



## Tilmann's Monthly Newsletter August 2014

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#tiansalo

If you don't know your port of call, no wind is a good wind. *Sailor Wisdom*

### 1. Where do pilots come from and do they have a 45 year career ahead of them?

Last week, Boeing and Airbus simultaneously announced their updated forecasts in aircrafts needed: 36,770 in the next twenty years; the Middle East will have 2,950 aircraft by 2033. With these forecasts, more than 500,000 more pilots will be needed, about the amount of professional pilots we have in the world today. A similar number of engineers will also be needed.

Where are these professionals coming from? A recent statistic forecasts the world population growing further to about 10 billion people from today's 8 billion, but as of 2050, the forecast sees a decline back down to 8 billion as we have more and more single child families (look at China), one child replacing two adults.

## First Flight without Pilots Old Cockpit is used as First Class Lounge

2013 F16 Flight w/o Pilot



2013 Astrea/BAe Project UK



**It took 20 years to eliminate all Flight Engineers!  
Can a 20 year old today plan on a 40 year pilot  
career?**

**Do the Millennials accept flights w/o Pilots?**

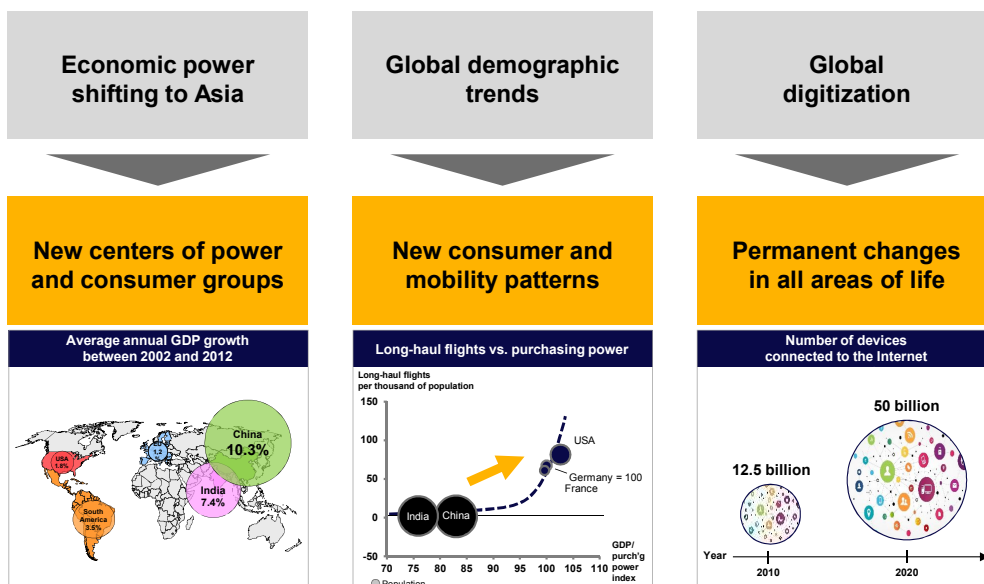
In a recent presentation I reflected on the drone (or UAV=Unmanned Aerial Vehicle) technology, initially for military use, civilian uses are now discussed, not long after, Amazon proposed a UAV to deliver its books in front of the customer's door. Regulations and airspace rules have to be designed for these aircraft flown by pilots sitting in a control room somewhere. Same technologies are developed for ships driving on the seven seas, in future only cruiseships might have Captains, mainly for representational and management reasons, I guess. Does the same hold true for intercontinental aircraft in the future?

Pilotless aircraft have been tested already, last year both with an F16 in the US and with a Jetstream 41 in the UK. So where do we go with the unmanned cockpit, how soon will this be acceptable to the traveler?

## 2. Global Marketing in Aviation

In his first investor briefing, Carsten Spohr, the new CEO of the Lufthansa Group, identified the global megatrends for aviation:

**Global megatrends affect the aviation sector, too**



(Source: LH website)

Lufthansa, for one, is now realizing the change happening in digital marketing and the new sales platforms established all around travel. This trend is missed so far by many airlines with their traditional website and agent marketing. In 2003, the Lufthansa decision to cut the ticket commissions from 9 to 0 % caused big uproar and threats of boycotting Lufthansa. 10 years later we have travel-webs and apps taking over the traditional travel agencies, the Millennial generation is using their smartphones to book the best and most suitable deal in seconds. A revolution we have talked about since this newsletter came to life 5 months ago. In my speeches and presentations I am concentrating on this development and how to build a new marketing strategy for it.

Airlines will have to rethink not only their sales and marketing strategy but also the branding and alliance strategy. There are many variants meanwhile, Lufthansa is going for a mainline out of the Frankfurt and Munich hub and different low cost models for short, medium and long-haul travel, clearly geared towards the tourist traveler. Where is the future of the three alliances going with the new developments? I predict their slow death, as the strong members are designing an individual strategy, with new partners and M&As. The strong Middle East Airlines and the still virgin BRIC markets will become the center of attention.

Lufthansa's Spohr has opened an innovation department directly reporting to him. However, as long as this think tank cannot openly question any LH fiefdom or old hats, think about dramatic changes, it is just another slow cooker of minimal adaptations. External innovational and entrepreneurial genius is what this group needs.

Internally	Externally
<ul style="list-style-type: none"> <li>Strengthen our <b>internal innovation culture</b> by creating a new Group Innovation Unit and giving greater impetus to existing innovative projects</li> <li>Establish a double-digit-million "<b>innovation budget</b>" to expedite the <b>development of innovative products and ideas</b></li> <li><b>Consistently promote existing innovative projects within the Lufthansa Group</b> (Lufthansa Technik Innovation Fund, eCargo, Board Connect, SMILE and similar)</li> </ul> <div data-bbox="212 822 443 972"> </div> <div data-bbox="485 822 719 972"> </div>	<ul style="list-style-type: none"> <li>Establish a separate "<b>Innovation Hub</b>" company in <b>Berlin</b>, to get close to the world of start-ups and the digital technology scene</li> <li>Develop close collaborations and partnerships with <b>Silicon Valley</b> companies, to gain access to disruptive ideas</li> <li>Use the benefits and the potential offered by some <b>300,000 passengers a day</b> to <b>develop new products and services</b> with partners</li> </ul> <div data-bbox="885 822 1110 972"> </div> <div data-bbox="1152 822 1355 972"> </div>
<div data-bbox="172 1055 244 1122"> </div> <p><b>We aim to invest EUR 500 million in innovations throughout the Lufthansa Group between now and 2020. And, alongside quality, the whole issue of innovation will be firmly anchored with our Group CEO.</b></p>	

(Source: LH website)

### 3. Saudi Airshow in Dammam 16-20 November 2014

tiansalo, in cooperation with hogrefe consult in Berlin, has been engaged by the organizer of the first airshow in Saudi Arabia to market the event and sell exhibition halls, chalets and aircraft stands, as well as all accompanying advertising opportunities. As Saudi Arabia is opening up for private investors, it has an urgent need to improve its air and space industry, including all related products and services. This first of a bi-annual airshow (next in NOV 2016) is receiving great interest. For more details see [www.saudiirshow.com](http://www.saudiirshow.com) and contact us for your personal information.

### 4. Next Speaking Engagement

Tilman Gabriel will present about "**Marketing Gravity in Business Aviation**" at the

**3rd Annual Mediterranean Business Aviation**

**12th September 2014**

**The Palace Hotel**

**Sliema, Malta**

Check <http://www.aeropodium.com/mba.html>

## Contact us!

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