a worldwide level and in two of the three broad regions



Source: Finaccord PartnerBASE™ for Global Airlines

What are some of the key findings? (cont.)

3. Across close to 300 individual airline co-branded card products investigated worldwide, just under two thirds carry at least one form of travel cover and in over a quarter of these cases this cover can be described as comprehensive



Source: Finaccord PartnerBASE™ for Global Airlines

What are some of the key findings? (cont.)

4. Key findings from the executive summary include:

• 135 (61.4%) of the 220 airline brands distribute stand-alone travel insurance through their online booking systems among which 26 (19.3%) utilise an opt-out model whereby passengers have to proactively exclude themselves if they do not wish to purchase cover;

• 109 (49.5%) of the same universe of airline brands have developed at least one co-branded card product and many have launched more than one leading to a total of close to 300 products identified by the research among which Visa is associated with the most, followed by MasterCard and American Express, UnionPay and Diners Club;

• 195 (67.5%) of these co-branded card products have at least one form of travel cover packaged with them and the penetration of travel insurance classifiable as comprehensive extends to 27.0% of all products;

• when analysed in weighted terms, the insurance groups used most regularly by airlines for stand-alone travel cover are Allianz and AIG while those most often providing travel cover packaged automatically with airline co-branded cards are Sompo Japan Nipponkoa and Tokio Marine Holdings.

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What is the cost and format?

Global Airlines: Strategies in Travel Insurance and Co-Branded Cards is available as a standard PDF document. The PartnerBASE™ that accompanies it at no further charge is in Excel format. Costs for this research set and selected other titles offering a global analysis available at the time of publication are as follows:

REPORT	PRICE *
Global Airlines: Strategies in Travel Insurance and Co-Branded Cards	USD 1,395
Global Business and Corporate Travel Insurance and Assistance: A Worldwide Review	USD 4,195
Global Expatriates: Size, Segmentation and Forecast for the Worldwide Market	USD 4,195
Global Multinationals and Corporate Transferees: A Worldwide Review	USD 4,195
International Health Insurance for Expatriates and Students: A Worldwide Review	USD 3,495
Travel Insurance and Assistance in the Asia-Pacific Region	USD 4,195
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